

An aerial photograph of a residential neighborhood. The scene is dominated by numerous houses with steeply pitched roofs covered in reddish-brown tiles. The buildings are primarily brick, with some white-painted structures. Several windows with white frames and dormer windows are visible. The houses are densely packed, with green trees interspersed between them. The lighting suggests a bright, sunny day, casting soft shadows.

Interim Report – First Half 2022

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Financial highlights – Realkredit Danmark Group

INCOME STATEMENT (DKK millions)	First half 2022	First half 2021	Index 22/21	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Full year 2021
Administration margin	2,900	2,936	99	1,442	1,458	1,461	1,460	1,462	5,857
Net interest income	-16	42	-	-22	6	3	1	2	46
Net fee income	28	5	560	-29	57	-46	-86	-48	-127
Income from investment portfolios	-19	49	-	8	-27	7	-1	38	55
Other income	50	76	66	25	25	25	35	40	136
Total income	2,943	3,108	95	1,424	1,519	1,450	1,409	1,494	5,967
Expenses	522	447	117	266	256	307	241	240	995
Profit before loan impairment charges	2,421	2,661	91	1,158	1,263	1,143	1,168	1,254	4,972
Loan impairment charges	-27	164	-	-58	31	11	94	49	269
Profit before tax	2,448	2,497	98	1,216	1,232	1,132	1,074	1,205	4,703
Tax	549	549	100	278	271	249	236	265	1,034
Net profit for the period	1,899	1,948	97	938	961	883	838	940	3,669

BALANCE SHEET (END OF PERIOD) (DKK millions)

Due from credit institutions etc.	5,515	19,351	28	5,515	18,688	18,643	21,270	19,351	18,643
Mortgage loans	739,996	803,233	92	739,996	779,211	810,139	803,643	803,233	810,139
Bonds and shares	46,179	43,607	106	46,179	45,523	46,435	42,840	43,607	46,435
Other assets	1,873	2,531	74	1,873	3,322	1,782	2,062	2,531	1,782
Total assets	793,563	868,722	91	793,563	846,744	876,999	869,815	868,722	876,999
Due to credit institutions etc.	2,000	2,000	100	2,000	2,000	2,000	2,000	2,000	2,000
Issued mortgage bonds	740,480	816,135	91	740,480	792,508	820,950	815,427	816,135	820,950
Other liabilities	3,330	2,857	117	3,330	5,403	4,577	3,809	2,857	4,577
Shareholders' equity	47,753	47,730	100	47,753	46,833	49,472	48,579	47,730	49,472
Total liabilities and equity	793,563	868,722	91	793,563	846,744	876,999	869,815	868,722	876,999

RATIOS AND KEY FIGURES

Net profit for the period as % p.a. of average shareholders' equity	7.8	8.0		7.9	8.0	7.2	7.0	8.0	7.4
Impairment charges as % p.a. of mortgage lending	-0.01	0.04		-0.03	0.02	0.01	0.05	0.02	0.03
Cost/income ratio (%)	17.7	14.4		18.7	16.9	21.2	17.1	16.1	16.7
Total capital ratio (%)	30.1	28.2		30.1	27.9	25.3	27.3	28.2	25.3
Tier 1 capital ratio (%)	29.7	27.7		29.7	27.6	24.9	26.9	27.7	24.9
Full-time-equivalent staff (end of period)	228	224		228	228	217	216	224	217

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

Overview, first half 2022

Kamilla Hammerich Skytte, CEO, comments on the financial results:

“The results for the first half of 2022 are solid. The second quarter in particular was characterised by considerable uncertainty, rising interest rates and high inflation figures, which are also beginning to feed through to housing market activity. As a result of the rise in interest rates, the leading fixed-rate coupon was 4% end of June 2022. The climbing interest rates have prompted many customers to remortgage in order to reduce their outstanding debt. The coming period is likely also to be characterised by uncertainty in relation to the housing market, which must be expected to put a damper on activity, especially among first-time buyers. Despite the rise in interest rates, higher consumer prices and a less intense housing market, the level of impairment charges remained low, which is evidence of a generally robust economy and low loan-to-value ratios for our customers.”

More solutions to the customers

Realkredit Danmark had a good first half-year 2022. Thank you to our colleagues for their strong contributions. Focus on development has been on digital solutions for our customers, together with Danske Bank, to consistently improve customers’ overview of their options when buying a home or remortgaging their loans.

Realkredit Danmark’s website rd.dk has been further improved, including an enhanced service that allows our customers to log-in and calculate remortgaging and additional lending on all loan types.

Realkredit Danmark maintains the focus on having a more flexible and inclusive workplace and aims to grow a diverse and inclusive culture to mirror the society we are part of and to create equal opportunities for all our colleagues.

Green agenda

Realkredit Danmark wants to strengthen its focus on the green agenda, and to that end we have in recent years launched a number of initiatives and benefits for customers seeking to obtain a loan for energy upgrades.

Realkredit Danmark has helped a growing number of private customers replace their source of energy or obtain loans for energy upgrades, which we offer at advantageous fees.

Realkredit Danmark will now also offer attractive terms to homeowners with the best energy performance certificates.

From May 2022, customers who buy or live in a full-year residence that holds a valid class A or B energy performance certificate will be granted a discount of DKK 1,000 on the loan fee when they take out a home loan or a top-up loan.

Green funding of commercial property

As part of the green agenda, Realkredit Danmark will remain focused on green bonds. Customer responses are still very positive, and at 30 June 2022, total lending amounted to DKK 18.0 billion. In Denmark, total lending of green loans funded by RD Cibor6®Green amounted to DKK 14.7 billion. In Sweden, demand for

green financing options has also been strong. As a result, Realkredit Danmark has extended its product range in the Swedish commercial property market, opening for RD Stibor3® Green in mid-2020. At 30 June 2022, total lending amounted to DKK 3.3 billion. In the future, Realkredit Danmark will also offer green covered bonds in Norway.

Government guarantee for loans in rural areas

In June 2022, the Danish parliament passed an act that enables homebuyers in rural areas to raise a loan with a government guarantee. Following the passing of the act, government-guaranteed loans may be raised from 1 July 2022. The government guarantee can only be used in situations in which loans are not available on ordinary terms and conditions. The government guarantee covers the part of the loan between 60% and 90% of the value of the property.

The government guarantee applies to owner-occupied dwellings with a market price below DKK 10,000 per sqm or which are situated in a postal code area with an average market price below DKK 8,000 per sqm. The term of the scheme is limited to three years.

