2024

Nykredit Bank Annual Report

Nykredit

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Management Commentary

Financial review

Income

DKK 7,890 million

(2023: DKK 7,849 million)

Costs

DKK 3,578 million

(2023: DKK 3,362 million)

Profit before tax

DKK 4,585 million

(2023: DKK 4,484 million)

DKK million

Nykredit Bank Group	2024	2023	2022	2021	2020	H2/ 2024	H1/ 2024	H2/ 2023
INCOME STATEMENT								
Net interest income	3,608	3,915	2,508	1,774	1,711	1,760	1,848	2,092
Net fee income	749	735	624	680	521	355	394	368
Wealth management income	2,678	2,368	2,279	2,324	1,950	1,336	1,342	1,171
Net interest from capitalisation	921	632	(152)	(41)	(29)	488	433	310
Net income relating to customer benefits programmes[1]	(58)	(96)	(140)	(72)	276	(33)	(25)	(49)
Trading, investment portfolio and other income	(8)	295	973	1,246	634	(17)	9	66
Income	**7,890**	**7,849**	**6,091**	**5,912**	**5,063**	**3,890**	**4,000**	**3,958**
Costs	3,578	3,362	3,123	2,927	2,727	1,839	1,739	1,729
Business profit before impairment charges	**4,312**	**4,487**	**2,968**	**2,985**	**2,336**	**2,050**	**2,262**	**2,229**
Impairment charges for loans and advances	(175)	62	396	(120)	579	(63)	(112)	38
Business profit	**4,487**	**4,425**	**2,573**	**3,105**	**1,757**	**2,113**	**2,374**	**2,191**
Legacy derivatives	98	59	931	432	258	(29)	127	27
Profit before tax	**4,585**	**4,484**	**3,504**	**3,537**	**2,015**	**2,084**	**2,501**	**2,218**
Tax	1,127	1,116	758	733	385	509	618	556
Profit for the period	**3,457**	**3,367**	**2,746**	**2,804**	**1,630**	**1,574**	**1,883**	**1,662**
Minority interests	111	65	61	45	21	74	37	37

[1] "Net income relating to customer benefits programmes" has been specified under "Alternative performance measures" on page 27.

Summary balance sheet

Profit as % of average equity (RoE)

8.7%

(2023: 9.4%)

Cost/income ratio

45.3%

(2023: 42.8%)

People (FTE)

1,029

(2023: 1,022)

Nykredit Bank Group — DK million

SUMMARY BALANCE SHEET					
Assets	31.12.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Cash balances and receivables from credit institutions and central banks	32,831	40,276	39,473	27,134	21,469
Reverse repurchase lending	44,026	33,965	37,970	50,900	37,271
Loans, advances and other receivables at amortised cost	103,279	94,375	86,735	74,513	71,146
Bonds and equities etc	44,308	49,499	57,818	40,029	39,822
Remaining assets	21,667	18,452	15,133	22,814	28,481
Total assets	**246,110**	**236,568**	**237,129**	**215,390**	**198,189**
Liabilities and equity					
Payables to credit institutions and central banks	40,183	44,960	50,660	52,833	49,121
Repo deposits	3,109	5,618	6,266	7,379	2,674
Deposits and other payables	121,812	114,333	107,426	92,895	88,269
Bonds in issue at amortised cost	13,759	8,050	11,670	4,415	5,400
Other non-derivative financial liabilities at fair value	9,407	11,033	12,738	13,613	10,801
Remaining liabilities	16,697	14,870	14,087	10,711	13,159
Provisions	891	896	764	687	683
Subordinated debt	0	0	0	2,000	2,000
Equity	40,253	36,808	33,518	30,856	26,082
Total liabilities and equity	**246,110**	**236,568**	**237,129**	**215,390**	**198,189**
FINANCIAL RATIOS[1]					
Profit for the period as % pa of average equity	8.7	9.4	8.5	10.0	6.4
Costs as % of income	45.3	42.8	51.3	49.5	53.9
Total provisions for loan impairment	3,059	3,208	3,134	2,764	3,024
Impairment charges for the year, %	(0.10)	0.04	0.26	(0.08)	0.41
Total capital ratio, %	27.8	27.4	24.4	23.5	22.7
Tier 1 capital ratio, %	27.8	27.4	24.0	23.0	20.5
Common Equity Tier 1 capital ratio, %	27.7	27.4	23.9	23.0	20.5
Average number of staff, full-time equivalent	1,029	1,022	1,021	974	979

[1] For definitions of financial ratios, see page 123. 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. 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 Markets.

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.

Nykredit Bank

Nykredit Bank holds a strong position in the Danish banking market and continued to enjoy positive momentum in 2024. Thanks to Nykredit's mutual ownership structure, we can offer our customers attractive terms, whilst also ensuring robust earnings.

Banking

Nykredit's overall ambition is to provide financial security for our customers. This is demonstrated through our continuous proactive efforts where we contact customers when new market opportunities arise that could potentially benefit them. This strengthens our relationship with customers and provides them with greater stability and security.

Following the interest rate reductions in 2024, customers who have their everyday banking and home financing with Nykredit Bank get the most attractive current account rates. For customers without home financing, Nykredit also offers the highest current account rates in the market. To get an even higher interest rate, customers can open fixed-term deposits and get a risk-free savings option, for instance for energy improvements.

In 2024, Nykredit continued to welcome many new homeowner and business customers who, along with our existing customers, can enjoy the benefits of our customer-ownership structure. In Q4, we launched a new concept for young customers and a new team dedicated to ensuring that more young people become part of Nykredit and thereby benefit from all the current and future advantages of banking with Nykredit.

Wealth Management

Nykredit Bank is working to create long-term value for our customers, 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.

In 2024, Wealth Management was characterised by overall satisfactory growth and contributed to a decent increase in total assets under management. Wealth Management launched a number of initiatives in 2024 consolidating the Group's solid position in wealth and investment. Among other things, we have launched a new three-year platform programme to ensure a robust and scalable platform to accommodate future growth in the wealth management and investment areas.

Making sustainable choices easier

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.

Customer benefits

Being a mutual financial provider, 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 proposition. 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.

Financial performance

Nykredit Bank delivered a satisfactory financial performance in 2024. Business profit came to DKK 4,487 million (2023: DKK 4,425 million), and profit after tax for the year was DKK 3,457 million (2023: DKK 3,367 million).

Our guidance for business profit after tax for 2024 presented in the Annual Report for 2023 was DKK 3.5-4.0 billion.

Results were positively impacted by increased wealth management activities, increased net interest from capitalisation and customers' good credit quality. Costs increased due to pay rises and bonuses as well as general price growth.

Nykredit Bank recorded lending and customer growth in 2024, loans and advances were up by DKK 8.9 billion to DKK 103.3 billion, and deposits excluding repo deposits rose by DKK 7.5 billion to DKK 121.8 billion.

Income

Income was DKK 7,890 million in 2024 (2023: DKK 7,849 million).

Net interest income amounted to DKK 3,608 million (2023: DKK 3,915 million). The development in net interest income was affected by higher bank lending, yet declining margins in 2024.

Net fee income increased by DKK 14 million to a total of DKK 749 million (2023: DKK 735 million).

Wealth management income increased to DKK 2,678 million (2023: DKK 2,368 million).

Net interest from capitalisation, which comprises the internal liquidity interest and interest on subordinated capital, was a gain of DKK 921 million (2023: income of DKK 632 million). This was particularly driven by a changed interest rate level.

Trading, investment portfolio and other income, including value adjustments of swaps was a negative DKK 8 million (2023: income of DKK 295 million).

Costs

Costs were DKK 3,578 million in 2024 (2023: DKK 3,362 million). Pay rises and bonuses as well as general inflation-driven price rises led to increased costs across the Nykredit Bank Group. The period also saw costs of relocating to new headquarters as well as increased investments in digitisation and IT. The latter implies, among other things, large strategic investments in Nykredit's IT infrastructure and wealth management platform. Costs attributable to pay rises were partially mitigated through streamlining and financial discipline.

The average number of full-time equivalent staff totalled 1,029 (2023: 1,022).

Loan impairments

Impairment charges for loans and advances represented a reversal of 0.10% of lending in 2024 (2023: charge of 0.04%). Impairment charges for loans and advances came to a reversal of DKK 175 million (2023: charge of DKK 62 million) owing to the continued strong performance of the Danish economy and customers' good credit quality.

Legacy derivatives

Income from legacy derivatives was DKK 98 million in 2024 (2023: DKK 59 million). Legacy derivatives are derivatives that Nykredit no longer offers to customers. These value adjustments are not included in business profit.

Tax

Tax on profit for the year has been calculated at DKK 1,127 million (2023: DKK 1,116 million). As a result of the surtax imposed on companies in the financial sector, the tax rate has been raised from 25.2% to 26% in 2024.

Dividend

It will be recommended for approval by the Annual General Meeting that no dividend be distributed for the financial year 2024.

Development in H2/2024

Profit after tax was DKK 1,574 million (H1/2024: DKK 1,883 million), corresponding to a decrease of DKK 309 million. Business profit came to DKK 2,113 million in H2/2024 (H1/2024: DKK 2,374 million).

Costs amounted to DKK 1,839 million (H1/2024: DKK 1,739 million).

Impairment charges for loans and advances were a reversal of DKK 63 million (H1/2024: a reversal of DKK 112 million).

Value adjustment of legacy derivatives was a negative DKK 29 million in H2/2024 (H1/2024: DKK 127 million).

Balance sheet

The balance sheet stood at DKK 246.1 billion in 2024 (end-2023: DKK 236.6 billion).

Receivables from credit institutions and cash balances etc decreased to DKK 32.8 billion (end-2023: DKK 40.3 billion), and reverse repurchase lending increased by DKK 10 billion to DKK 44.0 billion (end-2023: DKK 34.0 billion).

Lending at amortised cost (excluding reverse repurchase lending) rose by DKK 8.9 billion on end-2024 to DKK 103.3 billion (end-2023: DKK 94.4 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 2024, these loans amounted to DKK 12.2 billion (end-2023: DKK 10.7 billion). Loan balances including secured homeowner loans totalled DKK 115.4 billion (end-2023: DKK 105.0 billion).

Bond and equity portfolios totalled DKK 44.3 billion (end-2023: DKK 49.5 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 21.7 billion (end-2023: DKK 18.5 billion). In 2024, DKK 6.2 billion was attributable to positive market values of derivatives (end-2023: DKK 6.4 billion). The positive market values related to 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 increased to DKK 40.2 billion (end-2023: DKK 45.0 billion), while repo deposits fell by DKK 2.5 billion to DKK 3.1 billion (end-2023: DKK 5.6 billion).

Deposits and other payables (excluding repo deposits) went up to DKK 121.8 billion (end-2023: DKK 114.3 billion).

Bonds in issue totalled DKK 13.8 billion (end-2023: DKK 8.1 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 9.4 billion (end-2023: DKK 11.0 billion).

Remaining payables and provisions amounted to DKK 17.7 billion (end-2023: DKK 15.8 billion). The item mainly consisted of interest and commission payable and negative market values of derivative financial instruments.

Outlook and guidance for 2025

Nykredit Bank is guiding for a profit after tax of DKK 3.0-3.5 billion for 2025. Full-year guidance for profit after tax compared with 2024 is based on the following assumptions:

- Declining net interest income due to an expected lower interest rate level.
- Costs are expected to increase due to general pay and price rises.
- Impairments are expected to be higher than the exceptionally low levels in the past few years.

The main uncertainties applying to our 2025 guidance are related to trading, investment portfolio and other income due to legacy derivatives, changes in interest rates, as well as impairment charges for loans and advances.

Special accounting circumstances

Nykredit Bank A/S is no longer an issuer of listed securities, as the bank's EMTM programme was delisted in 2024. However, this has not affected the Nykredit Bank Group's financial reporting, which continues to be based on the EU-approved International Financial Reporting Standards (IFRS).

Other

Changes to the Executive Board

Lotte Månsson left the Board of Directors on 29 February 2024. Lars Moesgaard left the Board of Directors on 1 November 2024.

Nykredit Bank's Executive Board subsequently consisted of Dan Sørensen and Søren Kviesgaard.

Changes to the Board of Directors

On 21 March 2024, Pernille Sindby 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, Pernille Sindby, Susanne Møller Nielsen and Kathrin Hattens.

Material risks

Nykredit Bank's risk profile mainly relates to loans and credit facilities provided to personal and business customers.

Business activities and management of the investment portfolio involve credit, market, liquidity and operational risks, including IT and compliance risks.

Nykredit Bank uses the internal ratings-based (IRB) model in its credit 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). Please refer to "Impairments and lending" on page 13.

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 rates, equity price, and volatility risks. Market risk in Nykredit Bank consists of positions in trading and 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 activities are placed in the banking book.

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

Nykredit Bank's risks are described in more detail in note 47, "Risk management".

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, and 3, accounting estimates, 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 2024 which materially affect the Group's financial position.

Capital

CET1 capital ratio

27.7%

(2023: 27.4%)

Total capital ratio

27.8%

(2023: 27.4%)

Internal capital adequacy requirement

10.7%

(2023: 10.8%)

Equity and own funds

Equity carried for accounting purposes totalled DKK 40.2 billion at 2024 in the Nykredit Bank Group (end-2023: DKK 36.8 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

Nykredit Bank Group Required own funds and internal capital adequacy requirement	2024	2023
Credit risk (including CVA)	8,874	8,210
Market risk	1,015	949
Operational risk	1,063	933
Total Pillar I	**10,952**	**10,092**
Slightly weaker economic climate etc	2,228	2,265
Other risks	1,454	1,242
Total Pillar II	**3,681**	**3,508**
Total required own funds	**14,633**	**13,600**
Internal capital adequacy requirement (Pillars I and II), %	10.7	10.8

DKK million

Nykredit Bank Group Capital and capital adequacy	31.12.2024	31.12.2023
Equity	**40,253**	**36,808**
Minority interests, not included	(163)	(112)
Prudent valuation adjustment	(25)	(34)
Intangible assets and deferred tax assets	(1,827)	(1,847)
Other regulatory adjustments	79	52
Deduction for non-performing exposures	(268)	(227)
Common Equity Tier 1 capital	**38,049**	**34,639**
Minority interests	12	9
Tier 1 capital	**38,060**	**34,648**
Minority interest	15	12
Own funds	**38,076**	**34,659**
CET1 capital ratio, %	27.7	27.4
Tier 1 capital ratio, %	27.8	27.4
Total capital ratio, %	27.8	27.4
Internal capital adequacy requirement (Pillar I and Pillar II), %	10.7	10.8
Credit risk	110,925	102,629
Market risk	12,688	11,859
Operational risk	13,284	11,667
Total risk exposure amount	**136,897**	**126,155**

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 2024, the Nykredit Bank Group's risk exposure amount (REA) totalled DKK 136.9 billion (end-2023: DKK 126.2 billion). With own funds at DKK 38.0 billion, this corresponds to a total capital ratio of 27.8% (end-2023: 27.4%). The CET1 capital ratio was 27.7% (end-2023: 27.4%).

REA for credit risk increased to DKK 110.9 billion in 2024 in the Nykredit Bank Group. The increase in REA for credit risk was mainly caused by lending growth. REA for market risk decreased to DKK 12.7 billion in 2024 and REA for operational risk rose to DKK 13.3 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 38.0 billion (end-2023: DKK 34.6 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 10.7% of the Nykredit Bank Group's risk exposure amount at end-2024.

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. Note that Nykredit Bank is not issuer of listed securities as of 2024.

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 focuses on environmental impact.

Nykredit's credit ratings
A summary of Nykredit's credit ratings with S&P and Fitch Ratings is available at nykredit.com/rating

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

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

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 2024.

Nykredit Bank A/S Supervisory Diamond	2024	2023
Large exposures (limit value <175%)	120.6%	108.3%
Lending growth (limit value <20%)	9.8%	9.0%
Property exposure (limit value <25%)	10.1%	11.2%
Liquidity benchmark (limit value >100%)	246.8%	223.3%

Impairments and lending

Impairment charges for loans and advances were a net reversal of DKK 175 million in 2024 (2023: charge of DKK 62 million) owing to the continued strong Danish economy and the good credit quality of our customers.

Geopolitical tensions

Geopolitical tensions are expected to affect credit quality. The macroeconomic landscape is normalising but uncertainty remains. Lagged effects of interest rate conditions and supply chain disruptions might have an impact on certain customers.

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 business customers. Business customers in the construction, retail, wholesale, commercial rental, production and manufacturing sectors are also expected to be affected due to macroeconomic uncertainty. 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 586 million for exposed sectors.

ESG

ESG entails transitory risks, which increases the risk of loss. Transitory risks cover the risk associated with regulation in the form of carbon taxes and the Building Directive because the costs affect annual reports and thereby future rating of such sectors. Therefore a total of DKK 81 million has been reserved to manage this risk.

Expectations for macroeconomic models

Nykredit's impairment model calculations include forward-looking macroeconomic scenarios. The scenarios reflect uncertainties relating to the economy and include both improved and deteriorating outlooks. The scenarios were updated at end-2024 to reflect updated macroeconomic conditions and other resulting market conditions that have already impacted or are expected to impact the economy.

The main scenario carries a 60% weighting. The main scenario used for impairment models implies expected GDP growth of 2.2% and house price rises of 3.2% in 2025. At end-2024, the main scenario implied expected GDP growth of 2.3% and house price increases of 3.9% in 2024.

The adverse scenario was included in the models with a weighting of 20%. This scenario implies expected GDP decrease of 0.3% and house price decreases of 5.7% in 2025. The improved scenario carries a 20% weighting and is based on the macroeconomic conditions observed at the date of this report.

Post-model adjustments

Corrections and changes to assumptions in the impairment models are based on management judgement. In 2024, such post-model adjustments totalled DKK 494 million. The underlying reasons, such as 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.

Total post-model adjustments have seen a decrease in levels during 2024 as the risks have continuously been evaluated and integrated directly into the impairment models.

DKK million

Nykredit Bank Group **Specific macroeconomic risks and process-related circumstances**	31.12.2024	31.12.2023
Agriculture	16	19
Geopolitical tensions[1]	17	116
Concentration risks in loan portfolios	119	97
Total macroeconomic risks	**152**	**232**
Process-related	39	57
Model changes	-	-
ESG	81	72
Haircuts	26	33
Other (results of controlling, haircuts etc)	196	256
Total process-related circumstances	**342**	**418**
Total post-model adjustments	**494**	**650**

[1] Note: An additional DKK 569 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. Including post-model adjustments of DKK 17 million, provisions for exposed sectors total DKK 586 million.

