



Interim Report – First Half 2023

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Financial highlights – Realkredit Danmark Group

INCOME STATEMENT (DKK millions)	First half 2023	First half 2022	Index 23/22	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Full year 2022
Administration margin	2,806	2,900	97	1,396	1,410	1,410	1,423	1,442	5,733
Net interest income	410	-16	-	252	158	99	10	-22	93
Net fee income	2	28	7	-50	52	23	-33	-29	18
Income from investment portfolios	97	-19	-	11	86	73	-6	8	48
Other income	39	50	78	20	19	16	18	25	84
Total income	3,354	2,943	114	1,629	1,725	1,621	1,412	1,424	5,976
Expenses	516	522	99	264	252	293	290	266	1,105
Profit before loan impairment charges	2,838	2,421	117	1,365	1,473	1,328	1,122	1,158	4,871
Loan impairment charges	-14	-27	52	-66	52	38	201	-58	212
Profit before tax	2,852	2,448	117	1,431	1,421	1,290	921	1,216	4,659
Tax	711	549	130	353	358	281	203	278	1,033
Net profit for the period	2,141	1,899	113	1,078	1,063	1,009	718	938	3,626

BALANCE SHEET (END OF PERIOD) (DKK millions)

Due from credit institutions etc.	6,877	5,515	125	6,877	13,491	8,761	9,505	5,515	8,761
Mortgage loans	725,360	739,996	98	725,360	729,966	724,438	706,695	739,996	724,438
Bonds and shares	47,559	46,179	103	47,559	47,668	46,722	45,648	46,179	46,722
Other assets	1,470	1,873	78	1,470	1,834	2,307	1,317	1,873	2,307
Total assets	781,266	793,563	98	781,266	792,959	782,228	763,165	793,563	782,228
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	725,714	740,480	98	725,714	737,694	724,105	707,784	740,480	724,105
Other liabilities	5,548	3,330	167	5,548	6,312	6,646	4,919	3,330	6,646
Shareholders' equity	48,004	47,753	101	48,004	46,953	49,477	48,462	47,753	49,477
Total liabilities and equity	781,266	793,563	98	781,266	792,959	782,228	763,165	793,563	782,228

RATIOS AND KEY FIGURES

Net profit for the period as % p.a. of average shareholders' equity	8.8	7.8		9.1	8.8	8.2	6.0	7.9	7.3
Impairment charges as % p.a. of mortgage lending	-0.01	-0.01		-0.04	0.03	0.02	0.11	-0.03	0.03
Cost/income ratio (%)	15.4	17.7		16.2	14.6	18.1	20.5	18.7	18.5
Total capital ratio (%)	29.1	30.1		29.1	28.8	29.1	31.2	30.1	29.1
Tier 1 capital ratio (%)	28.6	29.7		28.6	28.3	28.6	30.5	29.7	28.6
Mortgage loans, nominal value	804,362	804,115		804,362	802,883	802,024	803,362	804,115	802,024
Full-time-equivalent staff (end of period)	229	228		229	228	227	228	228	227

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 2023

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

“Sales activity in the housing market improved slightly during the first half of 2023, though activity remained relatively low by historical standards. We saw some growth in mortgage lending, driven by corporate customers, but with higher new lending activity from personal customers in Q2 than in Q1. Persistently low loan losses illustrate that our customers generally have very robust finances. Realkredit Danmark’s result for the first half of 2023 was in line with expectations.

The Dansk Bank Group launched a new strategy in the second quarter. Realkredit Danmark is looking forward to engaging in execution of the strategy, which includes an emphasis on digital development and helping our customers with the green transition in the housing and property market. Realkredit Danmark also has an important part to play in the Group’s ambition to provide even better advice and customer experiences with a focus on catering to all of the customers’ financial needs. When it comes to housing financing, this entails that we will continue recent years’ efforts to give our customers the best possible advice and terms across the Danske Bank Group’s range of mortgage and bank home loans.”

Forward '28

Realkredit Danmark will, as a part of Danske Bank’s Forward '28 strategy, continue the ambition to provide even better customer experiences for our housing and real estate customers. The Forward '28 strategy, announced on 7 June, is setting new ambitions and commitments with significant investments in our digital customer offerings, expert advisory services and sustainability.