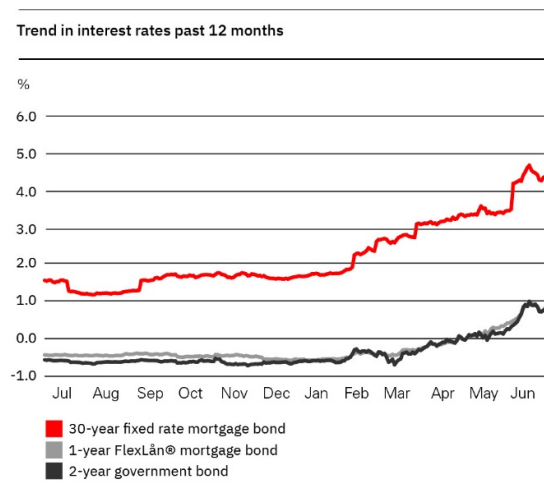
Mortgage credit market

The Danish economy continues to thrive, although growth has slowed significantly during the first half of the year in the wake of capacity constraints and mounting economic uncertainty brought on by the war in Ukraine and historically high inflation. Capacity pressures are particularly evident in the business sector, which is still struggling to source both workers and materials. Labour shortages are especially widespread, with around 40% of firms in services, manufacturing and construction reporting challenges in this area. Despite this, actual employment continues to set records, and unemployment in May was as low as 2.5%.

The high level of inflation is eroding households’ purchasing power, and with wages growing at 3-4%, real wages are very much in decline. The rise in prices is being felt differently from household to household, however, with much depending on whether you drive a car and how you heat your home. Homeowners with gas heating have been hit particularly hard by rising natural gas prices. Around 25% of detached houses in

Denmark are heated by natural gas, but one positive according to data from Statistics Denmark is that, on average, these homeowners are at the higher end of the scale in terms of household income and are therefore slightly more robust in the face of high energy prices.

Inflation is also the dominant theme at central banks, which have acknowledged that they underestimated the threat and acted too late in tightening monetary policy. Both the ECB and the Federal Reserve have therefore signaled rate hikes during the rest of the year, with more likely to follow in 2023. This has pushed up Danish mortgage rates, and we have now gone from having a 30-year fixed-rate loan at 1.5% at the beginning of the year to seeing the return of a 4% loan as the leading rate. Rates for variable-rate loans have also been rising, albeit not quite to the same extent.



How much further mortgage rates can climb in the time ahead will depend primarily on inflation, and the key questions are how high it will go and how entrenched the underlying inflationary pressures will become. The stronger and more broad-based the inflationary pressures, the further central banks will be forced to raise their rates.

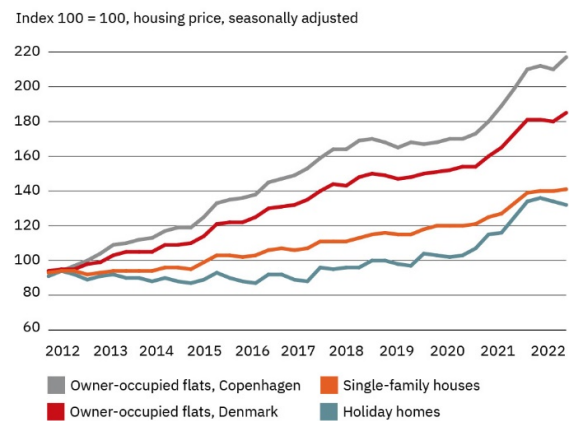
Homeowners have reacted to rising rates and a steeper curve, showing considerable interest in remortgaging fixed-rate loans to reduce outstanding debt, as well as increased interest in variable-rate loans. While customers benefit from a reduction in outstanding debt, they also expose themselves to higher interest rate payments or higher risk, until interest rates might fall again. Remortgaging therefore requires careful consideration and advisory. It should also be remembered that many more homeowners are locked into fixed rates than in the past, with large numbers still on fixed-rate loans or variable-rate products with reset periods typically as long as five years. Mortgages with very short refinancing intervals in the form of F1 and

FlexKort® loans still account for a relatively small share of lending.

Also attracting attention over the past quarter has been further strong demand for products with interest-only periods of up to 30 years. This should be seen mainly in the light of many homeowners now having a relatively low loan-to-value and use the interest-only period to pay down on other debts. The strong growth in housing prices in recent years has brought the average loan-to-value in our portfolio down to record-low levels of 48%.

There is no question that the housing market is sensitive to interest rates, and the big rise in mortgage rates over the course of this year will doubtless put a damper on prices. We are also seeing rising mortgage rates push housing costs up to relatively high levels in the growth areas, especially in the Copenhagen market for owner-occupied flats. This increases the risk of prices falling in the time ahead. The latest housing market data suggest that rising mortgage rates are only just beginning to feed through to supply, market activity and prices, but then there is typically a lag of a year or two before interest rate changes impact fully on housing prices. At the same time, the strong labour market and limited number of homes for sale are helping prop up housing prices.

Housing prices



Turning to the market for investment and commercial properties, 2021 was an excellent year, with record-high sales of more than DKK 100 billion. This strong performance was reflected in our quarterly gauge of the market based on data from our valuation specialists, with all three segments (office, retail and housing) overwhelmingly in positive terrain.

Underlying developments in residential letting continue to be positive, thanks to still-favourable market conditions. Given the sharp rise in mortgage rates and the close relationship between the owner-occupied and rental markets, however, the slowdown in the former is also beginning to feed through to the latter.

The retail segment faces bigger challenges. The progress seen in 2021 has stalled, not unsurprisingly considering that retail sales are under pressure on multiple fronts. Structural factors in the form of fewer stores and more online shopping are continuing to gnaw away, and cyclical factors are also beginning to look more problematic. Real wage growth is negative and consumer confidence at rock-bottom, and the positive effects from the reopening after the pandemic seem to have evaporated.

All in all, we expect the market for investment and commercial property to slow over the rest of this year, but without actually going into reverse. We must stress, however, that the economic outlook is extraordinarily uncertain at present.

Results

For the first half of 2022, Realkredit Danmark's net profit was DKK 1,899 million, against DKK 1,948 million in the same period of 2021. Developments in net profit for the first half of 2022 was affected by higher income related to remortgaging activity, lower income from investment portfolios, higher costs for ongoing compliance and digitalisation and lower loan impairment charges.

Administration margin income fell DKK 36 million, due to lower average loan-to-value (LTV) for the customers.

Other income fell DKK 129 million in the first half of 2022, due to lower income from investment portfolios.

Total income was lower than in the first half of 2021.

Expenses amounted to DKK 522 million, against DKK 447 million in the first half of 2021. The increase was attributable to costs for ongoing compliance, digitalisation and contribution to the Danish resolution fund. From 1 April 2022, Realkredit Danmark is no longer registered jointly with all major Danish subsidiaries of the Danske Bank Group for financial services employer tax and VAT, which has increased the expenses with approximately DKK 35 million.