Total provisions

Total provisions decreased to DKK 3.4 billion in 2024 (end-2023: DKK 3.5 billion).

Provisions for guarantees and loan commitments amounted to DKK 302 million (end-2023: DKK 328 million).

Earnings impact

Impairment charges for loans and advances amounted to a reversal of DKK 175 million in 2024 (2023: charge of DKK 62 million). Of this amount, provisions for guarantees and loan commitments represented a reversal of DKK 26 million (2023: reversal of DKK 12 million), and recoveries on loans and advances previously written off were DKK 40 million (2023: DKK 36 million).

DKK million

Nykredit Bank Group Provisions for loan impairment and guarantees	2024	2023
Impairment provisions, beginning of year	3,208	3,135
Impairment provisions and reversals	(149)	73
Impairment provisions, year-end	**3,059**	**3,208**
- of which impairment provisions for loans and advances etc	3,058	3,207
- of which impairment provisions for loans and advances to banks	1	1
Provisions for guarantees and loan commitments		
Provisions, beginning of year	328	340
Provisions, year-end	302	328
Total provisions	**3,361**	**3,536**
Earnings impact		
New impairment provisions and write-offs for the year, net	(109)	110
Recoveries on loans and advances previously written off	40	36
Total	**(149)**	**74**
Provisions for guarantees and loan commitments	(26)	(12)
Total earnings impact	**(175)**	**62**

Loans, advances and guarantees by sector

The carrying amount of loans, advances and guarantees was DKK 174.0 billion (end-2023: DKK 151.4 billion).

Finance and insurance remained the largest single sector exposure at DKK 50.4 billion (end-2023: DKK 42.0 billion). The exposure comprised reverse repurchase lending with bonds serving as security.

Total lending for business customers increased by DKK 20.5 billion to DKK 145.8 billion (end-2023: DKK 125.2 billion).

Total lending for personal customers increased by DKK 2.2 billion to DKK 27.8 billion (end-2023: DKK 25.6 billion).

Nykredit Bank Group

Credit exposures in terms of bank lending, reverse repurchase lending and guarantees by sector[1] DKK million

	31.12.2024			31.12.2023		
	Lending, year-end	**Total impairment provisions**	**Earnings impact**	**Lending, year-end**	**Total impairment provisions**	**Earnings impact**
Public sector	**506**	**0**	**0**	**466**	**0**	**0**
Agriculture, hunting, forestry and fishing	4,563	165	(57)	4,337	225	(21)
Manufacturing, mining and quarrying	20,043	871	110	14,803	731	207
Energy supply	6,722	28	5	5,059	19	(77)
Construction	3,223	127	(21)	3,375	271	(119)
Trade	16,362	886	28	14,454	860	210
Transport, accommodation and food service activities	8,344	325	66	6,127	245	129
Information and communication	6,825	54	(5)	5,670	58	(38)
Finance and insurance	50,351	60	(4)	41,986	61	(15)
Real estate	17,131	302	(19)	16,376	294	(177)
Other	12,194	201	(30)	13,042	225	(47)
Total business customers	**145,763**	**3,019**	**75**	**125,229**	**2,990**	**52**
Personal customers	**27,773**	**340**	**(250)**	**25,666**	**545**	**11**
Total (excl credit institutions)	**174,042**	**3,360**	**(175)**	**151,360**	**3,535**	**64**
- of which provisions for losses under guarantees	-	302	26		328	(12)
Impairment provisions for credit institutions	-	1	0		1	(2)
Total Impairment		**3,361**	**(175)**		**3,536**	**62**

[1]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. Nykredit's organisational structure ensures that the risk management function is segregated from all risk-taking units and thus independent in relation to business-related decisions. Nykredit's risk management function performs Group-wide controls, monitors Group risks and prepares independent reports for Executive Boards and Boards of Directors on all risk areas. For further information please refer to nykredit.com/riskandcapitalmanagement.

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 Demsitz, 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 6 meetings in 2024.

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 6 meetings in 2024.

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 Demsitz, 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 3 meetings in 2024.

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 3 meetings in 2024.

Details on bonuses to risk takers, remuneration policy and practices are available at nykredit.com

Non-Board committees

The Executive Boards of Nykredit Realkredit A/S and Nykredit Bank A/S have set up a number of 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 Bank Credit Committee is charged with ensuring adequate credit risk management and approving credit applications and loan impairments, as well as overseeing the management of credit risks in the Nykredit Bank Group. At the Nykredit Realkredit Group level, the Group's Credit Committee, Executive Board and Board of Directors have an option to veto significant credit applications approved by the bank.

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 Group. Following an amendment to the Danish Financial Business Act, staff-elected board members do not count towards the gender target as from 2023.

The 2025 target has also been met for Nykredit Bank A/S but an equal gender balance has not yet been achieved. A new 2030 target of 45% or the under-represented gender on the Board of Directors of Nykredit Bank A/S has been set.

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

Nykredit has set clear targets for an equal gender balance among the Group's managers, aiming for a minimum target of 45% female managers by 2030 and a minimum sub-target of 37.5% of female managers by 2025.

In addition, guiding principles and a series of initiatives have been defined to achieve this target.

Nykredit also set targets for the two top management levels below the Board of Directors. In order to provide a relatively short time horizon for the targets that also matches the Group's other time horizons for targets, a target towards 2025 has been set.

If a company meets its target without achieving equal gender balance, a new 2030 target is set for the company concerned. This is to ensure clear progress towards the Group's long-term target of an equal gender balance and to allow for the time horizon, our starting point (current male/female distribution), number of positions and movements and the time needed to build a sufficient talent pipeline.

The regulatory requirements for setting targets for the top management levels align with the Group's ambitions for an equal gender balance among managers – and are addressed through the same initiatives and activities. However, this is aimed at a proportion of the Group's managers (top level), while the Group's targets apply to the total number of managers.

Progress as at 31 December 2023 and 31 December 2024 is based on employment and reporting conditions in the companies, which have dual and triple employment contracts. This means that the same person often forms part of the management of several companies.

At end-2024, the proportion of the under-represented gender at the two top management levels below the Board of Directors of Nykredit Bank A/S had risen on end-2023, while the proportion fell in Nykredit Portefølje Administration A/S and Nykredit Leasing A/S during that same period.

In Nykredit Bank A/S, the proportion of female managers increased from 17% to 19% as a result of movements among both male and female managers at the second management level, which resulted in a net addition of one female manager.

In Nykredit Portefølje Administration A/S, the proportion of female managers dropped from 25% to 15%, mainly because the appointment of a female manager resulted in five new male managers joining the second management level.

Nykredit Bank Group

Targets and progress – proportion of the under-represented gender on the Board of Directors

	Progress at 31.12.2023		Progress at 31.12.2024				2025 target	2030 target
	Proportion of women	Percentage of women	Proportion of women	Percentage of women	2025 target met?	Equal gender balance achieved?		
Nykredit Bank A/S	0 out of 4	0%	1 out of 5	20%	Yes	No	20%	45%
Nykredit Portefølje Administration A/S	2 out of 4	50%	2 out of 4	50%	Yes	Yes	40%	45%
Nykredit Leasing A/S	1 out of 4	25%	1 out of 4*	25%	Yes	Yes	40%	45%

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

In Nykredit Leasing A/S, the proportion of female managers fell from 45% to 30%, among other things, due to the appointment of a new male manager when the former female manager took up a new position in the Group. At the same time, a male and a female manager have left while a new male manager has taken up a position at the second management level.

In future, the target will be reviewed and updated annually in connection with the annual financial reporting. Nykredit's current initiatives to improve the gender balance support the realisation of both the Group's target of an equal gender balance among all our managers and the regulatory requirement for top management level targets.

Targets and progress – proportion of the under-represented gender in the two top management levels below the Board of Directors

	Progress at 31.12.2023		Progress at 31.12.2024				2025 target	2030 target
	Proportion of women	Percentage of women	Proportion of women	Percentage of women	2025 target met?	Equal gender balance achieved?		
Nykredit Bank A/S	7 out of 41	17%	8 out of 42	19%	No	No	25%*	45%
Nykredit Portefølje Administration A/S	4 out of 16	25%	3 out of 20	15%	No	No	35%*	45%
Nykredit Leasing A/S	5 out of 11	45%	3 out of 10	30%	No	No	40%**	45%

* Target set as at 31.12.2022.
** Target for Nykredit Leasing A/S was added in 2023.

Key intangible resources

Nykredit has a number of key intangible resources that are essential to our strategy of delivering competitive products to customers throughout Denmark. These resources are interconnected and crucial to Nykredit's success. They represent the unique benefits we bring to the market and that we will continue to develop.

- Our ownership structure provides us with a stable platform that promotes long-term thinking and strategic decision-making. This makes it possible to provide our customers with a number of benefits in the form of discounts and other advantages and ensures that our customers' interests are always at the centre of our efforts.

  Our ownership structure also provides us with a financial foundation that enables us to offer customers services and products supporting their green initiatives.
- The Totalkredit partnership is key to our business model. Combined with our IT infrastructure, this enables Nykredit and its business partners to offer competitive housing financing solutions and strengthens our relationships with customers all over Denmark.
- Employees are our most valuable asset. Their expertise and commitment are crucial to providing the service and advice that characterise companies in the Nykredit Group, including Nykredit Bank.

Corporate Responsibility

Nykredit Bank is not an issuer of listed securities, and for 2024 it has chosen not to publish sustainability reporting as part of its Management Commentary in accordance with the exemption provision of section 156(8) etc of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc, which allows subsidiaries to omit sustainability information if the parent company, Nykredit Realkredit, Copenhagen, meets the disclosure requirements in its consolidated management commentary for the entire Group.

The sustainability reporting of Nykredit Realkredit Group and the independent auditor's statement thereon have today been published as part of Nykredit Realkredit's Annual Report, which is available at www.nykredit.com

Nykredit Bank complies with the Nykredit Group's policy and objectives in this area.

- 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 156 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 152 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 154 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

Remuneration

Material risk takers

At end-2024 the Nykredit Bank Group had identified a total of 188 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 188 material risk takers, 8 are Managing Directors of financial subsidiaries and 180 are other material risk takers. Of the 180 other material risk takers, 43 are on the payroll of Nykredit Bank, 27 are on the payroll of the Bank's subsidiaries, and 110 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 2024 bonus provisions in respect of the Bank's Executive Board and other risk takers amounted to DKK 50 million (2023: DKK 41 million). The 2024 bonus provisions corresponded to 44% of their fixed salaries.

The total remuneration of risk-takers subject to variable remuneration appears from note 14.

Details on bonuses to risk takers, remuneration policy and practices are available at 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 2024 bonus provisions in respect of these colleagues (excluding risk takers) amounted to DKK 42 million (2023: DKK 48 million). The 2024 bonus provisions corresponded to 37% 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 2024 bonus provisions in respect of these colleagues (excluding risk takers) amounted to DKK 64 million (2023: DKK 61 million).

The 2024 bonus provisions corresponded to 31% of their combined fixed salaries.

Bonus programmes under which the variable remuneration component may reach up to 100% 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 2024 bonus provisions in respect of these colleagues (excluding risk takers) amounted to DKK 3 million (2023: DKK 6 million). The bonus provisions for 2024 corresponded to 24% of their fixed salaries.

The bonus programmes do not apply to other managers or colleagues, but they may receive individual one-off awards. For 2024 provisions of DKK 6 million had been made for one-off awards (2023: DKK 4 million). The 2024 provisions for one-off awards corresponded to 1% of the relevant group's fixed salaries.

Total provisions for bonuses and one-off awards for 2024 came to DKK 167 million (2023: DKK 164 million). The total provisions for bonuses and one-off awards for 2024 corresponded to 14% 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 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 (see page 17).

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 internal risk reports etc.
- 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 2024.

For further information on the Nykredit Group's risk and capital management, please refer to the publication Risk and Capital Management 2024, available at nykredit.com/riskandcapital-management.

Company details

Nykredit Bank A/S
Sundkrogsgade 25
DK-2150 Nordhavn

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

Date of approval of Financial Statements

These Financial Statements were approved on 5 February 2025.

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 20 March 2025.

BOARD OF DIRECTORS

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

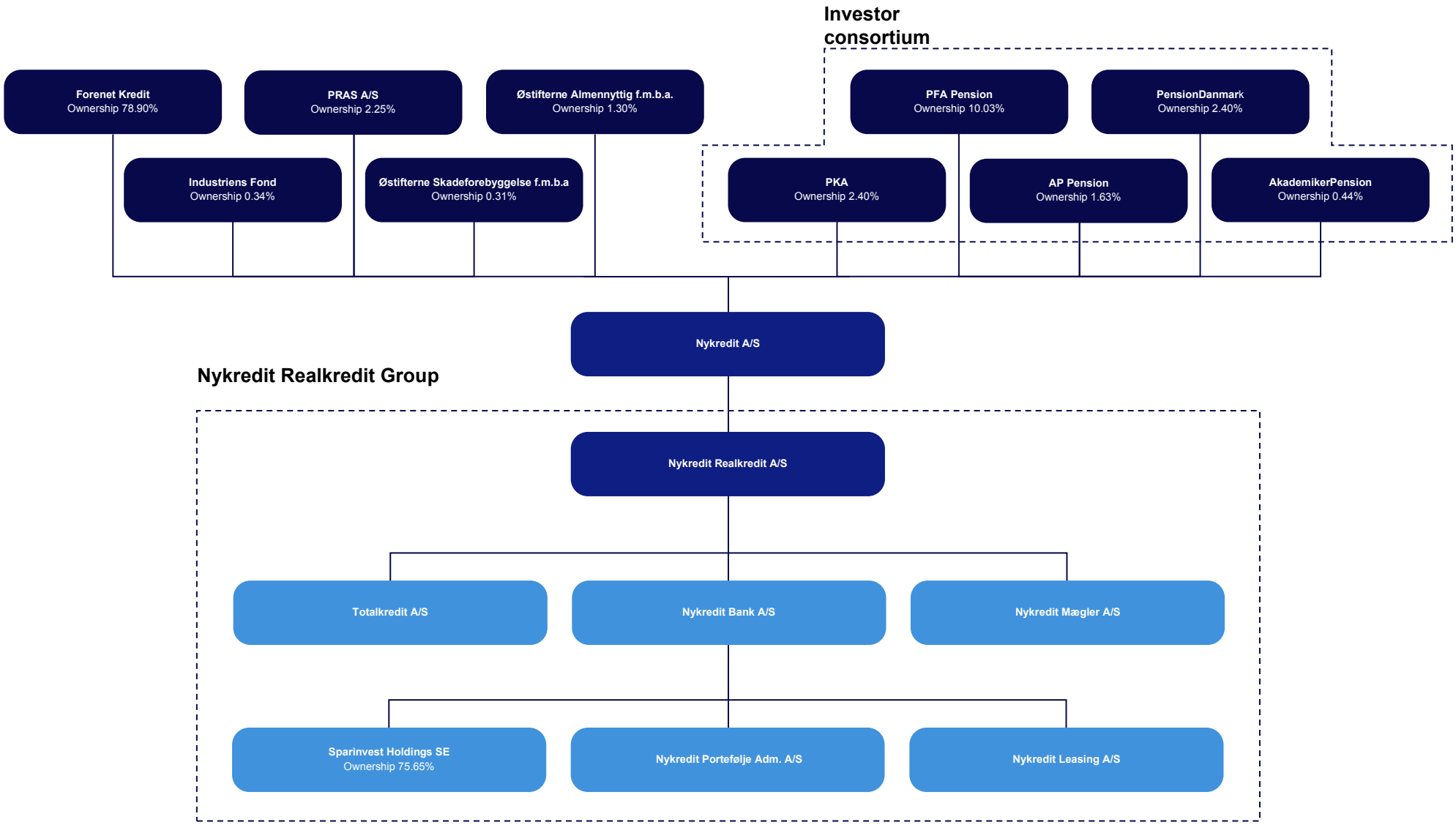
* Staff-elected member

EXECUTIVE BOARD

Søren Kviesgaard
Dan Sørensen

See page 130 and 131 for directorships and executive positions of the members of the Board of Directors and the Executive Board

Group chart


Investor consortium
Forenet Kredit
Ownership 78.90%
PRAS A/S
Ownership 2.25%
Østifterne Almennyttig f.m.b.a.
Ownership 1.30%
PFA Pension
Ownership 10.03%
PensionDanmark
Ownership 2.40%
Industriens Fond
Ownership 0.34%
Østifterne Skadeforebyggelse f.m.b.a
Ownership 0.31%
PKA
Ownership 2.40%
AP Pension
Ownership 1.63%
AkademikerPension
Ownership 0.44%
Nykredit A/S
Nykredit Realkredit Group
Nykredit Realkredit A/S
Totalkredit A/S
Nykredit Bank A/S
Nykredit Mægler A/S
Sparinvest Holdings SE
Ownership 75.65%
Nykredit Portefølje Adm. A/S
Nykredit Leasing A/S

Alternative performance measures

In Management's opinion, 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 reclassification in note 4 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, 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.

Management statement

The Board of Directors and the Executive Board have today reviewed and approved the Annual Report for 1 January – 31 December 2024 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 2024 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 2024.

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, 5 February 2025

Executive Board

Søren Kviesgaard

Dan Sørensen

Board of Directors

Michael Rasmussen
Chair

Anders Jensen
Deputy Chair

Tonny Thierry Andersen

Kathrin Hattens*

David Hellemann

Susanne Møller Nielsen*

Pernille Sindby

* 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 2024, 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 2024 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2024 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 2024 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2024 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 4 year up until the financial year 2024

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 2024. 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
Measurement of loans and guarantees 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. The Group's total loans amounted to DKK 147,305 million at 31 December 2024 (DKK 128,340 million at 31 December 2023), and total provisions for expected credit losses amounted to DKK 3,361 million at 31 December 2024 (DKK 3,536 million at 31 December 2023). 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. 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. 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"). 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.	Based on our risk assessment and knowledge of the industry, we performed the following audit procedures regarding measurement of loans and guarantees: • 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. • 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. • Sample test of the largest and most risky exposures, including credit-impaired exposures. • 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. • 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. We also assessed whether disclosures relating to exposures, impairment losses and credit risks meet the relevant accounting rules and tested the amounts therein (note 16, 17 and 47).
Fair value of swaps 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. The Group's portfolio of swaps at 31 December 2024 include contracts with positive fair value of DKK 5,259 million (DKK 4,445 million at 31 December 2023) and negative fair value of DKK 4,312 million (DKK 6,374 million at 31 December 2023). The areas with highest level of judgement and complexity and which therefore require increased audit attention are: • Valuation models and methods applied for the valuation of swaps. • Management’s assumptions and parameters applied to determine credit valuation adjustment (CVA) 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 42 and 47.	Our audit included an examination of relevant business procedures, test of key controls and analysis of valuations. In addition, our audit procedures included: ν 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. • Assessment of changes to the assumptions compared with trends in the sector as well as historical observations. • Risk-based test of the valuation of swaps using our internal valuation specialists. We also assessed whether disclosures relating to fair value and credit risks meet the relevant accounting rules and tested the amounts therein (note 16,17,42,47).