In Realkredit Danmark the strategy applies to all our customers, i.e. Personal Customers and Business Customers. Throughout 2023, focus is on executing tactical initiatives within housing and sharpening our value proposition and commercial focus even further.

Realkredit Danmark plays an important part in Forward '28 with our strong knowledge of the mortgage, housing and property market. Customers will experience a more flexible and proactive value proposition tailored to specific needs, lifecycle events and preferences with incentives towards contributions to the green transition.

Sustainability

By providing focused advice and targeted financing, Realkredit Danmark plays a key role when it comes to supporting home owners and businesses in reducing the carbon emissions from their properties. Further, Realkredit Danmark continues to support society at large in the transition towards sustainable energy sources by working with renewable energy utilities, wind turbine projects and solar energy parks.

In the first quarter, the Danske Bank Group launched a Climate Action Plan, setting ambitious targets for reducing financed emissions and for other areas of the Group. To support the overall Group ambition, Realkredit Danmark has projected the plan on to our loan portfolio and set a target of an expected 75% reduction of carbon emission from properties in Denmark in 2030. This target is highly dependent on the government plans for the roll-out of district heating and renewable energy. Our part in the Group Climate Action Plan and an updated status of our

financed emissions is included in our third Green House Gas Footprint report published at the end of June.

We continue to investigate and develop new solutions to support our customers’ transition towards a reduction of greenhouse gas emissions from buildings and other properties. Through Danske Bank, our Personal Customers now have access to convert home owners oil and gas heaters to district heating or heat pumps thus, backing the joint initiative of the government and the financial sector in Denmark. Home owners can obtain financing at low establishment fee’s and there is no public registration fee.

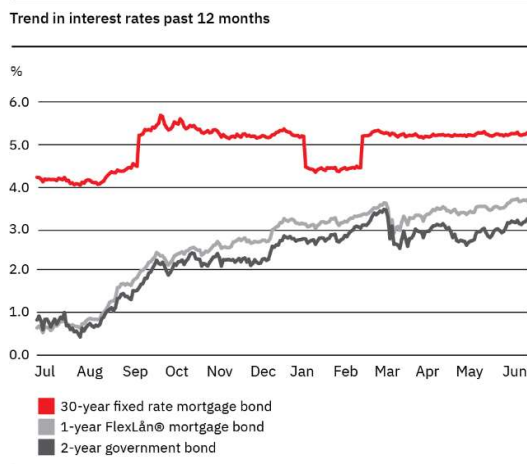
For business customers we continue to issue green bonds to finance properties living up to the requirements in our Green Financing Framework. At the end of June we had issued DKK 24.1 billion in green bonds.

In March we established a new sustainability team to increase our focus and progress to both meet upcoming regulation from EU and from regulators in Denmark. Further the team engage proactively to understand our customers’ challenges and how to support them.

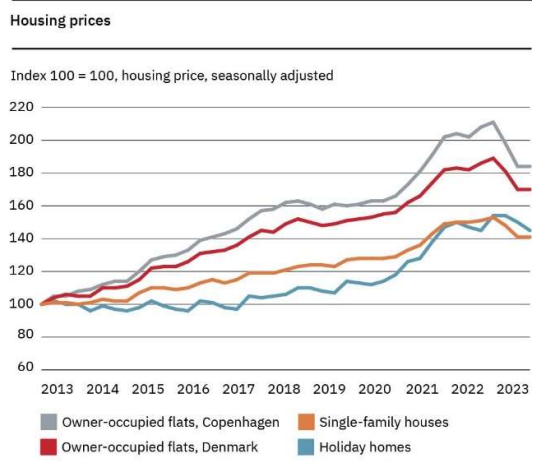
Mortgage credit market

The Danish economy remains strong, and the labour market has continued to improve in 2023. Inflation is on the way down, thanks to falling energy and fuel prices, but underlying inflationary pressures remain strong. Together with the prospect of higher wage growth in the coming years in the wake of recent pay settlements, this may imply that inflation stays above the 2% target for some time yet.

Growing financial turmoil in March 2023 caused interest rates to fluctuate, and 30-year fixed-rate mortgages vacillated between 4% and 5% during the first half of the year. In recent months, however, the 5% loan has been dominant. Remortgaging activity declined during the first half, due to a combination of many homeowners having already refinanced their loans to reduce outstanding debt, and rising interest rates on variable-rate loans reducing the incentive to remortgage from fixed-rate products.