Loan impairment charges amounted to an income of DKK 27 million in the first half of 2022, against an expense of DKK 164 million in the same period of 2021. Charges related to the corona crisis were limited in the first half of 2022. The total allowance account at 30 June 2022 amounted to DKK 2,879 million, against DKK 2,971 million at 31 December 2021. The level is maintained due to the financial uncertainty mentioned.

The underlying credit quality remains strong with low delinquencies and robust collateral.

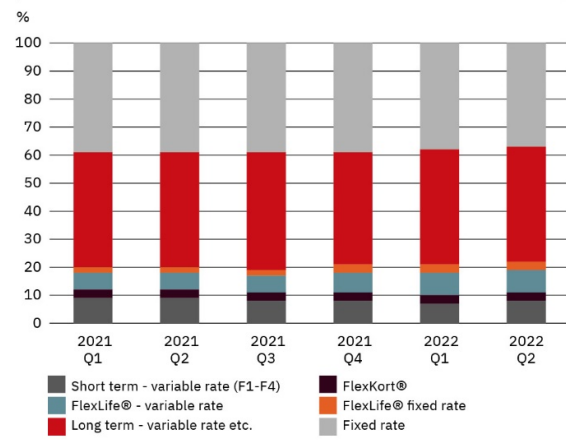
Loan impairment charges equalled -0.01% of total mortgage lending, on par with full year 2021.

The tax charge totalled DKK 549 million. The effective tax rate for the period was 22%.

Balance sheet

Gross lending amounted to DKK 83 billion, against DKK 78 billion in the first half of 2021. Mortgage lending at fair value fell DKK 70 billion to DKK 740 billion. The decrease is attributable to lower bond prices due to rising interest rate levels. The development in mortgage lending at fair value is composed of a decrease in the nominal outstanding bond debt of DKK 3 billion and a decrease of DKK 67 billion in the market value adjustment in the first half of 2022. In connection with remortgaging to a higher coupon, our customers reduced their outstanding debt by around DKK 3 billion in the first six months of the year.

Development in loan portfolio by loan type (%)



In the first half of 2022, fixed-rate mortgages accounted for approximately 40% of all disbursed loans, while about 23% of all FlexLån® were disbursed with refinancing intervals of less than five years.

At 30 June 2022, the average loan-to-value (LTV) ratio stood at 48%, against 54% at the end of 2021. The decrease is attributable to higher housing prices.

The number of new properties repossessed was 7 in the first half of 2022. The number of properties repossessed is unchanged from year-end 2021, standing at 7, of which 6 were owner-occupied dwellings and 1 was a commercial property. The value of the properties repossessed was DKK 6 million. The delinquency rate at 30 June 2022 was unchanged from the level at the end of 2021, and at a persistently low level.

Issued mortgage bonds fell DKK 80 billion to DKK 740 billion. The nominal value of issued mortgage bonds was DKK 801 billion, which was DKK 14 billion less than at the end of 2021. The amounts are exclusive of holdings of own mortgage bonds. Realkredit Danmark issued bonds for a total of DKK 83 billion exclusive of bonds issued for refinancing auctions.

Realkredit Danmark is subject to the specific principle of balance and therefore has very limited exposure to market risks. At the end of June 2022, Realkredit Danmark's interest rate risk and exchange rate risk amounted to DKK 801 million and DKK 1.4 million, respectively.

Capital and solvency

At the end of June 2022, shareholders' equity stood at DKK 47.8 billion, against DKK 49.5 billion at the end of 2021. The ordinary dividend payment of DKK 3.6 billion and the consolidation of the net profit for the period accounted for the change.

Realkredit Danmark's total capital amounted to DKK 46.3 billion, and the total capital ratio calculated in accordance with the Capital Requirements Regulation and Directive (CRR/CRD) was 30.1%. At 31 December 2021, the corresponding figures were DKK 46.4 billion and 25.3%, respectively.

Realkredit Danmark uses the internal ratings-based (IRB) approach to calculate the risk exposure amount for credit risks. The total risk exposure amount (REA) was DKK 153.8 billion at 30 June 2022, against DKK 183.4 billion at the end of 2021.

At the end of June 2022, Realkredit Danmark's solvency need, including the combined buffer requirement, was calculated at DKK 24.5 billion, corresponding to a solvency need ratio including buffers of 15.9% of the total REA. With total capital of DKK 46.3 billion, Realkredit Danmark had DKK 21.8 billion in excess of the total capital requirement.

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

Supplementary collateral

As an institution issuing mortgage-covered bonds, Realkredit Danmark must provide supplementary collateral if the value of the properties on which the loans are secured is such that the LTV ratio rises above 80% for residential property and 60% for commercial property. At the end of June 2022, the need for supplementary collateral was DKK 5.3 billion, against DKK 9.0 billion at end-2021.

Liquidity Coverage Ratio

As a credit institution, Realkredit Danmark is subject to the Liquidity Coverage Ratio. In addition, Realkredit Danmark is subject to a requirement for the institution's buffer of liquid assets to constitute minimum 2.5% of its total mortgage lending, which is a binding requirement for Realkredit Danmark. At the end of June 2022, this corresponded to approximately DKK 18.6 billion. Realkredit Danmark has unencumbered liquid assets of DKK 38.8 billion after haircuts, which means Realkredit Danmark has a buffer of DKK 20.2 billion to the requirement. The new covered bond directive entering into force 8 July 2022 will not change Realkredit Danmarks total requirement for liquid assets significantly.

Rating

Realkredit Danmark's bonds are rated by S&P Global, Fitch Ratings and Scope Ratings. All three rating agencies assign a rating of AAA to the bonds in both capital centre S and T. The Other reserves series capital centre is rated exclusively by S&P Global and these bonds also hold a rating of AAA.

The effective overcollateralisation requirement from the three agencies has declined during the first half of 2022, from DKK 24.6 billion end-2021 to DKK 24.2 billion end Q2 2022.

The overcollateralisation requirements for the capital centres are covered by funds from Realkredit Danmark's equity and the loan raised with Danske Bank A/S. Realkredit Danmark expects stable overcollateralisation requirements from the rating agencies in 2022. If the requirements increases, Realkredit Danmark expects to obtain additional debt on market terms through Danske Bank in order to comply with the requirements.

Management

Kamilla Hammerich Skytte joined the Executive Board in Realkredit Danmark effective from 1 February 2022 and took over as planned as Chief Executive Officer at 1 March 2022, when Carsten Nøddebo Rasmussen stepped down.