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:

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the parent company financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 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, 5 February 2025
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Rhod Søndergaard State Authorised Public Accountant mne28632	Rasmus Berntsen State Authorised Public Accountant mne35461

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Note	Nykredit Bank Group 2024	Nykredit Bank Group 2023
		INCOME STATEMENTS			
7,045	7,915	Interest income based on the effective interest method	8	8,178	7,321
871	782	Other interest income	8	812	898
3,720	4,680	Interest expenses	9	4,757	3,794
4,196	**4,018**	**Net interest income**		**4,233**	**4,425**
3	4	Dividend on equities etc	10	5	3
2,193	2,361	Fee and commission income	11	3,933	3,561
933	1,150	Fee and commission expenses	12	1,291	1,105
5,459	**5,233**	**Net interest and fee income**		**6,880**	**6,884**
889	834	Value adjustments	13	835	891
121	279	Other operating income		268	127
2,728	2,875	Staff and administrative expenses	14	3,498	3,290
-	-	Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	15	41	41
30	31	Other operating expenses		39	31
52	(228)	Impairment charges for loans, advances and receivables etc	16, 17	(175)	62
546	578	Profit from investments in associates and Group enterprises	18	5	6
4,205	**4,247**	**Profit before tax**		**4,585**	**4,484**
903	901	Tax	19	1,127	1,116
3,303	**3,346**	**Profit for the year**		**3,457**	**3,367**
		Proposal for the distribution of profit			
546	578	Statutory reserves		-	-
-	-	Minority interests calculated		111	65
2,756	2,768	Retained earnings		3,346	3,303
		COMPREHENSIVE INCOME			
3,303	**3,346**	**Profit for the year**		**3,457**	**3,367**
-	**-**	**Other comprehensive income**		**-**	**-**
3,303	**3,346**	**Comprehensive income for the year**		**3,457**	**3,367**
		Distribution of comprehensive income			
3,303	3,346	Nykredit Bank		3,346	3,303
-	-	Minority interests calculated		111	65
3,303	**3,346**	**Comprehensive income for the year**		**3,457**	**3,367**

Balance sheets

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Note	Nykredit Bank Group 2024	Nykredit Bank Group 2023
		ASSETS			
27,682	27,842	Cash balances and demand deposits with central banks	22	27,842	27,682
12,556	4,926	Receivables from credit institutions and central banks	23	4,989	12,594
124,387	143,315	Loans, advances and other receivables at amortised cost	24	147,305	128,340
48,586	43,438	Bonds at fair value	25	44,232	49,439
48	60	Equities etc	26	75	60
17	18	Investments in associates	27	18	17
2,620	2,691	Investments in Group enterprises	27	-	-
4,173	9,123	Assets in pooled schemes	28	9,123	4,173
1,770	1,770	Intangible assets	29	1,850	1,873
		LAND AND BUILDINGS			
-	-	Leased properties	30	16	19
-	**-**	**Total leased properties**		**16**	**19**
-	-	Equipment	30	1	2
27	23	Current tax assets	36	63	43
161	165	Deferred tax assets	37	166	162
11,927	10,170	Other assets	31	10,331	12,074
78	76	Prepayments		99	89
234,031	**243,616**	**Total assets**		**246,110**	**236,568**

Balance sheets

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Note	Nykredit Bank Group 2024	Nykredit Bank Group 2023
		LIABILITIES AND EQUITY			
44,960	40,183	Payables to credit institutions and central banks	32	40,183	44,960
120,530	125,596	Deposits and other payables	33	124,921	119,951
4,173	9,123	Deposits in pooled schemes		9,123	4,173
5,925	11,634	Bonds in issue at amortised cost	34	13,759	8,050
11,036	9,410	Other non-derivative financial liabilities at fair value	35	9,407	11,033
-	-	Current tax liabilities	36	54	76
10,093	7,009	Other liabilities	38	7,515	10,617
0	0	Deferred income		4	4
196,717	**202,955**	**Total payables**		**204,966**	**198,864**
		Provisions			
-	-	Provisions for deferred tax	37	317	277
328	302	Provisions for losses under guarantees	39	302	328
290	270	Other provisions	39	271	291
618	**572**	**Total provisions**		**891**	**896**
		Equity			
12,045	12,045	Share capital		12,045	12,045
		Other reserves			
1,849	1,951	- statutory reserves		-	-
22,801	26,093	- retained earnings		28,045	24,651
36,696	**40,090**	**Shareholder of Nykredit Bank A/S**		**40,090**	**36,696**
-	-	Minority interests		163	112
36,696	**40,090**	**Total equity**		**40,253**	**36,808**
234,031	**243,616**	**Total liabilities and equity**		**246,110**	**236,568**
		OFF-BALANCE SHEET ITEMS	40		
23,020	26,731	Contingent liabilities		26,738	23,020
12,445	10,879	Other commitments		11,736	12,955
35,465	**37,609**	**Total**		**38,474**	**35,975**

Statement of changes in equity

DKK million

Nykredit Bank Group

2024	Share capital[1]	Retained earnings	Nykredit Bank Group's equity	Minority interests	Total equity
Equity, 1 January	**12,045**	**24,651**	**36,696**	**112**	**36,808**
Profit for the year	-	3,346	3,346	111	3,457
Total comprehensive income	**-**	**3,346**	**3,346**	**111**	**3,457**
Premium paid on acquisition of shares in subsidiary	-	47	47	-	47
Distributed dividend and adjustments	-	-	-	(60)	(60)
Total changes in equity	**-**	**3,393**	**3,393**	**51**	**3,444**
Equity, 31 December	**12,045**	**28,045**	**40,090**	**163**	**40,253**
2023					
Equity, 1 January	**12,045**	**21,359**	**33,404**	**114**	**33,518**
Profit for the year	-	3,303	3,303	65	3,367
Total comprehensive income	**-**	**3,303**	**3,303**	**65**	**3,367**
Premium paid on acquisition of shares in subsidiary	-	(11)	(11)	-	(11)
Distributed dividend and adjustments	-	-	-	(66)	(66)
Total changes in equity	**-**	**3,292**	**3,292**	**(2)**	**3,290**
Equity, 31 December	**12,045**	**24,651**	**36,696**	**112**	**36,808**

[1] 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, Sundkrogsgade 25, DK-2150 Nordhavn, 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

2024	Share capital[1]	Statutory reserves	Retained earnings	Total equity
Equity, 1 January	**12,045**	**1,849**	**22,801**	**36,696**
Profit for the year	-	578	2,768	3,346
Total comprehensive income	**-**	**578**	**2,768**	**3,346**
Premium paid on acquisition of shares in subsidiary	-	-	47	47
Dividend received from subsidiaries	-	(477)	477	-
Total changes in equity	**-**	**101**	**3,292**	**3,393**
Equity, 31 December	**12,045**	**1,951**	**26,093**	**40,090**
2023				
Equity, 1 January	**12,045**	**1,950**	**19,409**	**33,404**
Profit for the year	-	546	2,756	3,303
Total comprehensive income	**-**	**546**	**2,756**	**3,303**
Premium paid on acquisition of shares in subsidiary	-	-	(11)	(11)
Dividend received from subsidiaries	-	(647)	647	-
Total changes in equity	**-**	**(101)**	**3,392**	**3,292**
Equity, 31 December	**12,045**	**1,849**	**22,801**	**36,696**

[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, Sundkrogsgade 25, DK-2150 Nordhavn, 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.

Cash flow statement

DKK million

Nykredit Bank Group	2024	2023
PROFIT FOR THE YEAR	**3,457**	**3,367**
Adjustments		
Net interest income	(4,233)	(4,425)
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	41	41
Profit from investments in associates	(5)	(6)
Prepayments/deferred income, net	(135)	(2)
Impairment charges for loans, advances and receivables etc	(10)	98
Tax on profit for the year	1,127	1,116
Other adjustments	(165)	505
Total	**77**	**694**
Change in operating capital		
Loans, advances and other receivables	(18,830)	(3,734)
Deposits and payables to credit institutions	193	560
Other operating capital	(2,996)	(3,706)
Total	**(21,633)**	**(6,879)**
Interest income received	9,119	7,738
Interest expenses paid	(4,920)	(3,536)
Corporation tax paid, net	(1,133)	(1,330)
Cash flows from the above operating activities	**(18,490)**	**(3,314)**
Cash flows from investing activities		
Acquisition of associates	(1)	(3)
Dividend received from associates	5	7
Purchase and sale of bonds and equities, net	5,133	8,233
Purchase of intangible assets	(14)	(14)
Purchase of property, plant and equipment	(0)	(0)
Sale of property, plant and equipment	-	1
Total	**5,124**	**8,224**
Cash flows from financing activities		
Bonds in issue	5,709	(3,620)
Distributed dividend	-	(67)
Payment of lease liabilities	-	(1)
Total	**5,709**	**(3,688)**
Total cash flows for the year	**(7,658)**	**1,222**
Cash and cash equivalents, beginning of year:	**40,276**	**39,473**
Foreign currency translation adjustment of cash	213	(420)
Total cash flows for the year	(7,658)	1,222
Cash and cash equivalents, year-end	**32,831**	**40,276**
Cash and cash equivalents, year-end:		
Cash balances and demand deposits with central banks	27,842	27,682
Receivables from credit institutions and central banks	4,989	12,594
Total	**32,831**	**40,276**

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Nykredit Bank Group

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Nykredit Bank Group

1. ACCOUNTING POLICIES

GENERAL

Nykredit Bank no longer issues securities but have decided to continue to prepare the Consolidated Financial Statements 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.

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

New or amended standards:

In 2024, the following minor amendments to reporting standards etc have been implemented:

- IAS 1 (presentation of liabilities)
- IAS 7 and IFRS 7 (supplier finance arrangements)
- IFRS 16 (sale and leaseback)

The implementation has not affected the financial reporting and the accounting policies which are unchanged compared with the Annual Report for 2023.

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

- Annual Improvements Volume 11
- IFRS 9 and IFRS 7 (Amendments to the Classification and Measurement of Financial Instruments)
- IFRS 18 (Presentation and Disclosure in Financial Statements (New standard)
- IFRS 19 (Subsidiaries without Public Accountability (New standard)
- IAS 21 (Amendment to the effects of changes in foreign exchange rates)

have not yet entered into force and/or had not been approved for use in the EU for the financial year beginning on 1 January 2024.

The implementation of IFRS 18 will not affect the determination of profit for the year, but will result in a number of amendments to the presentation of the income statement such as new items, etc. The implementation of other standards is not expected to significantly impact Nykredit Bank's 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 Ban 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.

OFSETTING

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.

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.

Notes

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 48 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-2023).

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 SPPI 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 2023 and 2024.
- 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.

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.

Notes

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 47.

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.

Notes

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.

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".

Notes

Nykredit Bank Group

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.

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.

Notes

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 29.

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.

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.

Notes

Nykredit Bank Group

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 5 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

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 2023 no amendments to the Danish Executive Order on Financial Reports have been adopted in 2024 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 and 2024 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 2023.

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.

Nykredit Bank relies on the subsidiary exemption in accordance with the CSRD and has not included sustainability reporting in its Management Commentary. Instead, reference is made to the reporting in the parent company, Nykredit Realkredit's Annual Report.

In addition to the assessment of the usual risks arising from operations and legislation, the Nykredit Group has made a special assessment of sustainability-related risks (current or future risks related to environmental, social and governance factors) (ESG) at Group level and their impact on the Financial Statements of its affiliated companies.

Nykredit has reviewed the Group's tangible and intangible assets without identifying potential risks that could affect the financial reporting for 2024. In this connection, it should be noted that the balance sheet value is relatively limited and that the Group, in all material respects, is the lessee of the properties from which Nykredit operates. If the domiciles are impacted by sudden environmental effects (flooding, etc), it has also been assessed that operations can be normalised relatively quickly, eg via remote work, and that any operating loss will be limited. Furthermore, IT operations are not believed to be materially impacted.

There are no immediate indications that the Financial Statements will be materially impacted by effects that are attributable to social or governance-related factors. Likewise, no conditions have been identified that require the Group to make special provisions for ESG-related obligations etc, eg environmental restoration or the closure of business locations and/or activities. The reason for this is partly that the Group's business model does not include its own operating activities that have a negative impact on the environment, etc.

Notes

On the basis of the review, it has been assessed that primarily negative effects from the lending side will affect the Financial Statements. This is due to the fact that a number of the Group's customers are expected to be negatively affected by climate-related effects in the form of eg flooding, new taxes and regulatory changes that could affect the security of Nykredit's mortgages on properties etc, as well as the customers' current business models and profitability and thus credit quality. Provisions related to ESG amounted to DKK 81 million. Reference is made to Sustainability in the Management Commentary.

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 42 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 2.5% of the Group's assets at end-2024 (2.6% at end-2023).

Measured on the basis of level 2 or level 3 inputs of the fair value hierarchy, the fair value of financial assets was 19.0% and 0.1%, respectively, of the Group's balance sheet total at end-2024. Liabilities measured on the basis of level 2 or level 3 was 8.9% 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 19.1% of the Group's assets at end-2024 (19.9% at end-2023).

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 494 million (2023: 650 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 47, 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 and blue tongue, 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.

Notes

Geopolitical conditions and macroeconomic uncertainty

Geopolitical tensions are expected to affect the credit quality. The macroeconomic landscape is returning to normal levels but uncertainty remains. Lagged effects of interest rate conditions, and supply chain disruptions might have an impact on certain customers.

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 business customers. Business customers in the construction, retail, wholesale, commercial rental, production and manufacturing sectors are also expected to be affected due to macroeconomic uncertainty. 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 586 million for exposed sectors.

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. 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.

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.

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 81 million at end-2024 (DKK 72 million at end-2023).

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

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		4. CAPITAL AND CAPITAL ADEQUACY		
36,696	40,089	Equity for accounting purposes	40,253	36,808
-	-	Minority interests not included	(163)	(112)
36,696	**40,089**	**Equity excluding Additional Tier 1 capital and minority interests**	**40,090**	**36,696**
(34)	(25)	Prudent valuation adjustment	(25)	(34)
(1,770)	(1,770)	Intangible assets excluding deferred tax liabilities	(1,827)	(1,847)
(2)	-	Other regulatory adjustments	79	52
(227)	(268)	Deduction for non-performing exposures	(268)	(227)
(2,033)	**(2,063)**	**Common Equity Tier 1 regulatory deductions**	**(2,042)**	**(2,056)**
34,662	**38,026**	**Common Equity Tier 1 capital**	**38,049**	**34,639**
-	-	Minority interests	12	9
-	**-**	**Total Additional Tier 1 capital after regulatory deductions**	**12**	**9**
34,662	**38,026**	**Tier 1 capital**	**38,060**	**34,648**
-	-	Minority interests	15	12
34,662	**38,026**	**Own funds**	**38,076**	**34,659**
110,289	118,904	Credit risk	110,925	102,629
11,729	12,579	Market risk	12,688	11,859
9,384	10,762	Operational risk	13,284	11,667
131,403	**142,245**	**Total risk exposure amount**	**136,897**	**126,155**
		Financial ratios		
26.3	26.7	Common Equity Tier 1 capital ratio, %	27.7	27.4
26.3	26.7	Tier 1 capital ratio, %	27.8	27.4
26.3	26.7	Total capital ratio, %	27.8	27.4

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 at 2.5% and consequently fully phased in. Moreover, upon recommendation from the Danish Systemic Risk Council, as at 30 June 2024 the Danish government has activated a sector-specific systemic risk buffer requirement of 7% of exposures to property companies in Denmark to be fulfilled using CET1 capital.

Notes

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 multiple scenarios of the economic development, including a baseline scenario and stress scenarios of varying severity, reflecting both 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: 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.

Results 2024	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Wealth Management	Group Items	Total
Results by business area								
Net interest income	1,051	1,332	2,383	958	3,341	262	5	3,608
Net fee income	171	208	379	363	742	15	(8)	749
Wealth management income	541	140	681	200	881	1,766	32	2,678
Net interest from capitalisation	104	279	383	405	788	54	78	921
Net income relating to customer benefits programmes[1]	-	-	-	-	-	-	(58)	(58)
Trading, investment portfolio and other income	(65)	(199)	(264)	373	109	176	(293)	(8)
Income	**1,803**	**1,760**	**3,563**	**2,299**	**5,861**	**2,273**	**(244)**	**7,890**
Costs	1,151	500	1,651	655	2,305	1,089	184	3,578
Business profit (loss) before impairment charges	**652**	**1,260**	**1,912**	**1,644**	**3,556**	**1,184**	**(428)**	**4,312**
Impairment charges for loans and advances	(293)	163	(130)	(29)	(159)	(13)	(2)	(175)
Business profit (loss)	**945**	**1,097**	**2,042**	**1,674**	**3,715**	**1,198**	**(426)**	**4,487**
Legacy derivatives	3	36	39	59	98	-	-	98
Profit (loss) before tax	**948**	**1,133**	**2,081**	**1,732**	**3,813**	**1,198**	**(426)**	**4,585**
Average allocated business capital	3,040	7,752	10,792	11,283	22,074	1,636	760	24,471
Business profit as % of average business capital	31.1	14.2	18.9	14.8	16.8	73.2	(56.0)	18.3
BALANCE SHEET								
Assets								
Reverse repurchase lending at amortised cost	-	-	-	-	-	-	44,026	44,026
Loans and advances at amortised cost	15,486	35,008	50,494	47,138	97,632	5,604	42	103,279
Assets by business area	**15,486**	**35,008**	**50,494**	**47,138**	**97,632**	**5,604**	**44,068**	**147,305**
Unallocated assets								98,805
Total assets								**246,110**
Liabilities and equity								
Repo deposits at amortised cost	-	-	-	-	-	-	3,109	3,109
Deposits and other payables at amortised cost	53,160	29,491	82,651	16,736	99,387	17,236	5,189	121,812
Liabilities by business area	**53,160**	**29,491**	**82,651**	**16,736**	**99,387**	**17,236**	**8,297**	**124,921**
Unallocated liabilities								80,936
Equity								40,253
Total liabilities and equity								**246,110**

[1] The item comprises contributions and discounts relating to Nykredit's benefits programmes, see "Alternative performance measures".