Activity in the housing market stabilised at the beginning of the year following a substantial decline throughout 2022. Seasonally adjusted sales activity has been increasing since November 2022. Housing prices continued to edge down in the first quarter of the year but rose in the second quarter, due in part to a limited number of properties on the market. The broad national market for single-family houses has so far fallen by 8.4% from its peak in 2022, adjusted for seasonality.



Source: Finans Danmark

While the market is still adjusting to substantially higher interest rates, the outlook is improving relative to the situation in autumn 2022 when energy prices and inflation were at very high levels. We now see a market with positive momentum, making the risk to price forecasts for the housing market somewhat more balanced.

That said, we are a long way from seeing the full effects of higher interest rates on the housing market. It is normally the assumption that rate adjustments feed fully through to the housing market and the wider economy in one to two years. There is also the prospect of an economic slowdown in both Europe and Denmark, and the European Central Bank has yet to finish hiking interest rates to rein in demand and regain control over inflation.

There are thus many uncertainties in the outlook for the housing market in terms of what happens to inflation, interest rates and magnitude of a potential slowdown in the economy.

Turning to the corporate and commercial properties, our quarterly gauge based on data from our valuation specialists is in slightly positive territory for all three segments; office, retail and residential. However, the challenges facing the different segments are somewhat different, especially when we look at the risk of rising yields.

The office and residential segments face challenges and a risk of price decreases especially in growth areas such as Copenhagen and Aarhus. Yields have come down the most in the office and residential letting segments in recent years and are still trading at very low levels. If we look at the yield gap, the difference between the yield and the funding rate (in this instance a 30-year mortgage bond), the long-term average is just below 100bp. Currently, the yield gap is approximately -150bp. In other words, the gap will have to move from today's level of -150bp to approximately 100bp, a total of 250bp. In the retail segment, yields are fairly stable, however once wage growth catches up with rising consumer prices the retail segment may experience some tailwind.

Results

For the first half of 2023, Realkredit Danmark's net profit was DKK 2,141 million, against DKK 1,899 million in the same period of 2022. The increase was topline driven, primarily due to income from higher interest rate levels.

Administration margin income fell DKK 94 million, due to lower sales activity in the housing market and lower average administration margin. However, more customers are choosing products with higher margins, which the numbers are also starting to reflect.

Net interest income and Income from investment portfolios rose in total DKK 542 million in the first half of 2023, due to the higher interest rate levels.

Net fee income fell DKK 26 million, primarily because of lower lending activity.

Expenses amounted to DKK 516 million, against DKK 522 million in the first half of 2022.

Credit quality remained solid and loan impairment charges amounted to an income of DKK 14 million in the first half of 2023, against an income of DKK 27 million in the same period of 2022. The total allowance account at 30 June 2023 amounted to DKK 2,864 million, against DKK 2,912 million at 31 December 2022. A post-model adjustments related to global tension, inflation and the energy crisis is maintained to cover the impact of increased economic uncertainty.

Loan impairment charges equalled -0.01% of total mortgage lending, on par with full year 2022.

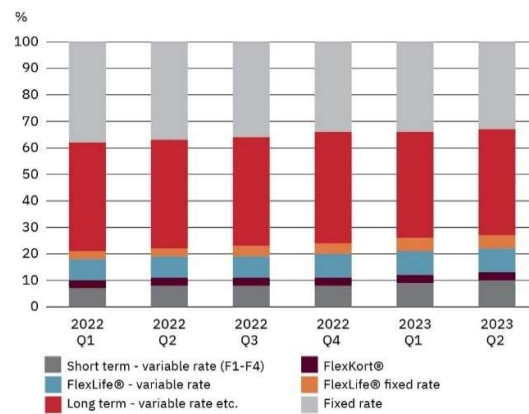
The tax charge totalled DKK 711 million. The effective tax rate for the period was 24.9%.

Balance sheet

Gross lending amounted to DKK 53 billion, against DKK 83 billion in the first half of 2022. Mortgage lending at fair value increased DKK 1 billion to DKK 725 billion compared to 31. December 2022.