At the Annual General Meeting on 10 March 2022, Glenn Söderholm, Mark Majgaard Wraa-Hansen, Line Munkholm Haukrogh and Jesper Koefoed, were re-elected to the Board of Directors. At the same time, Magnus Thor Agustsson, was elected to the Board of Directors.

Supervisory diamond for mortgage credit institutions

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

Threshold value	Q2 2022	Full year 2021	Limit
Growth in lending¹			
Owner-occupied dwellings and holiday homes	0.5%	1.0%	15%
Residential rental property	4.4%	5.8%	15%
Agriculture	-5.3%	-5.1%	15%
Other	0.1%	1.1%	15%
Borrower interest-rate risk²			
Properties for residential purposes	5.1%	4.9%	25%
Interest-only option³			
Owner-occupied dwellings and holiday homes	6.4%	5.5%	10%
Loans with short-term funding⁴			
Refinancing, annually	11.5%	10.9%	25%
Refinancing, quarterly	2.1%	2.1%	12.5%
Large exposures⁵			
Loans relative to shareholders' equity	62%	65%	100%

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

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

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

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

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

Outlook for 2022

Realkredit Danmark expects that the Danish economy in 2022 will be affected by economic and geopolitical uncertainty. The outlook is therefore subject to uncertainty.

In 2022, Realkredit Danmark expects income to be at a lower level than in 2021 due to lower average loan-to-value (LTV) for the customers.

Realkredit Danmark expects expenses to be at a somewhat higher level than in 2021 due to higher costs for ongoing compliance and digitalisation. Also from 1 April 2022, Realkredit Danmark is no longer registered jointly with all major Danish subsidiaries of the Danske Bank Group for financial services employer tax and VAT.

Loan impairment charges are expected to be at the same level as in 2021.

Realkredit Danmark therefore expects net profit to be somewhat lower than in 2021.

Income statement and Comprehensive income – Realkredit Danmark Group

Note	(DKK millions)	First half 2022	First half 2021	Q2 2022	Q2 2021	Full year 2021
	Income statement					
	Interest income	7,129	6,955	3,608	3,473	13,738
	Interest expense	4,041	3,754	2,053	1,871	7,453
	Net interest income	3,088	3,201	1,555	1,602	6,285
	Fee and commission income	733	640	307	239	1,107
	Fee and commission expense	705	635	336	287	1,234
	Net fee and commission income	3,116	3,206	1,526	1,554	6,158
	Value adjustments	-223	-174	-127	-100	-327
	Other operating income	50	76	25	40	136
	Staff costs and administrative expenses	520	446	265	239	994
	Impairment, depreciation and amortisation charges	2	1	1	1	1
3	Loan impairment charges	-27	164	-58	49	269
	Profit before tax	2,448	2,497	1,216	1,205	4,703
	Tax	549	549	278	265	1,034
	Net profit for the period	1,899	1,948	938	940	3,669
	Comprehensive income					
	Net profit for the period	1,899	1,948	938	940	3,669
	Other comprehensive income					
	Items that will not be reclassified to profit or loss					
	Actuarial gains/losses on defined benefit plans	-24	-10	-23	-9	17
	Tax	-6	-2	-6	-2	4
	Total other comprehensive income	-18	-8	-17	-7	13
	Total comprehensive income for the period	1,881	1,940	921	933	3,682

Balance sheet – Realkredit Danmark Group

Note	(DKK millions)	30 June 2022	31 December 2021	30 June 2021
ASSETS				
	Cash in hand and demand deposits with central banks	4,507	3,674	4,488
	Due from credit institutions and central banks	1,008	14,969	14,863
	Bonds at fair value	13,123	13,068	11,630
	Bonds at amortised cost	33,052	33,363	31,973
4, 8	Mortgage loans at fair value	739,996	810,139	803,233
4	Loans and other amounts due at amortised cost	382	408	427
	Shares	4	4	4
	Other tangible assets	4	6	6
	Current tax assets	470	48	541
	Deferred tax assets	-	-	-
	Assets temporarily taken over	6	7	8
4	Other assets	960	1,312	1,509
	Prepayments	51	1	40
	Total assets	793,563	876,999	868,722
LIABILITIES AND EQUITY				
AMOUNTS DUE				
	Due to credit institutions and central banks	2,000	2,000	2,000
	Issued mortgage bonds at fair value	740,480	820,950	816,135
	Current tax liabilities	-	-	-
	Deferred tax liabilities	60	55	42
	Other liabilities	3,270	4,522	2,815
	Total amounts due	745,810	827,527	820,992
SHAREHOLDERS' EQUITY				
	Share capital	630	630	630
	Reserves in series	45,191	45,191	45,086
	Other reserves	1,932	51	2,014
	Proposed dividends	-	3,600	-
	Total shareholders' equity	47,753	49,472	47,730
	Total liabilities and equity	793,563	876,999	868,722

Statement of capital – Realkredit Danmark Group

CHANGES IN SHAREHOLDERS' EQUITY (DKK millions)	Share capital	Reserves in series	Other reserves	Proposed dividends	Total
Shareholders' equity at 1 January 2022	630	45,191	51	3,600	49,472
Net profit for the period	-	-	1,899	-	1,899
Other comprehensive income					
Actuarial gains/losses on defined benefit plans	-	-	-24	-	-24
Tax	-	-	6	-	6
Total other comprehensive income			-18	-	-18
Total comprehensive income	-	-	1,881	-	1,881
Dividends paid	-	-	-	-3,600	-3,600
Shareholders' equity at 30 June 2022	630	45,191	1,932	-	47,753
Shareholders' equity at 1 January 2021	630	45,086	74	3,800	49,590
Net profit for the period	-	-	1,948	-	1,948
Other comprehensive income					
Actuarial gains/losses on defined benefit plans	-	-	-10	-	-10
Tax	-	-	2	-	2
Total other comprehensive income	-	-	-8	-	-8
Total comprehensive income	-	-	1,940	-	1,940
Dividends paid	-	-	-	-3,800	-3,800
Shareholders' equity at 30 June 2021	630	45,086	2,014	-	47,730

At 30 June 2022, the share capital was made up of 6,300,000 shares of DKK 100 each. All shares carry the same rights; there is thus only one class of shares. The company is wholly-owned by Danske Bank A/S, Copenhagen. Realkredit Danmark A/S and group undertakings are included in the consolidated financial statements of Danske Bank A/S, Copenhagen.