Geographical markets

International income came to DKK 300 million (2023: DKK 281 million). The income derives from investment activities in Sparinvest Holdings SE in Luxembourg.

Notes

DKK million

Nykredit Bank Group

5. BUSINESS AREAS (CONTINUED)

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.

Results **2023**	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Wealth Management	Group Items	Total
Results by business area								
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[1]	-	-	-	-	-	-	(96)	(96)
Trading, investment portfolio and other income	(88)	(106)	(195)	580	386	68	(159)	295
Income	**1,938**	**1,706**	**3,644**	**2,290**	**5,934**	**2,072**	**(157)**	**7,849**
Costs	1,050	550	1,600	611	2,211	1,003	148	3,362
Business profit (loss) before impairment charges	**888**	**1,156**	**2,044**	**1,679**	**3,723**	**1,069**	**(305)**	**4,487**
Impairment charges for loans and advances	(76)	67	(9)	57	48	12	2	62
Business profit (loss)	**964**	**1,088**	**2,052**	**1,623**	**3,675**	**1,057**	**(308)**	**4,425**
Legacy derivatives	4	29	33	26	59	(0)	-	59
Profit (loss) before tax	**968**	**1,118**	**2,086**	**1,648**	**3,734**	**1,057**	**(308)**	**4,484**
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
BALANCE SHEET								
Assets								
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
Assets by business area	**13,961**	**31,465**	**45,427**	**42,591**	**88,017**	**5,843**	**34,480**	**128,340**
Unallocated assets								108,228
Total assets								**236,568**
Liabilities and equity								
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
Liabilities by business area	**48,160**	**27,947**	**76,107**	**17,810**	**93,917**	**17,655**	**8,379**	**119,951**
Unallocated liabilities								79,809
Equity								36,808
Total liabilities and equity								**236,568**

[1] 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

	2024			2023		
	Earnings presentation in Management Commentary	Reclassification	Income statement	Earnings presentation in Management Commentary	Reclassification	Income statement
Net interest income	3,608	625	4,233	3,915	510	4,425
Dividend on equities etc		5	5		3	3
Fee and commission income, net	749	1,893	2,642	735	1,721	2,456
Net interest and fee income		**2,523**	**6,880**		**2,233**	**6,884**
Wealth management income	2,678	(2,678)	-	2,368	(2,368)	-
Net interest from capitalisation	921	(921)	-	632	(632)	-
Net income relating to customer benefits programmes	(58)	58	-	(96)	96	-
Trading, investment portfolio and other income	(8)	8	-	295	(295)	-
Value adjustments		835	835		891	891
Other operating income		268	268		127	127
Total income	**7,890**			**7,849**		
Costs	3,578	-	3,578	3,362	-	3,362
Business profit before impairment charges	**4,312**			**4,487**		
Impairment charges for loans and advances etc	(175)	-	(175)	62	0	62
Profit from investments in associates		5	5		6	6
Business profit	**4,487**			**4,425**		
Legacy derivatives	98	(98)	-	59	(59)	-
Profit before tax	**4,585**	**-**	**4,585**	**4,484**	**-**	**4,484**

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

Nykredit Bank Group

6A. IFRS REVENUE

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 (cf. note 11) 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

7. NET INTEREST INCOME ETC AND VALUE ADJUSTMENTS

2024	Interest income	Interest expenses	Net interest income	Dividend on equities	Net value adjustments	Total
Receivables from and payables to credit institutions and central banks	565	1,517	(952)	-	-	(952)
Lending and deposits	5,607	2,556	3,052	-	(1)	3,051
Repo transactions and reverse repurchase lending	1,858	482	1,376	-	-	1,376
Bonds in issue at amortised cost	-	187	(187)	-	-	(187)
Other financial instruments	148	16	132	-	-	132
Total	**8,178**	**4,757**	**3,421**	**-**	**(1)**	**3,421**
Financial portfolios at fair value and financial instruments at fair value						
Bonds	998	-	998	-	286	1,285
Equities etc	-	-	-	5	34	39
Derivative financial instruments	(186)	-	(186)	-	268	82
Total	**812**	**-**	**812**	**5**	**589**	**1,406**
Foreign currency translation adjustment					246	246
Net interest income etc and value adjustments	**8,990**	**4,757**	**4,233**	**5**	**835**	**5,073**
Financial portfolios at amortised cost						
2023						
Financial portfolios at amortised cost						
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)
Other financial instruments	129	53	76	-	-	76
Total	**7,321**	**3,794**	**3,527**	**-**	**(7)**	**3,520**
Financial portfolios at fair value and financial instruments at fair value						
Bonds	1,173	-	1,173		285	1,458
Equities etc	-	-	-	3	29	32
Derivative financial instruments etc	(275)	-	(275)		449	174
Total	**898**	**-**	**898**	**3**	**762**	**1,663**
Foreign currency translation adjustment					135	135
Net interest income etc and value adjustments	**8,219**	**3,794**	**4,425**	**3**	**891**	**5,319**

Notes

DKK million

Nykredit Bank A/S 2023	2024		Nykredit Bank Group 2024	2023
		8. INTEREST INCOME		
815	880	Receivables from credit institutions and central banks	880	815
6,101	6,888	Loans, advances and other receivables	7,150	6,377
1,146	969	Bonds	998	1,173
(275)	(186)	Derivative financial instruments	(186)	(275)
		Of which		
117	65	- foreign exchange contracts	65	117
(395)	(252)	- interest rate contracts	(252)	(395)
3	-	- other contracts	-	3
128	148	Other interest income	148	129
7,916	**8,698**	**Total**	**8,990**	**8,219**
		Of which interest income from reverse repurchase lending entered as:		
350	316	Receivables from credit institutions and central banks	316	350
1,202	1,542	Loans, advances and other receivables	1,542	1,202
		Of total interest income:		
7,045	7,915	Interest income based on the effective interest method	8,178	7,321
95	96	Interest income accrued on impaired financial assets measured at amortised cost	96	95
35	40	Interest income accrued on fixed-rate bank loans	105	65
-	-	Interest income from finance leases	309	277

Interest income accrued on bank loans subject to stage 3 impairment totalled DKK 96 million (2023: DKK 95 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

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		9. INTEREST EXPENSES		
1,542	1,664	Credit institutions and central banks	1,750	1,626
1,874	2,815	Deposits and other payables	2,804	1,863
252	187	Bonds in issue	187	252
52	14	Other interest expenses	16	53
3,720	**4,680**	**Total**	**4,757**	**3,794**
		Of which interest expenses from repo transactions entered as:		
317	233	Payables to credit institutions and central banks	233	317
		Of total interest expenses:		
252	187	Interest expenses accrued on financial liabilities measured at amortised cost	187	252

Notes

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		10. DIVIDEND ON EQUITIES ETC		
3	4	Dividend	5	3
3	**4**	**Total**	**5**	**3**
		11. FEE AND COMMISSION INCOME		
1,089	1,248	Securities trading and custody accounts	2,129	1,838
187	215	Payment services	215	187
19	21	Loan fees	34	35
123	111	Guarantee commission	110	123
775	766	Other fees and commission	1,445	1,378
2,193	**2,361**	**Total**	**3,933**	**3,561**
		Of which:		
83	150	Fees relating to financial instruments not measured at fair value	150	83
1,021	637	Fees from asset management activities and other fiduciary activities	2,348	2,388
		12. FEE AND COMMISSION EXPENSES		
933	1,150	Fee and commission expenses	1,291	1,105
933	**1,150**	**Total**	**1,291**	**1,105**
		Of which:		
65	26	Fees relating to financial instruments measured at amortised cost	60	95
122	194	Fees from asset management activities and other fiduciary activities	418	294
		13. VALUE ADJUSTMENTS		
(7)	(1)	Other loans, advances and receivables at fair value	(1)	(7)
283	287	Bonds	286	285
28	33	Equities etc	34	29
137	247	Foreign exchange	246	135
449	267	Foreign exchange, interest rate and other contracts as well as derivative financial instruments	267	449
-	1	Other assets	1	-
254	629	Assets in pooled schemes	629	254
(254)	(629)	Deposits in pooled schemes	(629)	(254)
889	**834**	**Total**	**835**	**891**
20	36	Of which value adjustment of assets and liabilities recognised at amortised cost	36	20
437	271	Of which value adjustment of interest rate swaps etc	271	437
		Of which value adjustment relating to fair value hedging for accounting purposes:		
-	(1)	Fair value hedging	(1)	-
		14. STAFF AND ADMINISTRATIVE EXPENSES		
11	20	Remuneration of Board of Directors and Executive Board	20	11
984	965	Staff expenses	1,255	1,279
1,733	1,890	Other administrative expenses	2,223	2,000
2,728	**2,875**	**Total**	**3,498**	**3,290**

Notes

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		14. STAFF AND ADMINISTRATIVE EXPENSES (CONTINUED)		
		Remuneration of Board of Directors and Executive Board		
		Board of Directors		
0	0	Fees etc	0	0
		Executive Board		
8	13	Base salaries	13	8
1	1	Pension	1	1
2	6	Variable remuneration	6	2
11	**20**	**Total**	**20**	**11**
		Disclosure of Board and Executive Compensation is available at nykredit.com/salaries, to which reference is made.		
784	768	Salaries	1,004	1,020
70	74	Pensions (defined contribution plans)	98	94
127	118	Payroll tax	142	156
4	6	Social security expenses	11	9
984	**965**	**Total**	**1,255**	**1,279**
		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):		
66	71	Base salaries	108	117
28	26	Variable remuneration	43	42
94	**97**	**Total**	**151**	**159**
751	767	Average number of staff for the financial year, full-time equivalent	1,029	1,018
		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, 66 staff members. 42 are on the payroll of Nykredit Bank, 24 are on the payroll of the Bank's subsidiaries, and 110 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 21 of the Management Commentary under Remuneration and at nykredit.com/remuneration.		
		Fees to auditor appointed by the General Meeting		
3	3	EY Godkendt Revisionspartnerselskab	5	7
		Total fees include:		
2	2	Statutory audit of the Financial Statements	3	5
1	1	Other assurance engagements	2	2
0	-	Tax advice	0	0
0	0	Other services	0	0
3	**3**	**Total fees**	**5**	**7**
		Other services than statutory audit relates to statutory assurance reports, ISAE 3402 reports, financial and tax due diligence as well as general tax advisory.		

Notes

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
2023	2024		2024	2023
		15. DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES FOR TANGIBLE AND INTANGIBLE ASSETS		
-	-	Property, plant and equipment	4	4
-	-	Intangible assets	37	37
-	**-**	**Total**	**41**	**41**

Notes

DKK million

Nykredit Bank Group

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

16 a. Impairment charges for loans, advances and receivables etc

Total impairment provisions	Loans and advances at amortised cost 2024	Loans and advances at amortised cost 2023	Credit institutions and other 2024	Credit institutions and other 2023	Guarantees etc[1] 2024	Guarantees etc[1] 2023	Total 2024	Total 2023
Balance, beginning of year	**3,207**	**3,132**	**1**	**3**	**328**	**340**	**3,536**	**3,475**
New impairment provisions as a result of additions and change in credit risk	1,217	1,498	0	0	197	179	1,415	1,678
Releases as a result of redemptions and change in credit risk	1,301	1,427	0	2	224	191	1,525	1,620
Impairment provisions written off	124	50	-	-	-	-	124	50
Interest on impaired facilities	59	53	-	-	-	-	59	53
Total impairment provisions, year-end	**3,058**	**3,207**	**1**	**1**	**302**	**328**	**3,361**	**3,536**
Earnings impact								
Change in impairment provisions for loans and advances (stages 1-3)	(84)	71	(0)	(2)	(26)	(12)	(111)	58
Write-offs for the period, not previously written down for impairment	13	17	-	-	-	-	13	17
Recoveries on claims previously written off	40	36	-	-	-	-	40	36
Total	**(111)**	**53**	**(0)**	**(2)**	**(26)**	**(12)**	**(137)**	**39**
Value adjustment of claims previously written off	(37)	23	-	-	-	-	(37)	23
Total earnings impact 2024	**(148)**	**76**	**(0)**	**(2)**	**(26)**	**(12)**	**(175)**	**62**

[1] "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 2024 and still sought to be recovered is DKK 26 million (2023: DKK 28 million).

Of total impairment provisions for bank lending determined under IFRS 9 2% or DKK 0.1 billion (2023: 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

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

16 b. Total impairment provisions by stage	Loans, advances and receivables at amortised cost			Guarantees			
2024	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
Total, 1 January 2024	**404**	**1,102**	**1,702**	**67**	**186**	**75**	**3,536**
Transfer to stage 1	172	(143)	(29)	43	(42)	(1)	-
Transfer to stage 2	(46)	101	(55)	(4)	7	(3)	0
Transfer to stage 3	(10)	(83)	93	(0)	(12)	12	(0)
Impairment provisions for new loans and advances (additions)	53	133	169	12	50	6	423
Additions as a result of change in credit risk	38	223	600	4	56	70	991
Releases as a result of change in credit risk	378	470	453	87	91	45	1,525
Previously written down for impairment, now written off	0	0	124	-	-	-	124
Interest on impaired facilities	-	-	59	-	-	-	59
Total impairment provisions, year-end	**232**	**864**	**1,963**	**34**	**154**	**115**	**3,361**
Total		**3,059**			**302**		**3,361**
Impairment provisions, year-end, are moreover attributable to:							
Credit institutions	1	-	-				1
Earnings impact for 2024	**(287)**	**(113)**	**316**	**(72)**	**14**	**31**	**(111)**

	Loans, advances and receivables at amortised cost			Guarantees			
2023	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
Total, 1 January 2023	**383**	**914**	**1,837**	**75**	**190**	**75**	**3,475**
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
Total impairment provisions, year-end	**404**	**1,102**	**1,702**	**67**	**186**	**75**	**3,536**
Total		**3,208**			**328**		**3,536**
Impairment provisions, year-end, are moreover attributable to:							
Credit institutions	1	-	-				1
Earnings impact for 2023	**(136)**	**314**	**(109)**	**(53)**	**41**	**(1)**	**58**

Notes

DKK million

Nykredit Bank Group

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

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

2024	Stage 1	Stage 2	Stage 3	Total
Loans and advances at amortised cost etc, gross				
Loans and advances at amortised cost etc, gross	122,497	24,392	3,474	150,363
Total impairment provisions, year-end	231	864	1,963	3,058
Loans and advances, carrying amount	**122,266**	**23,529**	**1,510**	**147,305**
Guarantees and loan commitments				
Guarantees etc	47,586	3,209	296	51,091
Total impairment provisions, year-end	34	154	115	302
Guarantees and loan commitments, carrying amount	**47,552**	**3,055**	**181**	**50,789**

2023	Stage 1	Stage 2	Stage 3	Total
Loans and advances at amortised cost excluding credit institutions etc, gross				
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
Loans and advances, carrying amount	**107,476**	**20,173**	**690**	**128,340**
Guarantees and loan commitments				
Guarantees etc	45,495	2,539	375	48,409
Total impairment provisions, year-end	67	186	75	328
Guarantees and loan commitments, carrying amount	**45,428**	**2,353**	**300**	**48,080**

Notes

DKK million

Nykredit Bank Group

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

16 d. Loans at amortised cost excluding credit institutions by stage, gross

2024	Stage 1	Stage 2	Stage 3	Total
Gross lending as at 1 January 2024	**107,879**	**21,276**	**2,392**	**131,547**
Transfer to stage 1	3,153	(3,292)	139	-
Transfer to stage 2	(4,524)	4,623	(99)	0
Transfer to stage 3	(419)	(452)	871	(0)
Other movements[1]	16,408	2,237	171	18,816
Total, 31 December 2024	**122,497**	**24,392**	**3,474**	**150,363**
Impairment charges/provisions, total	231	864	1,963	3,058
Carrying amount	**122,266**	**23,529**	**1,510**	**147,305**

2023	Stage 1	Stage 2	Stage 3	Total
Gross lending as at 1 January 2023	**108,433**	**16,867**	**2,536**	**127,836**
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	-
Other movements[1]	4,292	108	(689)	3,711
Total, 31 December 2023	**107,879**	**21,276**	**2,392**	**131,547**
Impairment charges/provisions, total	402	1,102	1,702	3,207
Carrying amount	**107,476**	**20,173**	**690**	**128,340**

[1] "Other movements" consists of new loans and advances as well as loans and advances redeemed in the period.

Notes

DKK million

Nykredit Bank Group

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

16 e. Guarantees and loan commitments, gross, by stage

2024	Stage 1	Stage 2	Stage 3	Total
Gross guarantees as at 1 January 2024	**45,495**	**2,539**	**375**	**48,409**
Transfer to stage 1	432	(429)	(3)	0
Transfer to stage 2	(646)	664	(18)	0
Transfer to stage 3	(93)	(19)	112	-
Other movements[1]	2,399	454	(170)	2,683
Total, 31 December 2024	**47,586**	**3,209**	**296**	**51,091**
Impairment charges/provisions, total	34	154	115	302
Carrying amount	**47,552**	**3,055**	**181**	**50,789**

2023	Stage 1	Stage 2	Stage 3	Total
Gross guarantees as at 1 January 2023	**46,248**	**2,744**	**375**	**49,368**
Transfer to stage 1	718	(711)	(7)	0
Transfer to stage 2	(692)	719	(27)	-
Transfer to stage 3	(59)	(29)	88	-
Other movements[1]	(720)	(184)	(55)	(959)
Total, 31 December 2023	**45,495**	**2,539**	**375**	**48,409**
Impairment charges/provisions, total	67	186	75	328
Carrying amount	**45,428**	**2,353**	**300**	**48,080**

[1] "Other movements" consists of new guarantees as well as guarantees terminated in the period.