TOTAL CAPITAL AND TOTAL CAPITAL RATIO (DKK millions)	30 June 2022	31 December 2021	30 June 2021
Shareholders' equity	45,872	49,472	45,790
Proposed dividends	-	-3,600	-
Deferred tax assets	-	-	-
Prudent valuation	-4	-1	-1
Minimum Loss Coverage for Non-Performing Exposures	-84	-42	-14
Defined benefit pension fund assets	-151	-171	-149
Common equity tier 1 capital	45,633	45,658	45,626
Difference between expected losses and impairment charges	-	-	-
Tier 1 capital	45,633	45,658	45,626
Reserves in series subject to a reimbursement obligation	-	-	-
Difference between expected losses and impairment charges	672	742	746
Total capital	46,305	46,400	46,372
Risk exposure amount	153,761	183,447	164,662
Common equity tier 1 capital ratio (%)	29.7	24.9	27.7
Tier 1 capital ratio (%)	29.7	24.9	27.7
Total capital ratio (%)	30.1	25.3	28.2

At 30 June 2022, the total capital and the total risk exposure amount is calculated in accordance with the Capital Requirements Regulation (CRR/CRD).

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

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

Cash flow statement – Realkredit Danmark Group

(DKK millions)	First half 2022	First half 2021	Full year 2021
Cash flow from operating activities			
Profit before tax	2,448	2,497	4,703
Tax paid	-961	-1,070	-1,055
Adjustment for non-cash operating items	-91	78	123
Cash flow from operating capital	-10,924	-3,399	-6,373
Total	-9,528	-1,894	-2,602
Cash flow from investing activities			
Acquisition/sale of tangible assets	-	-	-
Total	-	-	-
Cash flow from financing activities			
Dividends	-3,600	-3,800	-3,800
Total	-3,600	-3,800	-3,800
Cash and cash equivalents at 1 January			
Change in cash and cash equivalents	-13,128	-5,694	-6,402
Cash and cash equivalents, end of period	5,515	19,351	18,643
Cash and cash equivalents, end of period			
Cash in hand and demand deposits with central banks	4,507	4,488	3,674
Amounts due from credit institutions and central banks within 3 months	1,008	14,863	14,969
Total	5,515	19,351	18,643

Notes – Realkredit Danmark Group

Note

1 Significant accounting policies

and significant accounting estimates and assessments

The Group's interim report for the first half of 2022 has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for interim reports of issuers of listed bonds.

Changes to significant accounting policies

On 1 January 2022, the Group implemented amendments to IAS 1 (classification of liabilities as current or non-current), IAS 16 (proceeds before intended use), IAS 37 (onerous contracts - cost of fulfilling a contract), IFRS 3 (reference to the conceptual framework) and Annual Improvements to IFRS Standards 2018 – 2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41).

The implementation has been applied retrospectively without restatement of prior periods. The implementation had no impact on the shareholders' equity at 1 January 2022.

Apart from these changes, the accounting policies are unchanged from those applied in Annual Report 2021.

For the purpose of clarity, the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that information not considered material in terms of quantitative and qualitative measures or relevant to financial statement users is not presented in the notes.

Significant accounting estimates and assessments

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

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

Fair value measurement of mortgage loans

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

The fair value of the credit risk on the borrower is based on the expected credit loss impairment model in IFRS 9. The expected credit loss is calculated for all individual loans as a function of PD (probability of default), EAD (exposure at default) and LGD (loss given default) and incorporates forward-

looking information. The forward-looking information reflects management's expectations and involves the creation of scenarios (base case, upside and downside), including an assessment of the probability for each scenario.

The forward-looking information is based on a three-year forecast period converging to steady state in year seven. The base-case is based on the Nordic Outlook report. At 30 June 2022, the base case scenario reflects an expectation of higher inflation and interest rates induced by the war in Ukraine. This results in a weaker GDP growth due to soaring energy costs, skills shortages and wage pressures that affect consumers and businesses in the Nordic economies. Unemployment rates have been revised downwards, which is reflective of a stronger performance of the labour market.

The upside scenario represents a slightly better outlook than the base case scenario across the macroeconomic parameters. In this scenario, consumers spend a large proportion of the substantial savings accumulated during the pandemic. There is a consumer-led global recovery, and in this scenario there is slightly more support for the housing market. In this scenario, the Central Banks are expected to hike rates earlier as inflation expectations will be higher.

The downside scenario is a severe recession scenario, calibrated to a level of severity resembling the recession in 2008-2009, however with a slightly less steep decline in GDP and other variables reflecting that the economy is no longer on top of the economic cycle. A trigger of the economic setback could be continued macroeconomic worsening and challenges linked to high business costs. This adversely impacts the labour market, results in higher and more persistent unemployment, sending inflation to plummet. This would lead to a severe slowdown in the economies in which the Group is represented.

At the end of June 2022, the fair value adjustment of the credit risk on mortgage loans was calculated at DKK 2,836 million (2021: DKK 2,930 million), reducing the value of mortgage loans. The base case scenario enters with a probability of 70% (2021: 70%), the downside scenario with a probability of 20% (2021: 20%) and the upside scenario with a probability of 10% (2021: 10%). If the base case scenario was assigned a probability of 100%, the fair value adjustment at end of June 2022 would be DKK 2,475 million (2021: DKK 2,600 million). The fair value adjustment at the end of June 2022 would increase to DKK 4,275 million (2021: DKK 4,300 million) if the downside scenario was assigned a probability of 100%. If instead the upside scenario was assigned a probability of 100%, the fair value adjustment would decrease to DKK 2,450 million (2021: DKK 2,550 million).

Notes – Realkredit Danmark Group

Note

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

cont'd

According to the Group's definition of a significant increase in credit risk, i.e. when a loan is transferred from stage 1 to stage 2, loans with an initial PD below 1% are transferred to stage 2 if the loan's 12-month PD has increased by at least 0.5 of a percentage point and the loan's lifetime PD has doubled since origination. The allowance account is relatively stable in terms of changes to the definition of significant increase in credit risk. At 30 June 2022, the allowance account would increase by DKK 19 million (2021: DKK 19 million), if instead an increase in the loan's 12-month PD by at least 0.25 of a percentage point combined with a doubling of the lifetime PD was considered a significant increase in credit risk.

Management applies judgement when determining the need for post-model adjustments. At the end of June 2022, the post-model adjustments amounted to DKK 1,151 million (2021: DKK 1,334 million). The adjustments cover for instance specific macroeconomic risks that are not specifically captured by the expected credit loss model e.g. secondary effect from the war in Ukraine, which have given rise to a new set of challenges that affect economic and business activity, rising inflation and increasing interest rates in addition to the ongoing uncertainty related to the corona crisis.

The Group's principal risks and the external factors that may affect the Group are described in greater detail in Annual Report 2021.