Notes

DKK million

Nykredit Bank Group

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

16 f. Loans, advances and guarantees etc, gross

	Loans and advances etc, gross				Loans and advances etc, with no impairment charges			
2024	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances etc	122,497	24,392	3,474	150,363	44,026	-	-	44,026
Balances with credit institutions	4,771	-	-	4,771	3,879	-	-	3,879
Guarantees and loan commitments	47,586	3,209	296	51,091	-	-	-	-
Total, 31 December 2024	**174,853**	**27,601**	**3,770**	**206,224**	**47,906**	**-**	**-**	**47,906**

	Loans and advances etc, gross				Loans and advances etc, with no impairment charges			
2023	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
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	-	-	-	-
Total, 31 December 2023	**165,942**	**23,815**	**2,767**	**192,524**	**45,474**	**-**	**-**	**45,474**

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

Notes

DKK million

Nykredit Bank Group

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

16 g. Loans and advances by rating categories

2024	Bank loans and advances, gross			Total impairment provisions		
Rating category	Stage 1	Stage 2[1]	Stage 3	Stage 1	Stage 2	Stage 3
10	51,507	5,945	-	44	71	-
9	9,341	3,059	-	31	32	-
8	13,806	4,676	-	36	67	-
7	9,340	2,018	-	32	42	-
6	14,640	3,644	-	39	74	-
5	7,574	1,055	-	23	54	-
4	914	1,286	-	11	129	-
3	14,773	695	-	9	105	-
2	445	533	-	5	66	-
1	156	1,190	-	0	156	-
0	-	234	-	-	64	-
Exposures in default	-	57	3,474	-	4	1,963
Total	**122,497**	**24,392**	**3,474**	**231**	**864**	**1,963**

2023	Bank loans and advances, gross			Total impairment provisions		
Rating category	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
Total	**107,879**	**21,276**	**2,392**	**402**	**1,102**	**1,702**

[1] Stage 2 can apply across all rating categories as Nykredit's impairment models take exposed sectors into account. Stage 2 stress test calculations are made for all these customers, regardless of rating category.

Notes

DKK million

Nykredit Bank Group

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

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

2024	Bank loans, advances and guarantees			Total impairment provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Public sector	**505**	**0**	**2**	**0**	**0**	**-**
Agriculture, hunting, forestry and fishing	4,188	426	114	61	22	81
Manufacturing, mining and quarrying	14,010	6,221	685	39	334	499
Energy supply	6,416	322	13	7	4	18
Construction	1,334	1,790	227	4	62	61
Trade	3,093	13,554	601	11	358	518
Transport, accommodation and food service activities	7,964	241	464	11	6	307
Information and communication	6,779	50	51	11	2	40
Finance and insurance	49,924	357	130	9	7	45
Real estate	14,342	2,748	343	47	121	134
Other	10,642	1,016	737	23	22	156
Total business customers	**118,692**	**26,726**	**3,364**	**224**	**937**	**1,859**
Personal customers	26,835	875	404	41	80	219
Total	**146,032**	**27,601**	**3,770**	**265**	**1,017**	**2,078**

2023	Bank loans, advances and guarantees			Total impairment provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Public sector	**466**	**1**	**-**	**0**	**0**	**-**
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
Total business customers	**104,022**	**21,997**	**2,200**	**322**	**1,161**	**1,506**
Personal customers	23,826	1,817	567	147	127	271
Total	**128,313**	**23,815**	**2,767**	**469**	**1,289**	**1,777**

Notes

DKK million

Nykredit Bank A/S

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

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

Total impairment provisions	Loans and advances at amortised cost 2024	Loans and advances at amortised cost 2023	Credit institutions and other 2024	Credit institutions and other 2023	Guarantees etc[1] 2024	Guarantees etc[1] 2023	Total 2024	Total 2023
Balance, beginning of year	**3,049**	**2,972**	**1**	**3**	**328**	**340**	**3,379**	**3,315**
New impairment provisions as a result of additions and change in credit risk	1,115	1,430	0	-	197	179	1,312	1,609
Releases as a result of redemptions and change in credit risk	1,250	1,362	0	2	224	191	1,474	1,555
Impairment provisions written off	122	44	-	-	-	-	122	44
Interest on impaired facilities	59	53	-	-	-	-	59	53
Total impairment provisions, year-end	**2,852**	**3,049**	**1**	**1**	**302**	**328**	**3,155**	**3,379**
Earnings impact								
Change in impairment provisions for loans and advances (stages 1-3)	(135)	68	(0)	(2)	(26)	(12)	(162)	54
Write-offs for the period, not previously written down for impairment	9	8	-	-	-	-	9	8
Recoveries on claims previously written off	39	32	-	-	-	-	39	32
Total	**(165)**	**43**	**(0)**	**(2)**	**(26)**	**(12)**	**(191)**	**29**
Value adjustment of claims previously written off	(37)	23	-	-	-	-	(37)	23
Total earnings impact 2024	**(202)**	**66**	**(0)**	**(2)**	**(26)**	**(12)**	**(228)**	**52**

[1] "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 2024 and still sought to be recovered is DKK 26 million (2023: DKK 28 million).

Notes

DKK million

Nykredit Bank A/S

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

17 b. Total impairment provisions by stage

2024	Loans, advances and receivables at amortised cost			Guarantees			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
Total, 1 January 2024	**391**	**1,100**	**1,559**	**67**	**186**	**75**	**3,379**
Transfer to stage 1	166	(142)	(24)	43	(42)	(1)	-
Transfer to stage 2	(46)	96	(51)	(4)	7	(3)	0
Transfer to stage 3	(10)	(83)	93	(0)	(12)	12	(0)
Impairment provisions for new loans and advances (additions)	48	133	153	12	50	6	401
Additions as a result of change in credit risk	37	223	521	4	56	70	911
Releases as a result of change in credit risk	370	465	414	87	91	45	1,474
Previously written down for impairment, now written off	-	-	122	-	-	-	122
Interest on impaired facilities	-	-	59	-	-	-	59
Total impairment provisions, year-end	**217**	**861**	**1,775**	**34**	**154**	**115**	**3,155**
Total		**2,853**			**302**		**3,155**
Impairment provisions, year-end, are moreover attributable to:							
Credit institutions	-	-	-				-
Earnings impact for 2024	**(285)**	**(110)**	**260**	**(72)**	**14**	**31**	**(162)**

2023	Loans, advances and receivables at amortised cost			Guarantees			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
Total, 1 January 2023	**363**	**910**	**1,702**	**75**	**190**	**75**	**3,315**
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
Total impairment provisions, year-end	**391**	**1,100**	**1,559**	**67**	**186**	**75**	**3,379**
Total		**3,051**			**328**		**3,379**
Impairment provisions, year-end, are moreover attributable to:							
Credit institutions	1	-	-				1
Earnings impact for 2023	**(121)**	**320**	**(133)**	**(53)**	**41**	**(1)**	**54**

Notes

DKK million

Nykredit Bank A/S

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

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

2024	Stage 1	Stage 2	Stage 3	Total
Loans and advances at amortised cost excluding credit institutions etc, gross				
Loans and advances at amortised cost etc, gross	119,689	23,497	2,981	146,167
Total impairment provisions, year-end	216	861	1,775	2,852
Loans and advances, carrying amount	**119,473**	**22,636**	**1,206**	**143,315**
Guarantees and loan commitments				
Guarantees etc	46,728	3,209	296	50,233
Total impairment provisions, year-end	34	154	115	302
Guarantees and loan commitments, carrying amount	**46,694**	**3,055**	**181**	**49,931**

2023	Stage 1	Stage 2	Stage 3	Total
Loans and advances at amortised cost excluding credit institutions etc, gross				
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
Loans and advances, carrying amount	**104,514**	**19,279**	**594**	**124,387**
Guarantees and loan commitments				
Guarantees etc	44,984	2,539	375	47,898
Total impairment provisions, year-end	67	186	75	328
Guarantees and loan commitments, carrying amount	**44,917**	**2,353**	**300**	**47,570**

Notes

DKK million

Nykredit Bank A/S

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

17 d. Loans at amortised cost excluding credit institutions by stage, gross

2024	Stage 1	Stage 2	Stage 3	Total
Gross lending as at 1 January 2024	**104,904**	**20,379**	**2,153**	**127,437**
Transfer to stage 1	3,480	(3,438)	(41)	(0)
Transfer to stage 2	(4,865)	4,970	(105)	-
Transfer to stage 3	(433)	(480)	913	-
Other movements[1]	16,604	2,066	60	18,730
Total, 31 December 2024	**119,689**	**23,497**	**2,981**	**146,167**
Impairment charges/provisions, total	216	861	1,775	2,852
Carrying amount	**119,473**	**22,636**	**1,206**	**143,315**

2023	Stage 1	Stage 2	Stage 3	Total
Gross lending as at 1 January 2023	**105,604**	**15,980**	**2,293**	**123,877**
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[1]	4,105	126	(671)	3,560
Total, 31 December 2023	**104,904**	**20,379**	**2,153**	**127,437**
Impairment charges/provisions, total	390	1,100	1,559	3,049
Carrying amount	**104,514**	**19,279**	**594**	**124,387**

[1] "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

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

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

2024	Stage 1	Stage 2	Stage 3	Total
Gross guarantees as at 1 January 2024	**44,984**	**2,539**	**375**	**47,898**
Transfer to stage 1	432	(429)	(3)	0
Transfer to stage 2	(646)	664	(18)	0
Transfer to stage 3	(93)	(19)	112	-
Other movements[1]	2,051	454	(170)	2,335
Total, 31 December 2024	**46,728**	**3,209**	**296**	**50,233**
Impairment charges/provisions, total	34	154	115	302
Carrying amount	**46,694**	**3,055**	**181**	**49,931**

2023	Stage 1	Stage 2	Stage 3	Total
Gross guarantees as at 1 January 2023	**45,837**	**2,744**	**375**	**48,957**
Transfer to stage 1	718	(711)	(7)	-
Transfer to stage 2	(692)	719	(27)	-
Transfer to stage 3	(59)	(29)	88	-
Other movements[1]	(819)	(184)	(55)	(1,058)
Total, 31 December 2023	**44,984**	**2,539**	**375**	**47,898**
Impairment charges/provisions, total	67	186	75	328
Carrying amount	**44,917**	**2,353**	**300**	**47,570**

[1] "Other movements" consists of new guarantees as well as guarantees redeemed in the period.

Notes

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		18. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES		
6	5	Profit from investments in associates	5	6
540	573	Profit from investments in Group enterprises	-	-
546	**578**	**Total**	**5**	**6**
		19. TAX		
		Tax on profit for the year has been calculated as follows:		
901	905	Current tax	1,095	1,076
(1)	(3)	Deferred tax	35	25
4	1	Adjustment of tax relating to previous years	(4)	11
(1)	(1)	Adjustment of deferred tax relating to previous years	1	6
903	**901**	**Tax**	**1,127**	**1,116**
		Tax on profit for the year can be specified as follows:		
925	934	Calculated 22% tax on profit before tax	1,009	971
		Tax effect of:		
114	139	Surtax	174	140
-	-	Difference between domestic and foreign taxes	0	1
(141)	(174)	Non-taxable income	(56)	(15)
2	3	Non-deductible expenses and other adjustments	3	2
3	(1)	Adjustment of tax relating to previous years	(3)	16
(0)	-	Adjustment of deferred tax, change in tax rate (surtax)	-	1
903	**901**	**Total**	**1,127**	**1,116**
22.0	22.0	Current tax rates, %	22.0	22.0
3.2	4.0	Surtax	4.0	3.2
(3.7)	(4.8)	Permanent deviations	(1.4)	(0.3)
21.5	**21.2**	**Effective tax rate, %**	**24.6**	**24.9**

On 7 December 2023, the parliament 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

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

2024

	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
Assets						
Receivables from credit institutions and central banks	883	4,106	-	-	-	4,989
Loans, advances and other receivables at amortised cost	44,876	64,945	19,429	14,203	3,851	147,305
Finance leases	-	537	1,215	4,317	526	6,595
Gross investments in finance leases	-	-	1,968	4,719	1,143	7,829
Bonds at fair value	-	288	7,686	28,142	8,116	44,232
Positive market value of derivative financial instruments etc	-	503	112	859	4,723	6,196
Liabilities						
Payables to credit institutions and central banks	10,719	6,242	4,575	18,647	-	40,183
Deposits and other payables	94,938	28,027	1,615	340	-	124,921
Bonds in issue at amortised cost	-	11,657	2,101	-	-	13,759
Other non-derivative financial liabilities	-	355	240	1,489	7,322	9,407
Negative market value of derivative financial instruments etc	-	473	151	727	3,689	5,040
Lease payments (excluding finance leases) recognised in "Other"	-	1	2	11	2	16
Contingent liabilities	-	-	16,454	5,287	4,997	26,738

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
Assets						
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
Liabilities						
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
Lease payments (excluding finance leases) recognised in "Other"	-	1	3	13	2	19
Contingent liabilities	-	-	9,258	5,927	7,835	23,020

Derivative financial instruments by time-to-maturity appear from note 44.

Notes

DKK million

Nykredit Bank A/S

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

2024

	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
Assets						
Receivables from credit institutions and central banks	820	4,106	-	-	-	4,926
Loans, advances and other receivables at amortised cost	45,186	68,393	18,078	8,486	3,173	143,315
Bonds at fair value	-	278	7,686	27,355	8,119	43,438
Positive market value of derivative financial instruments etc	-	503	112	859	4,723	6,196
Liabilities						
Payables to credit institutions and central banks	10,719	6,242	4,575	18,647	-	40,183
Deposits and other payables	95,614	28,027	1,615	340	-	125,596
Bonds in issue at amortised cost	-	9,532	2,101	-	-	11,634
Other non-derivative financial liabilities	-	355	240	1,489	7,325	9,410
Negative market value of derivative financial instruments etc	-	473	151	727	3,689	5,040
Contingent liabilities	-	-	16,454	5,280	4,997	26,731

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
Assets						
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
Liabilities						
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

Notes

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		22. CASH BALANCES AND DEMAND DEPOSITS WITH CENTRAL BANKS		
1,070	760	Cash balances	760	1,070
26,612	27,082	Demand deposits with central banks	27,082	26,612
27,682	**27,842**	**Total**	**27,842**	**27,682**
		23. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
1,020	827	Receivables from credit institutions	890	1,058
27	219	Reverse repurchase lending to central banks	219	27
11,509	3,879	Reverse repurchase lending to credit institutions	3,879	11,509
12,556	**4,926**	**Total**	**4,989**	**12,594**

Notes

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		24. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST		
93,472	102,141	Bank loans and advances	106,337	97,582
33,965	44,026	Reverse repurchase lending	44,026	33,965
127,437	**146,167**	**Balance, year-end**	**150,363**	**131,547**
		Adjustment for credit risk		
(3,049)	(2,852)	Impairment provisions	(3,058)	(3,207)
124,387	**143,315**	**Balance after impairment, year-end**	**147,305**	**128,340**
		Fixed-rate loans		
119	101	Of total loans and advances, fixed-rate loans represent	101	119
117	100	Market value of fixed-rate loans	100	117
		Finance leases		
-	-	Of total loans and advances at amortised cost, finance leases represent	6,595	6,324
-	**-**	**Carrying amount, beginning of year**	**6,324**	**6,011**
-	-	Additions	2,516	2,592
-	-	Disposals etc	(2,245)	(2,279)
-	**-**	**Carrying amount, year-end**	**6,595**	**6,324**
-	-	Non-earned income	1,234	1,349
		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	116	71
		Non-guaranteed residual values on expiry of the leases represent DKK 0.		

Notes

DKK million

Nykredit Bank A/S 2023	2024		Nykredit Bank Group 2024	2023
		24. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST (CONTINUED)		
%	%	**Loans, advances and guarantee debtors by sector as %, year-end**	%	%
0	0	**Public sector**	0	0
		Business customers		
2	2	Agriculture, hunting, forestry and fishing	3	3
9	11	Manufacturing, mining and quarrying	12	10
3	4	Energy supply	4	3
2	1	Construction	2	2
9	9	Trade	9	10
3	4	Transport, accommodation and food service activities	5	4
4	4	Information and communication	4	4
32	33	Finance and insurance	29	28
11	10	Real estate	10	11
8	7	Other	7	9
84	**85**	**Total business customers**	**84**	**83**
16	15	Personal customers	16	17
100	**100**	**Total**	**100**	**100**
		The sector distribution is based on the official Danish activity codes.		
		25. BONDS AT FAIR VALUE		
46,177	41,688	Covered bonds	42,482	47,030
1,864	868	Government bonds	868	1,864
545	882	Other bonds etc	882	545
48,586	**43,438**	**Total**	**44,232**	**49,439**
		The effect of fair value adjustment is recognised in the income statement.		
362	476	Of which redeemed bonds	479	365
12,028	7,024	Assets sold as part of genuine sale and repurchase transactions	7,024	12,028
5,717	6,192	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	6,192	5,717
		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 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		26. EQUITIES ETC		
48	60	Equities measured at fair value through profit or loss	75	60
48	**60**	**Total**	**75**	**60**
		Specification of equity portfolios		
14	30	Listed on Nasdaq Copenhagen A/S	30	27
0	0	Listed on other stock exchanges	0	0
33	30	Unlisted equities carried at fair value	45	33
48	**60**	**Total**	**75**	**60**
		27. INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES		
		Investments in associates		
9	**12**	**Cost, beginning of year**	**12**	**9**
3	-	Additions	-	3
12	**12**	**Cost, year-end**	**12**	**12**
6	**5**	**Revaluations and impairment charges, beginning of year**	**5**	**6**
7	**5**	Received dividend	5	7
6	**5**	Profit	5	6
5	**6**	**Revaluations and impairment charges, year-end**	**6**	**5**
17	**18**	**Balance, year-end**	**18**	**17**
		Investments in Group enterprises		
895	**897**	**Cost, beginning of year**	**-**	**-**
2	-	Additions	-	-
-	31	Disposals	-	-
897	**866**	**Cost, year-end**	**-**	**-**
1,824	**1,724**	**Revaluations and impairment charges, beginning of year**	**-**	**-**
640	472	Received dividend	**-**	**-**
730	760	Profit before tax	-	-
190	187	Tax	-	-
1,724	**1,825**	**Revaluations and impairment charges, year-end**	**-**	**-**
2,620	**2,691**	**Balance, year-end**	**-**	**-**
		Subordinated receivables		
313	572	Other enterprises	572	313
313	**572**	**Total**	**572**	**313**

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

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		27. INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES (CONTINUED)		
		Balances with associates and Group enterprises		
		Group enterprises		
		Asset items		
5,588	6,145	Loans, advances and other receivables at amortised cost	-	-
-	16	Other assets	-	-
5,588	**6,161**	**Total**	**-**	**-**
		Liability items		
608	675	Deposits and other payables	-	-
-	-	Other liabilities	-	-
608	**675**	**Total**	**-**	**-**
		28. ASSETS IN POOLED SCHEMES		
208	70	Cash deposits	70	208
4,041	9,219	Investment fund units	9,219	4,041
(77)	(166)	Other items	(166)	(77)
4,173	**9,123**	**Total**	**9,123**	**4,173**
		29. INTANGIBLE ASSETS		
		29 a. Customer relationships		
-	**-**	**Acquisition cost, beginning of year**	**170**	**170**
-	**-**	**Cost, year-end**	**170**	**170**
-	**-**	**Amortisation, beginning of year**	**104**	**80**
-	-	Amortisation for the year	24	24
-	**-**	**Amortisation, year-end**	**128**	**104**
-	**-**	**Total customer relationships, year-end**	**42**	**66**

Notes

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		29. INTANGIBLE ASSETS (CONTINUED)		
		29 b. Goodwill		
1,770	**1,770**	Cost, beginning of year	**1,770**	**1,770**
1,770	**1,770**	**Cost, year-end**	**1,770**	**1,770**
1,770	**1,770**	**Total goodwill, year-end**	**1,770**	**1,770**
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
1,770	**1,770**	**Total goodwill, year-end**	**1,770**	**1,770**

Acquisition of Amber Fondsmæglerselskab A/S in 2011: Goodwill was allocated to the business area Wealth Management.

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.

The impairment test is based on the following assumptions:

	2024	2023
Acquired goodwill (Sparinvest)	1,755	1,755
Required rate of return before tax, %	10.8	10.7
Average annual business growth in the budget period, %	6	6
Fixed annual business growth in the terminal period, %	2	2

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.

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

The recoverable amount is calculated as the present value of the expected cash flows from the unit to which allocation of goodwill is made.

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 10.8% in 2024 (8% after tax) compared with 10.7% in 2023 (8% after tax). The determination is based on an analysis of the equity market's return requirements for investment management and portfolio administration

		29 c. Software		
-	-	Cost, beginning of year	73	70
-	-	Additions for the year	14	3
-	**-**	**Cost, year-end**	**87**	**73**
-	**-**	Amortisation, beginning of year	36	23
-	-	Amortisation for the year	13	13
-	**-**	**Amortisation, year-end**	**49**	**36**
-	**-**	**Total software, year-end**	**38**	**37**

Notes

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		30. LAND AND PROPERTY		
		30 a. Equipment		
-	**-**	**Cost, beginning of year**	**8**	**8**
-	-	Additions	-	0
-	**-**	**Cost, year-end**	**8**	**8**
-	**-**	**Depreciation and impairment, beginning of year**	**6**	**6**
-	-	Depreciation for the year	1	1
-	**-**	**Depreciation and impairment, year-end**	**7**	**6**
-	**-**	**Total equipment, year-end**	**1**	**2**

Equipment is depreciated over 3-5 years and had an average residual depreciation period of 1 year at 31 December 2024 (end-2023: 1 year).

Notes

	DKK million	
	Nykredit Bank Group	
	2024	2023
30. LAND AND PROPERTY (CONTINUED)		
30 b. Leased property		
Cost, beginning of year	22	21
Additions and disposals	-	1
Cost, year-end	**22**	**22**
Depreciation and impairment, beginning of year	3	11
Depreciation for the year	3	3
Disposals for the year	-	11
Depreciation and impairment, year-end	**6**	**3**
Balance, year-end	**16**	**19**

	2024		2023	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
0-1 year	**3**	**3**	3	3
1-5 years	**11**	**11**	13	13
5-10 years	**2**	**2**	2	2
Over 10 years	**-**	**-**	-	-
Total	**16**	**16**	**19**	**19**

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 16 million at end-2024 (2023: DKK 19 million). Interest relating to lease liabilities was DKK 0 million (2023: DKK 0 million).

Notes

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		31. OTHER ASSETS		
1,357	1,238	Interest and commission receivable	1,265	1,394
6,419	6,196	Positive market value of derivative financial instruments etc	6,196	6,419
4,151	2,735	Other	2,869	4,261
11,927	**10,170**	**Total**	**10,331**	**12,074**
		Minimum margin 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.		
261	236	The unamortised minimum margin at the beginning of the year amounted to	236	261
(25)	16	Net change over the year	16	(25)
236	**252**	**The unamortised minimum margin at year-end amounted to**	**252**	**236**
131	139	- of which recognised in FVA and CVA	139	131

Notes

DKK million

Nykredit Bank A/S 2023	2024		Nykredit Bank Group 2024	2023
		32. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS		
37,819	36,633	Payables to credit institutions	36,633	37,819
606	-	Payables to central banks	-	606
6,509	3,331	Repo transactions with credit institutions	3,331	6,509
27	219	Repo transactions with central banks	219	27
44,960	**40,183**	**Total**	**40,183**	**44,960**
		Of total balances with banks, DKK 18 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.		
		33. DEPOSITS AND OTHER PAYABLES		
93,264	100,088	On demand	99,413	92,685
18,672	19,183	Time deposits	19,183	18,672
2,977	3,217	Special deposits	3,217	2,977
5,618	3,109	Repo deposits	3,109	5,618
120,530	**125,596**	**Total**	**124,921**	**119,951**
		34. BONDS IN ISSUE AT AMORTISED COST		
5,925	11,634	Bonds in issue	13,759	8,050
5,925	**11,634**	**Total**	**13,759**	**8,050**
		Issues		
5,925	11,634	ECP issues	11,634	5,925
-	-	Other issues	2,125	2,125
5,925	**11,634**	**Total**	**13,759**	**8,050**

Notes

DKK million

Nykredit Bank A/S 2023	2024		Nykredit Bank Group 2024	2023
		35. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE		
11,036	9,410	Negative securities portfolios	9,407	11,033
11,036	**9,410**	**Total**	**9,407**	**11,033**
		36. CURRENT TAX ASSETS AND LIABILITIES		
		Current tax		
(228)	**27**	**Corporation tax due, beginning of year**	**(32)**	**(276)**
-	-	Additions	-	-
(901)	(905)	Current tax for the year	(1,095)	(1,076)
1,160	902	Corporation tax paid for the year, net	1,133	1,330
(4)	(1)	Adjustment relating to previous years	4	(11)
27	**23**	**Balance, year-end**	**9**	**(32)**
		Current tax recognised in the balance sheet		
27	23	Current tax assets	63	43
-	-	Current tax liabilities	54	76
27	**23**	**Balance, year-end, net**	**9**	**(32)**
		37. PROVISIONS FOR DEFERRED TAX/DEFERRED TAX ASSETS		
159	**161**	**Deferred tax, beginning of year**	**(115)**	**(85)**
1	3	Deferred tax for the year recognised in profit for the year	(35)	(24)
1	1	Adjustment of deferred tax relating to previous years	(1)	(5)
161	**165**	**Deferred tax, year-end**	**(151)**	**(115)**
		Deferred tax recognised in the balance sheet		
161	165	Deferred tax assets	166	162
-	-	Provisions for deferred tax	317	277
161	**165**	**Deferred tax, year-end, net**	**(151)**	**(115)**
		Deferred tax relates to:		
83	83	Loans and advances	(219)	(174)
0	0	Intangible assets	(21)	(27)
0	0	Property, plant and equipment	1	1
1	1	Other assets and prepayments	0	1
70	78	Other liabilities	84	79
6	3	Other provisions	4	6
161	**165**	**Total**	**(151)**	**(115)**

Notes

DKK million

Nykredit Bank A/S 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		38. OTHER LIABILITIES		
990	829	Interest and commission payable	836	999
8,171	5,040	Negative market value of derivative financial instruments etc	5,040	8,171
933	1,140	Other	1,639	1,447
10,093	**7,009**	**Total**	**7,515**	**10,617**
		39. PROVISIONS		
		Provisions for losses under guarantees		
340	**328**	**Balance, beginning of year**	**328**	**340**
179	197	Additions	197	179
191	224	Reversal of unutilised amounts	224	191
328	**302**	**Balance, year-end**	**302**	**328**
		Other provisions		
180	**290**	**Balance, beginning of year**	**291**	**180**
111	34	Additions	34	113
1	53	Disposals	53	1
290	**270**	**Balance, year-end**	**271**	**291**
		Total provisions for losses under guarantees and other provisions		
520	**618**	**Balance, beginning of year**	**620**	**520**
290	231	Additions	231	292
191	224	Reversal of unutilised amounts	224	191
1	53	Disposals	53	1
618	**572**	**Balance, year-end**	**573**	**620**

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

DKK million

Nykredit Bank A/S 2023	2024		Nykredit Bank Group 2024	2023
		40. OFF BALANCE SHEET ITEMS		
		Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.		
23,020	26,731	Contingent liabilities	26,738	23,020
12,445	10,879	Other commitments	11,736	12,955
35,465	**37,609**	**Total**	**38,474**	**35,975**
		40 a. Contingent liabilities		
9,443	11,139	Financial guarantees	11,139	9,443
6,701	3,488	Registration and refinancing guarantees	3,488	6,701
6,876	12,104	Other contingent liabilities	12,112	6,876
23,020	**26,731**	**Total**	**26,738**	**23,020**
		Other contingent liabilities chiefly comprises purchase price and payment guarantees.		
		40 b. Other commitments		
12,395	10,827	Irrevocable credit commitments	10,827	12,395
51	51	Other	909	561
12,445	**10,879**	**Total**	**11,736**	**12,955**
		"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 23 billion as at 31 December 2024.

Notes

40. 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.

41. 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 2024 and 2023.

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.

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.

Nykredit Realkredit has a deposit with Nykredit Bank to cover the Bank's MREL requirement.

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

Nykredit Bank may transfer secured homeowner loans to Totalkredit A/S. In 2023 and 2024 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 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		41. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)		
		41 A. TRANSACTIONS WITH THE PARENT, NYKREDIT REALKREDIT A/S, AND ITS GROUP ENTERPRISES AND ASSOCIATES		
		Income statement		
273	242	Interest income	242	273
1,200	1,374	Interest expenses	1,374	1,200
320	305	Fee and commission income	307	320
462	501	Fee and commission expenses	501	462
100	33	Other operating income	39	100
(13)	49	Value adjustments	49	(13)
1,252	1,235	Costs	1,473	1,252
		Asset items		
5,435	1,633	Receivables from credit institutions and central banks	1,633	5,435
10,024	12,173	Bonds at fair value	12,645	10,702
119	86	Other assets	86	119
		Liability items		
30,223	28,588	Payables to credit institutions and central banks	28,588	30,223
204	329	Deposits and other payables	329	204
305	176	Other liabilities	176	305
		41 b. Transactions with other Nykredit Bank Group enterprises		
		Income statement		
138	183	Interest income	-	-
15	11	Interest expenses	-	-
95	144	Fee and commission income	-	-
43	22	Fee and commission expenses	-	-
211	23	Staff and administrative expenses	-	-
-	40	Other operating income	-	-
		Asset items		
5,560	6,145	Loans, advances and other receivables at amortised cost	-	-
8	16	Other assets	-	-
		Liability items		
579	675	Deposits and other payables	-	-
21	3	Other liabilities	-	-

Notes

Nykredit Bank Group

42. FAIR VALUE DISCLOSURES

Valuation principles

Financial instruments are measured at fair value or amortised cost in the balance sheet. The tables in notes 42 a. and 42 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 disbursable 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 42 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.

The CVA is calculated on our derivatives portfolio with counterparties that have material counterparty credit risk. The calculation is based on expected future exposures, that are simulated in a Monte-Carlo simulation. We use external credit spreads from Itraxx Europe and Crossover credit index as input for default probabilities.

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.

Notes

FVA may involve both a funding benefit and a funding cost, but for Nykredit, the net FVA adjustment in 2024 was a funding cost.

Net value adjustment due to CVA, DVA and FVA amounted to DKK -195 million at 31 December 2024 against DKK -92 million at end-2023.

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 2024, the non-amortised minimum margin amounted to DKK 114 million against DKK 105 million at end-2023. With regard to liquidity and credit risk, DKK 139 million for end-2024 and DKK 131 million for 2023 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 24 million at 31 December 2024 (2023: DKK 275 million). Credit value adjustments came to DKK 112 million at 31 December 2024 (2023: DKK 263 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 10 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 2024, the proportion was thus 0.05% compared with 0.47% at end-2023. The proportion of financial liabilities was 0.0% against 0.0% at end-2023.

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 0.0 billion (2023: DKK 0.3 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 3 million at 31 December 2024 (0.01% of equity at 31 December 2024). The earnings impact for 2023 was estimated at DKK 28 million (0.08% of equity at 31 December 2023).

The net asset thus has a relatively insignificant impact on results and equity. With respect to derivatives (DKK 0.0 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 2024 and 2023, 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 2024 financial assets of DKK 0.2 billion (2023: DKK 0.1 billion) were transferred from Listed prices to Observable inputs and DKK 2.1 billion (2023: DKK 6.8 billion) from Observable inputs to Listed prices. Financial liabilities of DKK 0.4 billion (2023: DKK 1.5 billion) were transferred from Listed prices to Observable inputs and DKK 1.2 billion (2023: DKK 0.1 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 2024, the amount was DKK 0.5 billion against DKK 0.4 billion at end-2023.

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

Notes

DKK million

Nykredit Bank Group

42. FAIR VALUE DISCLOSURES (CONTINUED)

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

2024	Carrying amount	Fair value	Balance	Fair value calculated on the basis of: Listed prices	Observable inputs	Unobservable inputs
Assets						
Loans, advances and other receivables at amortised cost	147,305	147,570	265	-	-	147,570
Total	**147,305**	**147,570**	**265**	**-**	**-**	**147,570**
Liabilities						
Bonds in issue at amortised cost	13,759	13,759	-	-	13,759	-
Total	**13,759**	**13,759**	**-**	**-**	**13,759**	**-**
Transfer from assets			265			
Total balance			**265**			

2023						
Assets						
Loans, advances and other receivables at amortised cost	128,340	128,605	265			128,605
Total	**128,340**	**128,605**	**265**	**-**	**-**	**128,605**
Liabilities						
Bonds in issue at amortised cost	8,050	8,050	-	-	8,050	-
Total	**8,050**	**8,050**	**-**	**-**	**8,050**	**-**
Transfer from assets			265			
Total balance			**265**			

Notes

DKK million

Nykredit Bank Group

42. FAIR VALUE DISCLOSURES (CONTINUED)

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

31 December 2024

Financial assets:	Listed prices	Observable inputs	Unobservable inputs	Total fair value
- bonds at fair value	3,601	40,631	-	44,232
- equities measured at fair value through profit or loss	68	-	8	75
- positive fair value of derivative financial instruments	10	6,163	24	6,196
- assets in pooled schemes	9,123	-	-	9,123
Total	**12,801**	**46,794**	**32**	**59,627**
Percentage	**21.5**	**78.5**	**0.1**	**100.0**
Financial liabilities:				
- deposits in pooled schemes	-	9,123	-	9,123
- other non-derivative financial liabilities at fair value	1,562	7,845	-	9,407
- negative fair value of derivative financial instruments	38	5,002	-	5,040
Total	**1,600**	**21,970**	**-**	**23,570**
Percentage	**6.8**	**93.2**	**-**	**100.0**

Assets measured on the basis of unobservable inputs

	Equities	Derivatives	Total
Fair value, beginning of year, assets	**8**	**275**	**282**
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	0	115	116
Sales for the period	(0)	(8)	(8)
Transferred from Listed prices and Observable inputs[1]	-	-	-
Transferred to Listed prices and Observable inputs[2]	-	(358)	(358)
Fair value, year-end, assets	**8**	**24**	**32**

[1] Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.
[2] 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

Nykredit Bank Group

42. FAIR VALUE DISCLOSURES (CONTINUED)

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

31 December 2023

Financial assets:	Listed prices	Observable inputs	Unobservable inputs	Total fair value
- 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
Total	**13,019**	**46,790**	**282**	**60,091**
Percentage	**21.7**	**77.9**	**0.5**	**100.0**
Financial liabilities:				
- 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
Total	**940**	**22,436**	**-**	**23,377**
Percentage	**4.0**	**96.0**	**-**	**100.0**

Assets and liabilities measured on the basis of unobservable inputs

	Equities	Derivatives	Total
Fair value, beginning of year, assets	**15**	**201**	**215**
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[1]	-	48	48
Transferred to Listed prices and Observable inputs[2]	-	(126)	(126)
Fair value, year-end, assets	**8**	**275**	**282**

[1] Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.
[2] 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

Nykredit Bank Group

43. OFFSETTING

2024	Gross amounts	Financial instruments offset	Carrying amount after offsetting	Further offsetting, master netting agreements	Collateral	Net amounts
Financial assets						
Derivatives with a positive fair value	38,717	32,521	6,196	2,233	757	3,206
Reverse repo transactions	50,421	2,296	48,125	-	47,882	243
Total	**89,138**	**34,817**	**54,321**	**2,233**	**48,639**	**3,449**
Financial liabilities						
Derivatives with a negative fair value	37,561	32,521	5,040	2,233	371	2,436
Repo transactions	8,955	2,296	6,659	-	6,593	66
Total	**46,516**	**34,817**	**11,699**	**2,233**	**6,964**	**2,502**
2023						
Financial assets						
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
Total	**91,961**	**40,041**	**51,920**	**3,509**	**45,871**	**2,540**
Financial liabilities						
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
Total	**60,364**	**40,041**	**20,324**	**3,509**	**12,529**	**4,286**

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

Nykredit Bank Group

44. DERIVATIVE FINANCIAL INSTRUMENTS

By time-to-maturity	Net market value				Gross market value			
2024	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	Nominal value
Foreign exchange contracts								
Forward contracts/futures, purchased	(11)	24	(7)	-	250	244	7	53,182
Forward contracts/futures, sold	116	(21)	6	-	290	189	101	51,816
Swaps	-	0	1	-	1	-	1	96
Options, purchased	0	1	5	-	7	-	7	242
Options, written	(0)	(1)	(5)	-	-	7	(7)	242
Interest rate contracts								
Forward contracts/futures, purchased	(28)	0	0	-	5	33	(28)	12,449
Forward contracts/futures, sold	(1)	-	-	-	5	5	(1)	11,595
Swaps	(30)	1	120	855	5,258	4,312	946	1,273,502
Options, purchased	-	0	58	300	358	-	358	14,778
Options, written	(0)	(43)	(46)	(121)	-	211	(211)	11,489
Equity contracts								
Forward contracts/futures, purchased	(0)	-	-	-	-	0	(0)	0
Unsettled spot transactions	(17)	-	-	-	22	39	(17)	25,296
Total	**29**	**(39)**	**132**	**1,033**	**6,197**	**5,041**	**1,156**	
Of which positive market value	503	112	859	4,723				
Of which negative market value	473	151	727	3,689				