Notes – Realkredit Danmark Group

Note	(DKK millions)					
2	Profit broken down by activity					
		Mortgage finance	Own holdings	Highlights	Reclassi- fication	IFRS
First half 2022						
Administration margin		2,900	-	2,900	-	2,900
Net interest income		-102	86	-16	204	188
Net fee income		28	-	28	-	28
Income from investment portfolios		4	-23	-19	19	-
Value adjustments		-	-	-	-223	-223
Other income		50	-	50	-	50
Total income		2,880	63	2,943	-	2,943
Expenses		521	1	522	-	522
Profit before loan impairment charges		2,359	62	2,421	-	2,421
Loan impairment charges		-27	-	-27	-	-27
Profit before tax		2,386	62	2,448	-	2,448
Tax				549	-	549
Net profit for the period				1,899	-	1,899
Total assets		746,673	46,890	793,563	-	793,563
First half 2021		Mortgage finance	Own holdings	Highlights	Reclassi- fication	IFRS
Administration margin		2,936	-	2,936	-	2,936
Net interest income		-66	108	42	223	265
Net fee income		5	-	5	-	5
Income from investment portfolios		4	45	49	-49	-
Value adjustments		-	-	-	-174	-174
Other income		76	-	76	-	76
Total income		2,955	153	3,108	-	3,108
Expenses		446	1	447	-	447
Profit before loan impairment charges		2,509	152	2,661	-	2,661
Loan impairment charges		164	-	164	-	164
Profit before tax		2,345	152	2,497	-	2,497
Tax				549	-	549
Net profit for the period				1,948	-	1,948
Total assets		821,752	46,970	868,722	-	868,722

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

Notes – Realkredit Danmark Group

Note (DKK millions)

2 Profit broken down by activity
cont'd

Alternative performance measures

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

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

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

	First half 2022	First half 2021
3 Loan impairment charges		
ECL on new assets	140	139
ECL on assets derecognised	361	280
Impact of remeasurement	184	302
Write-offs charged directly to income statement	12	18
Received on claims previously written off	2	15
Total	-27	164

Notes – Realkredit Danmark Group

Note (DKK millions)

4 Loans etc.

Of the total fair value adjustment for the credit risk on mortgage loans, impairments were recognised as an expense of DKK 2,836 million at 30 June 2022, against DKK 2,930 million at the beginning of the year.

Of total loan charges for the credit risk on loans and other amounts due at amortised cost, charges were recognised as an expense of DKK 9 million at 30 June 2022, against DKK 13 million at the beginning of the year.

For loan commitments, expected credit losses at 30 June 2022 amounted to DKK 34 million, against DKK 28 million at the beginning of the year.

Reconciliation of total allowance account

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 January incl. impact on loans	803	889	1,157	2,849
Transferred to stage 1	641	-403	-238	-
Transferred to stage 2	-78	163	-85	-
Transferred to stage 3	-112	-150	262	-
ECL on new assets	120	145	39	304
ECL on assets derecognised	388	14	68	470
Impact of remeasurement	-283	592	91	400
Write-offs, allowance account	62	2	48	112
Total allowance account at 31 December 2021	641	1,220	1,110	2,971
Transferred to stage 1	361	-203	-158	-
Transferred to stage 2	-100	176	-76	-
Transferred to stage 3	-12	-103	115	-
ECL on new assets	51	63	26	140
ECL on assets derecognised	262	66	33	361
Impact of remeasurement	-62	150	96	184
Write-offs, allowance account	3	-	52	55
Total allowance account at 30 June 2022	614	1,237	1,028	2,879

Value adjustments of assets taken over amounted to DKK 0 million at 30 June 2022, against DKK 0 million at end-2021.

5 Assets deposited as collateral

At 30 June 2022, Realkredit Danmark had deposited securities worth DKK 3,646 million (end-2021: DKK 6,050 million) as collateral with the Danish central bank.

In connection with repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet, and amounts received are recognised as due to credit institutions and central banks. Repo transaction securities are treated as assets provided as collateral for liabilities. At 30 June 2022, the carrying amount of such securities totalled DKK 0 million (end-2021: DKK 0 million).

Counterparties are entitled to sell the securities or deposit them as collateral for other loans.

At 30 June 2022, mortgage lending totalling DKK 739,996 million and other assets totalling DKK 5,270 million were registered as security for issued mortgage bonds, including mortgage-covered bonds, and issued bonds at amortised cost (end-2021: DKK 810,139 million and DKK 9,028 million).

Notes – Realkredit Danmark Group

Note	(DKK millions)				
6	Financial instruments at fair value				
	30 June 2022	Quoted prices	Observable input	Non-observable input	Total
	Bonds at fair value	10,940	2,183	-	13,123
	Mortgage loans at fair value	-	739,996	-	739,996
	Shares	-	-	4	4
	Derivatives	-	80	-	80
	Total	10,940	742,259	4	753,203
	Issued mortgage bonds at fair value	740,480	-	-	740,480
	Derivatives	-	70	-	70
	Total	740,480	70	-	740,550
	31 December 2021				
	Bonds at fair value	5,124	7,944	-	13,068
	Mortgage loans at fair value	-	810,139	-	810,139
	Shares	-	-	4	4
	Derivatives	-	9	-	9
	Total	5,124	818,092	4	823,220
	Issued mortgage bonds at fair value	820,950	-	-	820,950
	Derivatives	-	15	-	15
	Total	820,950	15	-	820,965

Negative interest income and interest expenses due to negative interest rates were insignificant during the first six months of 2022 when taking into account that negative interest expenses on issued mortgage bonds are passed over to the customers as part of the interest on the mortgage loans funded by those bonds. Negative interest income and interest expenses are offset against interest income and interest expenses, respectively.

Note 33 to Annual Report 2021 provides a description of the valuation techniques used for financial instruments. Financial market developments did not result in reclassification of bonds between listed prices and observable input during the first six months of 2022.

Notes – Realkredit Danmark Group

Note (DKK millions)

7 Contingent liabilities

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

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

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

From 1 April 2022, the company is no longer registered jointly with all major Danish subsidiaries of the Danske Bank Group for financial services employer tax and VAT, for which it had previously been jointly and severally liable.

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

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

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

	30 June 2022	31 December 2021	30 June 2021
Other contingent liabilities			
Irrevocable loan commitments	30,838	31,362	37,057
Other commitments	24	24	24
Total	30,862	31,386	37,081

Notes – Realkredit Danmark Group

Note

8 Risk management

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

Credit risk

As a mortgage credit institution, Realkredit Danmark provides loans secured on real property. The credit risk on a mortgage loan basically derives from two factors; the risk that the borrower is unable to repay the loan and the expected loss if the customer does not repay the loan. The latter depends largely on the value of the mortgaged property. The table below shows a breakdown of the loan portfolio on customer classification by creditworthiness (rating categories) and loan-to-value (LTV) ratios. Loans to customers with an LTV ratio of more than 80% in the four lowest rating categories total DKK 1 billion, which corresponds to 0.1% of the total loan portfolio (end-2021: DKK 0 billion and 0.0%).

Portfolio broken down by LTV ratio and rating category
30 June 2022

Rating category	LTV ratio					Total DKK billions
	0-20%	20-40%	40-60%	60-80%	>80%	
1	1	1	-	-	-	2
2	29	18	5	1	-	53
3	92	58	23	5	4	182
4	94	63	26	6	4	193
5	73	55	22	4	2	156
6	39	30	14	2	-	85
7	18	15	8	1	-	42
8	6	4	2	1	-	13
9	1	-	-	-	-	1
10	3	2	1	-	-	6
11	3	3	2	1	1	10
Total	359	249	103	21	11	743

Portfolio broken down by LTV ratio and rating category
31 December 2021

Rating category	LTV ratio					Total DKK billions
	0-20%	20-40%	40-60%	60-80%	>80%	
1	-	-	-	-	-	-
2	28	19	7	1	-	55
3	92	63	31	9	5	200
4	88	62	33	8	6	197
5	80	64	35	7	3	189
6	39	33	19	4	1	96
7	20	17	10	3	-	50
8	6	5	3	1	-	15
9	1	-	-	-	-	1
10	3	2	2	1	-	8
11	1	1	-	-	-	2
Total	358	266	140	34	15	813

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

Notes – Realkredit Danmark Group

Note

8 Risk management Cont'd

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

30 June 2022

Rating category	PD level		Gross Exposure			Expected Credit Loss			Net Exposure		
	Lower	Upper	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	0.00	0.01	2,103	-	-	-	-	-	2,103	-	-
2	0.01	0.03	53,160	29	4	8	1	-	53,152	28	4
3	0.03	0.06	181,246	244	24	24	3	3	181,222	241	21
4	0.06	0.14	192,394	596	13	61	5	2	192,333	591	11
5	0.14	0.31	154,025	1,934	10	110	20	-	153,915	1,914	10
6	0.31	0.63	77,237	7,656	65	120	80	-	77,117	7,576	65
7	0.63	1.90	30,338	11,203	68	203	196	3	30,135	11,007	65
8	1.90	7.98	2,378	10,753	19	68	581	1	2,310	10,172	18
9	7.98	25.70	41	958	1	-	210	-	41	748	1
10	25.70	100.00	135	6,178	104	-	121	1	135	6,057	103
11	100.00	100.00	116	98	9,702	-	3	1,012	116	95	8,690
Total			693,173	39,649	10,010	594	1,220	1,022	692,579	38,429	8,988

31 December 2021

Rating category	PD level		Gross Exposure			Expected Credit Loss			Net Exposure		
	Lower	Upper	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	0.00	0.01	359	-	-	-	-	-	359	-	-
2	0.01	0.03	54,863	38	419	4	1	11	54,859	37	408
3	0.03	0.06	197,771	315	1,468	18	3	31	197,753	312	1,437
4	0.06	0.14	192,567	1,724	2,261	43	4	53	192,524	1,720	2,208
5	0.14	0.31	184,502	1,880	2,145	79	12	47	184,423	1,868	2,098
6	0.31	0.63	88,838	6,389	1,142	142	55	32	88,696	6,334	1,110
7	0.63	1.90	37,895	11,332	970	177	189	23	37,718	11,143	947
8	1.90	7.98	4,624	9,727	371	148	468	47	4,476	9,259	324
9	7.98	25.70	107	1,189	27	9	388	1	98	801	26
10	25.70	100.00	140	1,554	6,255	-	79	495	140	1,475	5,760
11	100.00	100.00	16	100	2,081	1	7	363	15	93	1,718
Total			761,682	34,248	17,139	621	1,206	1,103	761,061	33,042	16,036

Market risk

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

However, the statutory principle of balance eliminates most of the interest rate, exchange rate and liquidity risks on Realkredit Danmark's loans. Realkredit Danmark's other assets and liabilities involve some degree of market risk, mainly in the form of interest rate risk. Realkredit Danmark uses derivatives to hedge the interest rate risk on some of the bonds in the proprietary portfolio. The derivatives and the hedged bonds are recognised at fair value. Realkredit Danmark has placed DKK 33,052 million (end-2021: DKK 33,363 million) of its proprietary portfolio in fixed-rate bonds, which are recognised in the financial statements as held-to-maturity investments and are thus measured at amortised cost. As a result, Realkredit Danmark knows the return on the portfolio until maturity, and the fixed-rate held-to-maturity portfolio is therefore not considered to entail an interest rate risk that needs to be hedged through derivatives.

The Group's management of credit risk and market risk is described in detail in the risk management note in Annual Report 2021.

Interim financial statements – Realkredit Danmark A/S

Note (DKK millions)

The financial statements of the parent company, Realkredit Danmark A/S, are prepared in accordance with the Danish Financial Business Act and the Danish FSA's Executive Order no. 281 of 26 March 2014 on Financial Reports for Credit Institutions and Investment Companies, etc. as amended by Executive Order no. 707 of 1 June 2016, the Executive Order no. 1043 of 5 September 2017, the Executive Order no. 1441 of 3 December 2018 and Executive Order no. 1593 of 9 November 2020.

Note 1 to the consolidated financial statements provides further information on changes in accounting policies implemented as at 1 January 2022. Except for these changes, Realkredit Danmark A/S has not changed its significant accounting policies from those applied in the Annual Report 2021.

The format of the parent company's financial statements is not identical to the format of the consolidated financial statements prepared in accordance with IFRSs.

Income statement and Comprehensive income – Realkredit Danmark A/S

Note	(DKK millions)	First half 2022	First half 2021
	Income statement		
	Interest income	7,129	6,955
	Interest expense	4,041	3,754
	Net interest income	3,088	3,201
	Fee and commission income	733	640
	Fee and commission expense	705	635
	Net fee and commission income	3,116	3,206
1	Value adjustments	-223	-174
	Staff costs and administrative expenses	494	419
	Impairment, depreciation and amortisation charges	1	-
	Loan impairment charges	-27	164
	Income from associated and group undertakings	18	38
	Profit before tax	2,443	2,487
	Tax	544	539
	Net profit for the period	1,899	1,948
	Comprehensive income		
	Net profit for the period	1,899	1,948
	Other comprehensive income		
	Items that will not be reclassified to profit or loss		
	Actuarial gains/losses on defined benefit plans	-24	-10
	Tax	-6	-2
	Total comprehensive income	-18	-8
	Total comprehensive income for the period	1,881	1,940