Notes

DKK million

Nykredit Bank Group

44. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

By time-to-maturity	Net market value				Gross market value			
2023	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	Nominal value
Foreign exchange contracts								
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
Interest rate contracts								
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
Equity contracts								
Forward contracts/futures, purchased	0	-	-	-	0	-	0	0
Total	**(1,788)**	**(59)**	**(275)**	**365**	**6,404**	**8,161**	**(1,757)**	
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

45. UNSETTLED SPOT TRANSACTIONS

Nykredit Bank Group	2024				2023
		Market value			
	Nominal value	Positive	Negative	Net market value	Net market value
Foreign exchange contracts, purchased	8,310	4	13	(9)	3
Foreign exchange contracts, sold	5,984	1	11	(9)	2
Interest rate contracts, purchased	4,284	3	1	2	(4)
Interest rate contracts, sold	4,980	1	2	(1)	4
Equity contracts, purchased	854	1	12	(11)	0
Equity contracts, sold	884	12	1	11	0
Total	**25,296**	**22**	**39**	**(17)**	**6**
Total, the year before	**9,472**	**15**	**10**	**6**	**(3)**

Nykredit Bank A/S	2024				2023
		Market value			
	Nominal value	Positive	Negative	Net market value	Net market value
Foreign exchange contracts, purchased	8,310	4	13	(9)	3
Foreign exchange contracts, sold	5,984	1	11	(9)	2
Interest rate contracts, purchased	4,284	3	1	2	(4)
Interest rate contracts, sold	4,980	1	2	(1)	4
Equity contracts, purchased	854	1	12	(11)	0
Equity contracts, sold	884	12	1	11	0
Total	**25,296**	**22**	**39**	**(17)**	**6**
Total, the year before	**9,472**	**15**	**10**	**6**	**(3)**

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 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		46. REPO TRANSACTIONS AND REVERSE REPURCHASE LENDING		
		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		
		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.		
		Of the asset items below, reverse repurchase lending represents:		
11,536	4,099	Receivables from credit institutions and central banks, carrying amount	4,099	11,536
11,460	4,064	Bonds received as collateral but not offset against the balance	4,064	11,460
77	**34**	**Total less collateral**	**34**	**77**
36,534	46,322	Loans, advances and other receivables, gross	46,322	36,534
2,569	2,296	Set-off against "Deposits and other payables"	2,296	2,569
33,965	**44,026**	**Carrying amount after set-off**	**44,026**	**33,965**
33,813	43,818	Bonds received as collateral but not offset against the balance	43,818	33,813
152	**208**	**Total less collateral**	**208**	**152**
		Of the liability items below, repo transactions represent:		
6,509	3,550	Payables to credit institutions and central banks, carrying amount	3,550	6,509
6,442	3,526	Bonds provided as collateral	3,526	6,442
8,186	5,405	Deposits and other payables, gross	5,405	8,186
2,569	2,296	Set-off against "Loans, advances and other receivables"	2,296	2,569
5,618	**3,109**	**Carrying amount after set-off**	**3,109**	**5,618**
5,554	3,067	Bonds provided as collateral	3,067	5,554

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

47. 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 non-financial risks, including operational risk, IT risk, conduct risk, model risk, data quality risk, and compliance risks.

Credit, market and operational risks are mitigated by holding 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/samfundsansvar/rapportering. 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 colleagues. 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 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's five regional credit units 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 CSA 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. Nykredit continuously develops and improves its credit risk models, with a current focus on redeveloping them to comply with new regulation. 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.

Elements of credit risk determination

PD	Probability of Default (PD) is the probability of a customer defaulting on an obligation to Nykredit within a year.
LGD	Loss Given Default (LGD) is the estimated loss rate of an exposure in case of the customer's default.
EAD	Exposure at Default (EAD) is the total estimated exposure to a customer in DKK at the time of default, including any drawn part of a credit commitment.
REA	Risk Exposure Amount (REA) is calculated by risk-weighting credit exposures relating to the individual customer. The risk weighting is calculated on the basis of PD and LGD levels.
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).

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 models are subject to annual validation, which is performed independently of the risk management function.

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 2024.

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 3.7 billion at end-2024. The temporary exposure was approved by the Board of Directors.

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

Nykredit Bank Group

At end-2024, the Bank's 20 largest exposures to non-financial counterparties totalled DKK 45.9 billion, equivalent to 121% of eligible capital. In 2023 the Bank's 20 largest exposures to non-financial counterparties amounted to DKK 37.6 billion, equivalent to 108% 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 increased from DKK 94.3 billion in 2023 to DKK 102.4 billion in 2024.

Nykredit Bank Group REA for credit risk excluding counterparty risk (CCR) DKK million	2024	2023
Standardised approach	9,667	9,386
IRB approach	76,871	69,253
Equities	94	92
Other1	15,730	15,606
Total credit risk excluding CCR	**102,362**	**94,337**

[1] 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 decreased to DKK 3,361 million in 2024 (end-2023: DKK 3,536 million).

Provisions for guarantees and loan commitments amounted to DKK 302 million (end-2023: DKK 328 million).

Relative to total loans, advances and guarantees, provisions amounted to 1.9% (end-2023: 2.3%).

Earnings impact

Impairment charges for loans and advances were a reversal of DKK 175 million in 2024 (2023: charge of DKK 62 million). Of this amount, loan impairments etc represented a reversal of DKK 135 million (2023: charge of DKK 98 million), and recoveries on loans and advances previously written off represented DKK 40 million (2023: DKK 36 million).

DKK million

Nykredit Bank Group Provisions for loan impairment and guarantees	31.12.2024	31.12.2023
Impairment provisions, beginning of year	3,208	3,135
Impairment provisions and reversals	(149)	73
Impairment provisions, year-end	**3,059**	**3,208**
- of which impairment provisions for loans and advances etc	3,058	3,207
- of which impairment provisions for loans and advances to banks	1	1
Provisions for guarantees and loan commitments		
Provisions, beginning of year	328	340
Provisions, year-end	302	328
Total provisions	**3,361**	**3,536**
Earnings impact		
New impairment provisions and write-offs for the year, net	(108)	110
Recoveries on loans and advances previously written off	40	36
Total	**(148)**	**74**
Provisions for guarantees and loan commitments	(26)	(12)
Total earnings impact	**(175)**	**62**

Impairment charges for loans and advances are mainly attributable to:

DKK million

Nykredit Bank Group Total provisions for bank loan impairment	31.12.2024	31.12.2023
Individual impairment provisions (stage 3)	2,034	1,776
Model-based impairment provisions (stages 1, 2 and 3)	1,024	1,431
- of the above attributable to geopolitical tensions	*586*	*818*
Total provisions for bank loan impairment	**3,058**	**3,207**

Post-model adjustments

Corrections and changes to assumptions in the impairment models are based on management judgement. In 2024, such post-model adjustments totalled DKK 494 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.

Notes

Nykredit Bank Group

		DKK million
Nykredit Bank Group		
Specific macroeconomic risks and process-related circumstances	31.12.2024	31.12.2023
Agriculture	16	19
Geopolitical tensions	17	116
Concentration risks in loan portfolios	119	97
Total macroeconomic risks	**152**	**232**
Process-related	39	57
ESG	81	72
Haircuts	26	33
Other (outcomes of controlling, haircuts etc)	196	256
Total process-related circumstances	**342**	**418**
Total post-model adjustments	**494**	**650**

Expectations for macroeconomic models

Nykredit's impairment model calculations include forward-looking macroeconomic scenarios. The scenarios reflect uncertainties relating to the economy and include both improved and deteriorating outlooks. The scenarios were updated at end-2024 to reflect updated macroeconomic conditions and other resulting market conditions that are expected to impact, and partly already have impacted, the economy.

Based on the weighting of the scenarios, impairment provisions totalled DKK 3,361 million as at 31 December 2024 (end-2023: DKK 3,536 million).

The main scenario carries a 60% weighting. The main scenario used for the impairment models implies expected GDP growth of 2.2% and house price rises of 3.2% in 2025. At end-2024, the main scenario implied expected GDP growth of 2.3% and house price increases of 3.9% in 2024.

The adverse scenario was included in the models with a weighting of 20%. This scenario implies expected GDP declines of 0.3% and house price decreases of 5.7% in 2025.

The improved scenario carries a 20% weighting and is based on the macroeconomic conditions observed at the date of this Report.

If the main scenario carried a 100% weighting, total impairment provisions would decrease by DKK 28 million. Compared with the main scenario, total impairment provisions would rise by DKK 1,494 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 373 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 customers would increase by DKK 1,379 million. If the weighting of the improved scenario was 100%, total impairment provisions of such customers would be reduced by DKK 345 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.

Notes

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 in line with changes in the underlying market prices, 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 CSA 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 8.6 billion at end-2024. 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 adjustment 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.

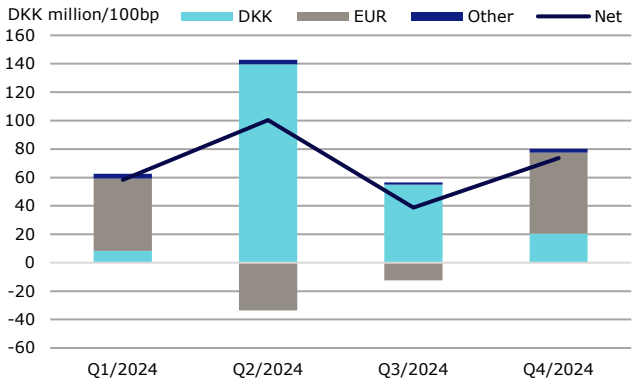
Compliance with the risk limits set out in the guidelines is monitored daily and independently of the acting entities of the Group. Any breaches are reported to the Asset/Liability Committee, the Board of Directors of Nykredit Bank or other levels of management depending on the nature of such breach.

Notes

Nykredit Bank Group

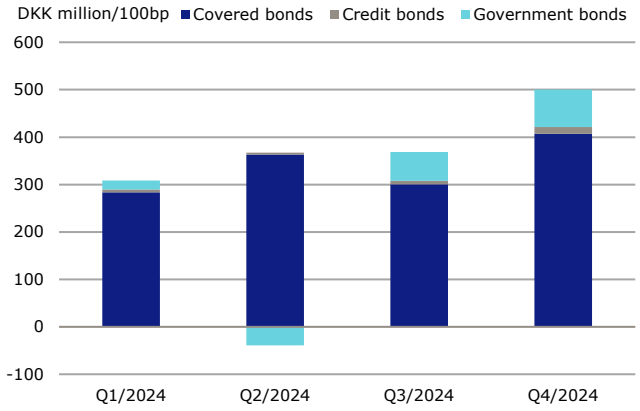
Nykredit Bank

Interest rate risk, trading book



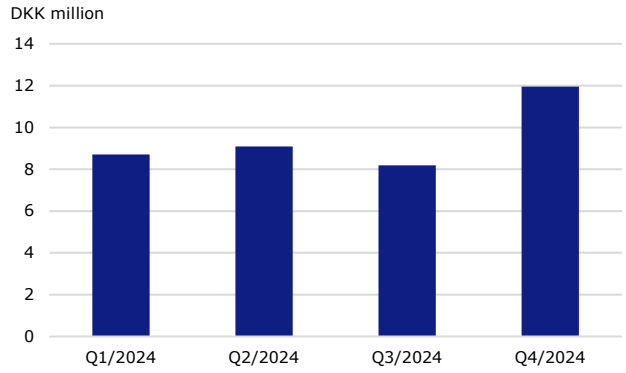
Nykredit Bank

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.

At end-2024, the net interest rate exposure in the trading book was DKK 74 million and the interest rate risk in the banking book was DKK 83 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 407 million and approximately DKK 14 million on the portfolio of corporate bonds at end-2024. In the banking book the yield spread risk amounted to DKK 220 million at end-2024.

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 12 million at end-2024. At end-2024, in the banking book the equity price risk amounted to DKK 6 million, which is composed of strategic equity positions.

Notes

Nykredit Bank Group

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-2024, EVE came to a potential loss of DKK 106 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 458 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 part 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.

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 1.1 billion at end-2024, while stressed VaR accounted for DKK 7.3 billion. REA for market risk was DKK 12.7 billion at end-2024.

Nykredit Bank Group **REA – market risk** DKK million	2024	2023
Internal models (VaR)	8,412	7,375
Standardised approach	4,276	4,483
Total market risk exposure	**12,687**	**11,858**

Notes

Nykredit Bank Group

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 ratio of liquid assets 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-2024, the Bank's LCR was 229% and the excess liquidity coverage totalled DKK 36.4 billion.

Notes

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 operational risk, IT risk, conduct risk, model risk, data quality risk and compliance risk.

Nykredit monitors and manages non-financial risks as part of its day-to-day operations, keeping non-financial risks low relative to the Group's financial risks. 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.

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.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or 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 13.3 billion in 2024.

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. The Nykredit Group also has a Chief Compliance Officer and an AML Responsible Officer covering all relevant Group companies.

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

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

Cyberthreats against Nykredit and general society are high. It requires a constant effort to avoid incidents. Throughout 2024, 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.

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.

Notes

DKK million

Nykredit Bank A/S 2023	2024		Nykredit Bank Group 2024	2023
		47. RISK MANAGEMENT (CONTINUED)		
		Credit, currency, equity and interest rate risk		
		Credit risk		
		The Group's maximum credit exposure comprises selected balance sheet and off-balance sheet items.		
		Total credit exposure		
		Balance sheet items		
27,682	27,842	Cash balances and demand deposits with central banks	27,842	27,682
12,556	4,926	Receivables from credit institutions and central banks	4,989	12,594
124,387	143,315	Loans, advances and other receivables at amortised cost	147,305	128,340
35,914	41,054	- of which lending in Retail	50,494	45,427
42,591	46,659	- of which lending in Corporates & Institutions	47,138	42,591
5,843	5,390	- of which lending in Wealth Management	5,604	5,843
40,040	50,213	- of which lending in Group Items etc	44,068	34,480
48,586	43,438	Bonds	44,232	49,439
11,927	10,170	Other assets	10,331	12,074
		Off-balance sheet items		
23,020	26,731	Contingent liabilities	26,738	23,020
12,445	10,879	Other commitments	11,736	12,955
		Collateral security received		
		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-2024 collateral security excluding guarantees included:		
11,804	11,669	Mortgages on residential property	11,669	11,804
8,706	10,081	Securities	10,081	8,706
10,187	9,996	Mortgages on real estate	9,996	10,187
165	155	Guarantees received	155	165
2,052	543	Deposits	543	2,052
1,297	1,899	Chattel mortgage and other	1,899	1,297

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

47. RISK MANAGEMENT (CONTINUED)

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

Loans, advances, guarantees and provisions by sector

	Carrying amount				Provisions		
31 December 2024	Lending	Guarantees	Total	Proportion, %	Impairment provisions (stages 1-3)	Provisions (stages 1-3)	Total
Public sector	**317**	**189**	**506**	**0**	**0**	**0**	**0**
Business customers							
Agriculture, hunting, forestry and fishing	4,065	498	4,563	3	158	6	165
Manufacturing, mining and quarrying	16,682	3,362	20,044	12	827	45	871
Energy supply	6,201	522	6,723	4	26	2	28
Construction	2,359	865	3,224	2	110	17	127
Trade	15,380	982	16,362	9	747	139	886
Transport, accommodation and food service activities	8,177	167	8,344	5	302	23	325
Information and communication	6,584	242	6,826	4	52	2	54
Finance and insurance	49,424	927	50,351	29	59	2	60
Real estate	12,414	4,717	17,131	10	268	34	302
Other	10,361	1,834	12,195	7	193	8	201
Total business customers	**131,647**	**14,116**	**145,763**	**84**	**2,742**	**278**	**3,019**
Personal customers	15,340	12,433	27,773	16	316	24	340
Total	**147,305**	**26,738**	**174,043**	**100**	**3,058**	**302**	**3,360**
Of which reverse repurchase lending (loans and advances at amortised cost)	44,026	-	44,026	25	-	-	-
31 December 2023							
Public sector	**274**	**192**	**466**	**0**	**-**	**-**	**-**
Business customers							
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
Total business customers	**114,323**	**10,906**	**125,229**	**83**	**2,752**	**238**	**2,990**
Personal customers	13,744	11,922	25,666	17	454	90	545
Total	**128,340**	**23,020**	**151,360**	**100**	**3,206**	**328**	**3,535**
Of which reverse repurchase lending (loans and advances at amortised cost)	33,965	-	33,965	22	-	-	-

Notes

DKK million

Nykredit Bank Group

47. 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.