Balance sheet – Realkredit Danmark A/S

Note	(DKK millions)	30 June 2022	31 December 2021	30 June 2021
	ASSETS			
	Cash in hand and demand deposits with central banks	4,507	3,674	4,488
	Due from credit institutions and central banks	941	14,858	14,784
	Bonds at fair value	13,123	13,068	11,630
	Bonds at amortised cost	33,052	33,363	31,973
2	Mortgage loans at fair value	739,996	810,139	803,233
2	Loans and other amounts due at amortised cost	362	388	405
	Holdings in group undertakings	121	166	140
	Other tangible assets	4	5	5
	Current tax assets	466	49	546
	Deferred tax assets	-	-	-
	Assets temporarily taken over	6	7	8
2	Other assets	905	1,242	1,412
	Prepayments	50	-	40
	Total assets	793,533	876,959	868,664
	LIABILITIES AND EQUITY			
	AMOUNTS DUE			
	Due to credit institutions and central banks	2,000	2,000	2,000
	Issued mortgage bonds at fair value	740,480	820,950	816,135
	Current tax liabilities	-	-	-
	Other liabilities	3,229	4,471	2,742
	Total amounts due	745,709	827,421	820,877
	PROVISIONS			
	Deferred tax	66	61	48
	Reserves in early series subject to a reimbursement obligation	5	5	9
	Total provisions	71	66	57
	SHAREHOLDERS' EQUITY			
	Share capital	630	630	630
	Reserves in series	45,191	45,191	45,086
	Other reserves	1,932	51	2,014
	Proposed dividends	-	3,600	-
	Total shareholders' equity	47,753	49,472	47,730
	Total liabilities and equity	793,533	876,959	868,664

Statement of capital – Realkredit Danmark A/S

CHANGES IN SHAREHOLDERS' EQUITY (DKK millions)	Share capital	Reserves in series	Other reserves	Proposed dividends	Total
Shareholders' equity at 1 January 2022	630	45,191	51	3,600	49,472
Net profit for the period	-	-	1,899	-	1,899
Other comprehensive income					
Actuarial gains/losses on defined benefit plans	-	-	-24	-	-24
Tax	-	-	6	-	6
Total other comprehensive income	-	-	-18	-	-18
Total comprehensive income for the period	-	-	1,881	-	1,881
Dividends paid	-	-	-	-3,600	-3,600
Shareholders' equity at 30 June 2022	630	45,191	1,932	-	47,753
Shareholders' equity at 1 January 2021	630	45,086	74	3,800	49,590
Net profit for the period	-	-	1,948	-	1,948
Other comprehensive income					
Actuarial gains/losses on defined benefit plans	-	-	-10	-	-10
Tax	-	-	2	-	2
Total other comprehensive income	-	-	-8	-	-8
Total comprehensive income for the period	-	-	1,940	-	1,940
Dividends paid	-	-	-	-3,800	-3,800
Shareholders' equity at 30 June 2021	630	45,086	2,014	-	47,730

Notes - Realkredit Danmark A/S

Note	(DKK millions)	First half 2022	First half 2021
1	Value adjustments		
	Mortgage loans	-66,731	-16,302
	Bonds	-139	-92
	Currency	-1	2
	Derivatives	119	-1,163
	Other assets	4	4
	Issued mortgage bonds	66,525	17,377
	Total	-223	-174

2 Loans etc.

Of the total fair value adjustment for the credit risk on mortgage loans, impairments were recognised as an expense of DKK 2,836 million at 30 June 2022, against DKK 2,930 million at the beginning of the year.

Of total loan charges for the credit risk on loans and other amounts due at amortised cost, charges were recognised as an expense of DKK 9 million at 30 June 2022, against DKK 13 million at the beginning of the year.

For loan commitments, expected credit losses at 30 June 2022 amounted to DKK 34 million, against DKK 28 million at the beginning of the year.

Reconciliation of total allowance account

	Mortgage loans			Other loans			Loan commitments			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
ECL at 1 January incl. impact on loans	786	874	1,141	10	12	15	7	3	1	2,849
Transferred to stage 1	638	-401	-237	3	-2	-1	-	-	-	-
Transferred to stage 2	-78	163	-85	-	-	-	-	-	-	-
Transferred to stage 3	-112	-149	261	-	-1	1	-	-	-	-
ECL on new assets	110	138	38	-	1	-	10	6	1	304
ECL on assets derecognised	386	14	68	2	-	-	-	-	-	470
Impact of remeasurement	-275	597	101	-8	-5	-10	-	-	-	400
Write-offs, allowance account	62	2	48	-	-	-	-	-	-	112
Total allowance account at 31 December 2021	621	1,206	1,103	3	5	5	17	9	2	2,971
Transferred to stage 1	359	-202	-157	2	-1	-1	-	-	-	-
Transferred to stage 2	-100	176	-76	-	-	-	-	-	-	-
Transferred to stage 3	-12	-103	115	-	-	-	-	-	-	-
ECL on new assets	50	59	25	-	-	-	1	4	1	140
ECL on assets derecognised	261	66	33	1	-	-	-	-	-	361
Impact of remeasurement	-60	150	97	-2	-	-1	-	-	-	184
Write-offs, allowance account	3	-	52	-	-	-	-	-	-	55
Total allowance account at 30 June 2022	594	1,220	1,022	2	4	3	18	13	3	2,879

Other loans comprise the balance sheet items "Due from credit institutions and central banks", "Loans and other amounts due at amortised cost" and "Other assets". These loans are valued at amortised cost.

Value adjustment of assets taken over amounted to DKK 0 million at 30 June 2022, against DKK 0 million at end-2021.

Statement by the management

The Board of Directors and the Executive Board (management) have considered and approved Interim Report – First Half 2022 of Realkredit Danmark Group.

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

In our opinion, the consolidated interim financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities, shareholders' equity and financial position at 30 June 2022 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the period starting on 1 January 2022 and ending on 30 June 2022. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's and the Parent Company's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group and the Parent Company.

Copenhagen, 22 July 2022

Executive Board

Kamilla Hammerich Skytte
Chief Executive Officer

Klaus Kristiansen
Member of the Executive Board

Board of Directors

Glenn Söderholm
Chairman

Mark Wraa-Hansen
Vice Chairman

Jesper Koefoed

Line Munkholm Haukrogh

Majken Hammer Sløk

Christian Hilligsøe Heinig

Supplementary information

Financial calendar

- Company Announcement – First Nine Months Results 2022:
28 October 2022
- Annual Report 2022:
2 February 2023
- Annual General Meeting:
9 March 2023
- Company Announcement - First Quarter Results 2023:
28 April 2023
- Interim Report – First Half 2023:
21 July 2023
- Company Announcement - First Nine Months Results 2023:
27 October 2023

Contact

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