2024

Rating category	Manufacturing and construction	Credit and finance	Property management and trade	Transport, trade and accommodation	Other trade and public	Personal customers	Total
10	11,543	22,942	4,517	10,591	4,057	3,803	57,453
9	2,598	832	945	3,655	1,675	2,695	12,400
8	4,255	613	1,913	4,032	5,571	2,098	18,481
7	2,058	699	1,390	1,882	3,823	1,504	11,357
6	2,374	4,774	2,268	1,922	3,139	3,808	18,285
5	757	5,420	377	690	822	564	8,630
4	760	139	249	276	542	234	2,199
3	420	13,601	114	312	830	191	15,468
2	101	116	409	53	173	126	978
1	445	218	134	222	215	113	1,347
0	13	2	11	14	17	178	234
Exposures in default	880	128	357	958	866	342	3,531
Total	**26,204**	**49,483**	**12,683**	**24,606**	**21,730**	**15,656**	**150,363**

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

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
Total	**20,825**	**41,321**	**13,021**	**20,615**	**21,567**	**14,198**	**131,547**

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

Notes

DKK million

Nykredit Bank Group

47. RISK MANAGEMENT (CONTINUED)

Loans carrying a reduced interest rate

Group	2024	2023
Gross lending	126	202
Impairment provisions	106	181
Carrying amount	**20**	**20**
Of which non-accrual	15	13
Of which carrying a reduced interest rate	5	7

	2024				2023			
Provisioning rate	Q4/	Q3/	Q2/	Q1/	Q4/	Q3/	Q2/	Q1/
Group								
Total loans and advances	147,305	140,833	136,641	126,951	128,340	125,704	125,019	127,611
Total guarantees	26,738	23,663	21,433	18,440	23,020	22,360	26,199	26,115
Impairment provisions	3,058	3,064	2,983	3,085	3,207	3,213	3,178	3,104
Provisions for guarantees	302	349	376	341	328	310	330	333
Total	**177,403**	**167,910**	**161,434**	**148,818**	**154,895**	**151,588**	**154,726**	**157,163**
Provisioning rate, %	1.9	2.0	2.1	2.3	2.3	2.3	2.3	2.2
Provisioning rate excluding guarantees	2.0	2.1	2.1	2.4	2.4	2.5	2.5	2.4

Secured lending before impairment provisions	2024			2023		
Group	Public sector	Personal customers	Business customers	Public sector	Personal customers	Business customers
Unsecured lending	314	3,375	58,432	257	3,183	52,302
Lending secured by way of legal charge or other collateral security:						
Fully secured	2	6,401	50,364	0	5,757	39,623
Partially secured	1	5,844	22,573	16	5,226	21,975
Total lending after impairment provisions	**317**	**15,619**	**131,369**	**274**	**14,166**	**113,900**

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% (2023: 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 2023	Nykredit Bank A/S 2024		Nykredit Bank Group 2024	Nykredit Bank Group 2023
		47. RISK MANAGEMENT (CONTINUED)		
		Foreign exchange risk		
47,324	49,292	Total foreign exchange assets	49,292	47,324
		Of which		
41,843	44,205	- receivables with credit institutions, loans and advances, securities etc	44,205	41,843
5,481	5,087	- interest receivable and positive market value of financial instruments	5,087	5,481
95,770	84,530	Total foreign exchange liabilities	84,530	95,770
		Of which		
50,675	49,923	- payables to credit institutions, deposits, bond in issue etc	49,923	50,675
45,094	34,607	- interest payable and negative market value of financial instruments	34,607	45,094
29.7	494.8	Exchange rate indicator 1 (DKK million)	494.8	29.7
0.1	1.3	Exchange rate indicator 1 as % of Tier 1 capital after deductions	1.3	0.1
0.2	0.4	Exchange rate indicator 2 (DKK million)	0.4	0.2
-	-	Exchange rate indicator 2 as % of Tier 1 capital after deductions	-	-
		Interest rate risk by the currency involving the highest interest rate exposure		
220	95	DKK	99	223
(93)	29	EUR	29	(93)
3	3	NOK	3	3
(1)	(1)	GBP	(1)	(1)
(1)	(3)	SEK	(3)	(1)
0	0	USD	0	0
(0)	(0)	CAD	(0)	(0)
(0)	-	Other currencies	-	(0)
128	**123**	**Total interest rate exposure of debt instruments etc, year-end**	**127**	**131**
		Interest rate exposure measured at a general rise in interest rates of 1 percentage point ranged between a loss of DKK 51 million and a loss of DKK 245 million (2023: between a loss of DKK 1 million and a loss of 195 million).		
		Value-at-Risk		
18	7	Year-end	7	18
15	11	Average for the year	11	15
		Value-at-risk ranged between DKK 6 million and DKK 18 million (2023 DKK 10 million and DKK 25 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.		
(0.6)	5.9	**Volatility risk**	5.9	(0.6)
		The interest rate volatility risk is measured as the change in a market value following a change in volatility of 1 percentage point.		
614	721	**Yield spread risk**	721	614
		Yield spread risk totalled DKK 721 million at end-2024 (2023: DKK 614 million). This figure indicates that a spread widening of 100bp at bank level will trigger a loss of DKK 721 million.		
2	1	**Equity price risk**	1	2
		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 1 million (2023: DKK 2 million).		
191%	**229%**	**Liquidity risk, Liquidity Coverage Ratio (LCR)**	**229%**	**191%**

Notes

DKK million

Nykredit Bank Group

48. 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:

2024	Nominal/ amortised value	Carrying amount	Fair value adjustment for accounting purposes
Assets			
Loans, advances and other receivables (interest rate risk)	101	100	(1)
Liabilities			
Deposits and other payables (interest rate)	75	76	(2)
Derivative financial instruments			
Interest rate swaps, loans, advances and other receivables	43	1	1
Interest rate swaps, deposits and other payables	75	2	2
Gain/loss for the year on hedging instruments		(0)	
Gain/loss for the year on hedged items		0	
Net gain/loss		**(1)**	

By time-to-maturity	Up to 1 year	Over 1 year and up to 5 years	Over 5 years
Swaps, hedging interest rate risk of financial assets	-	1	(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 1.42% or 5.2%.

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 44 and 45, which show offsetting and maturities relating to derivative financial instruments as well as "Hedge accounting" in accounting policies.

Notes

DKK million

Nykredit Bank Group

48. HEDGE ACCOUNTING (CONTINUED)

	Nominal/ amortised value	Carrying amount	Fair value adjustment for accounting purposes
2023			
Assets			
Loans, advances and other receivables (interest rate risk)	119	117	(2)
Liabilities			
Deposits and other payables (interest rate)	79	81	(2)
Derivative financial instruments			
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	
Net gain/loss		**0**	

Notes

Nykredit Bank Group

48. HEDGE ACCOUNTING (CONTINUED)

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

In 2024 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

Nykredit Bank Group

48. HEDGE ACCOUNTING (CONTINUED)

Hedging derivative	Nominal amount	Carrying amount assets	Carrying amount liabilities	P&L effect (hedge ineffectiveness)
Interest rate swaps end-2024				
Cibor	43			
Euribor	75			
Total 2024	**118**	**100**	**76**	**(1)**
Total 2023	**146**	**117**	**81**	**0**

Swaps: Carrying amount by time-to-maturity	2024	2023
Up to 1 year	-	-
Over 1 year and up to 5 years	3	5
Over 5 years	(0)	(0)
Total	**2**	**4**

Notes

DKK million

Nykredit Bank Group

49. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

	Financial items at amortised cost	Financial items at fair value	Financial items at amortised cost	Financial items at fair value
	2024	2024	2023	2023
Assets				
Receivables from credit institutions and central banks	32,831	-	40,276	-
Loans and advances etc	147,305	-	128,340	-
Bonds and equities	-	44,308	-	49,499
Positive market value of derivatives	-	6,196	-	6,419
Interest receivable etc	207	948	190	1,149
Total	**180,342**	**51,452**	**168,806**	**57,068**
Liabilities and equity				
Payables to credit institutions and central banks	40,183	-	44,960	-
Deposits and other payables	124,921	-	119,951	-
Bonds in issue at amortised cost	13,759	-	8,050	-
Other non-derivative financial liabilities at fair value	-	9,407	-	11,033
Negative market value of derivatives	-	5,040	-	8,171
Interest etc payable	216	567	85	914
Total	**179,079**	**15,014**	**173,046**	**20,118**

Notes

Nykredit Bank Group

50. OTHER INFORMATION

EVENTS SINCE THE BALANCE SHEET DATE

No events have occurred in the period up to the presentation of the Annual Report for 2024 which materially affect the Group's financial position.

Notes

Nykredit Bank Group

51. FINANCIAL RATIOS, DEFINITIONS

FINANCIAL RATIOS	DEFINITION
Return on equity before tax, %	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	2024	2023	2022	2021	2020
52. FIVE-YEAR FINANCIAL HIGHLIGHTS					
Summary income statement					
Net interest income	4,233	4,425	2,130	1,488	1,547
Net fee income etc	2,647	2,459	2,780	2,825	2,292
Net interest and fee income	**6,880**	**6,884**	**4,910**	**4,313**	**3,839**
Value adjustments	835	891	2,029	1,628	1,139
Other operating income	268	127	76	397	336
Staff and administrative expenses	3,498	3,290	3,052	2,863	2,655
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	41	41	39	34	34
Other operating expenses	39	31	31	30	38
Impairment charges for loans, advances and receivables etc	(175)	62	396	(120)	579
Profit (loss) from investments in associates and Group enterprises	5	6	7	6	7
Profit before tax	**4,585**	**4,484**	**3,504**	**3,537**	**2,015**
Tax	1,127	1,116	758	733	385
Profit for the year	**3,457**	**3,367**	**2,746**	**2,804**	**1,630**
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Comprehensive income for the year	**3,457**	**3,367**	**2,746**	**2,804**	**1,630**
SUMMARY BALANCE SHEET, YEAR-END	31.12.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Assets					
Cash balances and receivables from credit institutions and central banks	32,831	40,276	39,473	27,134	21,469
Loans, advances and other receivables at amortised cost	147,305	128,340	124,705	125,413	108,417
Bonds and equities etc	44,308	49,499	57,818	40,029	39,822
Remaining assets	21,667	18,452	15,133	22,814	28,481
Total assets	**246,110**	**236,568**	**237,129**	**215,390**	**198,189**
Liabilities and equity					
Payables to credit institutions and central banks	40,183	44,960	50,660	52,833	49,121
Deposits and other payables	124,921	119,951	113,691	100,275	90,943
Bonds in issue at amortised cost	13,759	8,050	11,670	4,415	5,400
Other non-derivative financial liabilities at fair value	9,407	11,033	12,738	13,613	10,801
Remaining liabilities	16,697	14,870	14,087	10,711	13,159
Provisions	891	896	764	687	683
Subordinated debt	-	-	-	2,000	2,000
Equity	40,253	36,808	33,518	30,856	26,082
Total liabilities and equity	**246,110**	**236,568**	**237,129**	**215,390**	**198,189**
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	26,738	23,020	28,704	28,225	29,726
Other commitments	11,736	12,955	11,441	13,847	10,670

The financial ratios, exclusive of "Common Equity Tier 1 capital ratio, %" (see note 4), have been calculated in accordance with the Danish FSA's guidelines for reporting purposes.

Notes

Nykredit Bank Group	2024	2023	2022	2021	2020
52. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)					
FINANCIAL RATIOS[1]					
Total capital ratio, %	27.8	27.4	24.4	22.2	22.7
Tier 1 capital ratio, %	27.8	27.4	24.0	21.7	20.5
Return on equity before tax, %	11.9	12.8	10.9	12.4	8.0
Return on equity after tax, %	9.0	9.6	8.5	9.8	6.5
Income:cost ratio	2.35	2.31	2.00	2.26	1.61
Interest rate exposure, %	0.32	0.40	0.40	0.20	0.30
Foreign exchange position, %	1.3	0.1	1.1	0.8	0.1
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	-
Loans and advances/deposits	1.2	1.2	1.1	1.3	1.2
Loans and advances/equity (loan gearing)	3.7	3.5	3.7	4.1	4.2
Growth in loans and advances for the period, excluding repo transactions, %	9.4	8.8	16.4	4.7	8.7
Liquidity Coverage Ratio, %[2]	229.0	191.0	205.0	213.0	178.0
Large exposures, %[2]	120.6	108.4	115.9	132.9	132.9
Impairment charges for the year, %	(0.1)	0.0	0.3	(0.1)	0.4
Return on capital employed, %	1.4	1.4	1.2	1.3	0.8
Average number of staff, full-time equivalent	1,029	1,022	1,021	974	979

[1] Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 51 in the Annual Report.
[2] 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	2024	2023	2022	2021	2020
52. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)					
Summary income statement					
Net interest income	4,018	4,196	1,958	1,319	1,373
Net fee income etc	1,215	1,263	1,626	1,770	1,447
Net interest and fee income	**5,233**	**5,459**	**3,583**	**3,089**	**2,820**
Value adjustments	834	889	2,039	1,613	1,137
Other operating income	279	121	54	372	308
Staff and administrative expenses	2,875	2,728	2,534	2,360	2,141
Other operating expenses	31	30	30	29	37
Impairment charges for loans, advances and receivables etc	(228)	52	370	(131)	538
Profit (loss) from investments in associates and Group enterprises	578	546	514	526	343
Profit before tax	**4,247**	**4,205**	**3,255**	**3,342**	**1,892**
Tax	901	903	569	584	283
Profit for the year	**3,346**	**3,303**	**2,686**	**2,759**	**1,610**
Comprehensive income					
Other comprehensive income	-	-	-	-	-
Comprehensive income for the year	**3,346**	**3,303**	**2,686**	**2,759**	**1,610**
SUMMARY BALANCE SHEET, YEAR-END	31.12.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020
Assets					
Cash balances and receivables from credit institutions and central banks	32,768	40,238	39,287	26,912	21,338
Loans, advances and other receivables at amortised cost	143,315	124,387	120,905	123,816	106,966
Bonds and equities etc	43,498	48,633	56,874	38,572	38,637
Investments in associates and Group enterprises	2,708	2,637	2,733	2,949	2,515
Remaining assets	21,327	18,135	14,809	22,464	28,155
Total assets	**243,616**	**234,031**	**234,608**	**214,714**	**197,611**
Liabilities and equity					
Payables to credit institutions and central banks	40,183	44,960	50,660	52,833	49,121
Deposits and other payables	125,596	120,530	114,236	100,498	91,065
Bonds in issue at amortised cost	11,634	5,925	9,545	4,415	5,400
Other non-derivative financial liabilities at fair value	9,410	11,036	12,744	13,617	10,991
Remaining liabilities	16,132	14,266	13,499	10,138	12,595
Provisions	572	618	520	469	453
Subordinated debt	-	-	-	2,000	2,000
Equity	40,089	36,696	33,404	30,743	25,986
Total liabilities and equity	**243,616**	**234,031**	**234,608**	**214,714**	**197,611**
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	26,731	23,020	28,703	28,225	29,725
Other commitments	10,879	12,445	11,030	13,642	10,488

Notes

Nykredit Bank A/S

	2024	2023	2022	2021	2020
52. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)					
Financial ratios[1]					
Total capital ratio, %	26.7	26.3	23.4	22.2	21.6
Tier 1 capital ratio, %	26.7	26.3	23.0	21.7	19.5
Return on equity before tax, %	11.1	12.0	10.2	11.8	7.5
Return on equity after tax, %	8.7	9.4	8.4	9.7	6.4
Income:cost ratio	2.59	2.50	2.11	2.48	1.70
Interest rate exposure, %	0.32	0.40	0.40	0.20	0.30
Foreign exchange position, %	1.3	0.1	1.1	0.8	0.1
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.0
Loans and advances/deposits	1.1	1.2	1.1	1.3	1.2
Loans and advances/equity (loan gearing)	3.6	3.4	3.6	4.0	4.1,
Growth in loans and advances for the period, excluding repo transactions, %	9.8	9.0	13.7	4.6	8.7
Liquidity Coverage Ratio, %[2]	229.0	191.0	205.0	213.0	178.0
Large exposures, %[2]	120.6	108.3	115.7	132.3	132.3
Impairment charges for the year, %	(0.1)	0.0	0.2	(0.1)	0.5
Return on capital employed, %	1.4	1.4	1.1	1.3	0.8
Average number of staff, full-time equivalent	767	754	756	705	678

[1] Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 51 in the Annual Report.
[2] 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

53. GROUP STRUCTURE Name and registered office	Owner-ship interest as %, 31 December 2024	Profit for 2024	Equity 31 December 2024	Number of staff in 2024	Profit for 2023	Equity 31 December 2023	Number of staff in 2023
Nykredit Bank A/S (Parent), Copenhagen, a)	-	3,346	40,089	767	3,303	36,696	754
Nykredit Portefølje Administration A/S, Copenhagen, b)	100	154	857	122	166	903	132
Nykredit Leasing A/S, Gladsaxe, c)	100	75	1,328	61	119	1,254	61
Sparinvest Holdings SE, Luxembourg, d)	76	312	143	1	281	172	1

Geographical distribution of activities	Number of staff	Revenue[1]	Profit before tax	Tax	Government aid received
Denmark: Names and activities appear from the Group structure above	989	12,583	4,285	1,051	-
Luxembourg: Names and activities appear from the Group structure above	40	607	300	77	-

[1] 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

Name and registered office	Ownership interest as %, 31 December 2024	Revenue 2023	Profit (loss) for 2023	Assets, 31 December 2023	Liabilities, 31 December 2023	Equity, 31 December 2023	Nykredit's share of profit for the year 2023	Nykredit's share of equity value, 31 December 2023	Profit (loss) for 2022
Associates									
Core Property Management P/S, Copenhagen, a)	20	136	31	50	5	44	6	9	36
&money ApS b)	25	-	(18)	23	8	15	(5)	4	(5)

a) Property 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

Sundkrogsgade 25

DK-2150 Nordhavn

Management Commentary (continued)

Financial calendar for 2025

5 February	Publication of Annual Reports 2024 and announcements of Financial Statements of the Nykredit Group, Nykredit Realkredit Group, Totalkredit A/S (in Danish only) and the Nykredit Bank Group.
20 March	Annual General Meeting of Nykredit Bank A/S, Sundkrogsgade 25, 2150 Nordhavn.
8 May	Publication of Q1 Interim Reports 2025 of the Nykredit Realkredit Group.
13 August	Publication of H1 Interim Reports 2025 of the Nykredit Realkredit Group, Totalkredit A/S (in Danish only) and the Nykredit Bank Group.
6 November	Publication of Q1-Q3 Interim Reports 2025 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 21 March 2024. 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:
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**

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 Helene Hattens*
Chief Specialist

Date of birth: 8 September 1975
Gender: Female
Joined the Board on 23 March 2023

Member of the board of directors of:
Nykredit A/S*
Nykredit Realkredit A/S*

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
JN Data A/S**
Kirstinehøj 17 A/S
Svanemølleholmen Invest A/S*

Deputy chair of the board of directors of:
JN Data A/S*
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

Pernille Sindby*

Group Managing Director, Nykredit Realkredit A/S

Date of birth: 20 October 1971
Gender: Female
Joined the Board on 21 March 2024

Managing Director of:
Nykredit A/S*
Nykredit Realkredit A/S*

Deputy chair of:
Realkreditrådet**

Member of the board of directors of:
Sparinvest Holding SE
Totalkredit A/S Pensionsreguleringsfond**
Totalkredit A/S*
Nærpension forsikringsformidling A/S*

Date of birth: 20 October 1971
Gender: Female
Joined the Board on 21 March 2024

Managing Director of:
Nykredit A/S*
Nykredit Realkredit A/S*

Deputy chair of:
Realkreditrådet**

Member of the board of directors of:
Sparinvest Holding SE
Totalkredit A/S Pensionsreguleringsfond**
Totalkredit A/S*
Nærpension forsikringsformidling A/S*

* Joined in 2024

** Left in 2024

*** Staff-elected member

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

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

Left on 29 February 2024:
Lotte Månsson

Left on 1 November 2024:
Lars Moesgaard