The development in mortgage lending at fair value is composed of a increase in the nominal outstanding bond debt of DKK 2 billion and a decrease of DKK 1 billion in the market value adjustment in the first half of 2023. In connection with remortgaging to a higher coupon, our customers reduced their outstanding debt by around DKK 4 billion in the first half of 2023.

Development in loan portfolio by loan type (%)



In the first half of 2023, fixed-rate mortgages accounted for approximately 38% of all disbursed loans, while about 51% of all FlexLån® were disbursed with refinancing intervals of less than five years.

At 30 June 2023, the average loan-to-value (LTV) ratio stood at 51%, against 48% at the end of 2022. The increase was attributable to lower housing prices and is in line with expectations bearing witness to the robust credit quality of our portfolio.

The number of properties repossessed is on par with year-end 2022, standing at 11. The value of the properties repossessed was DKK 12 million. The delinquency rate at 30 June 2023 was unchanged from the level at the end of 2022, and at a persistently low level.

Issued mortgage bonds rose DKK 2 billion to DKK 726 billion compared to 31. December 2022. The nominal value of issued mortgage bonds was DKK 802 billion, which was DKK 3 billion more than at the end of 2022. The amounts are exclusive of holdings of own mortgage bonds. Realkredit Danmark issued bonds for a total of DKK 53 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 2023, Realkredit Danmark's interest rate risk and exchange rate risk amounted to DKK 870 million and DKK 2.3 million, respectively (end-2022: DKK 846 million and DKK 1.0 million.).

Capital and solvency

At the end of June 2022, shareholders' equity stood at DKK 48.0 billion, against DKK 49.5 billion at the end of 2022. 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 46.2 billion, and the total capital ratio calculated in accordance with the Capital Requirements Regulation and Directive (CRR/CRD) was 29.1%. At 31 December 2022, the corresponding figures were DKK 46.4 billion and 29.1%, 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 159.0 billion at 30 June 2023, against DKK 159.3 billion at the end of 2022.

At the end of June 2023, Realkredit Danmark's solvency need, including the combined buffer requirement, was calculated at DKK 29.1 billion, corresponding to a solvency need ratio including buffers of 18.3% of the total REA. With total capital of DKK 46.2 billion, Realkredit Danmark had DKK 17.1 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 2023, the need for supplementary collateral was DKK 4.4 billion, against DKK 4.6 billion at end-2022. Of the DKK 4.4 billion, DKK 0.5 billion was provided in the form of loan loss guarantees. The remaining DKK 3.9 billion was provided in the form of unencumbered liquid assets.

A large proportion of Realkredit Danmark's mortgages are covered by loan loss guarantees provided by Danske Bank. The loan loss guarantee covers the top 20 percentage points of the statutory loan limit at the time when the mortgage originated.

At the end of June 2023, the loan loss guarantees amounted to DKK 34 billion of the loan portfolio against DKK 38 billion at 31 December 2022.

Liquidity Coverage Ratio

As a credit institution, Realkredit Danmark is subject to the Liquidity Coverage Ratio. The implementation of the covered bond directive in 2022 introduced additional Pillar II liquidity requirements, which address refinancing and remortgaging risks. The combined pillar I+II requirement defines the binding liquidity requirement for Realkredit Danmark. At the end of June 2023, this corresponded to approximately DKK 7.9 billion. Realkredit Danmark's holding of unencumbered liquid assets after caps and haircuts was DKK 19 billion at end of June 2023.

Rating

Realkredit Danmark's bonds are rated by SP 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 SP Global and these bonds also hold a rating of AAA.

The effective overcollateralisation requirement from the three agencies increased during the first half of 2023, from DKK 23.9 billion at end-2022 to DKK 26.3 billion at the end of the second quarter of 2023.

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 2023. If the requirements increase, Realkredit Danmark plans to raise further bail-inable debt on market terms in order to comply with the requirements. This type of debt is also eligible towards the debt buffer requirement.

Management

Klaus Kristiansen will resign as member of the Executive Management in Realkredit Danmark with effect from 1 August 2023 and will at the same time resign as Chief Risk Officer to seek new challenges outside Realkredit Danmark. Robert Wagner has been appointed as Chief Risk Officer and member of the management group with effect from 1 August 2023.

Supervisory diamond for mortgage credit institutions

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

Threshold value	Q2 2023	Full year 2022	Limit
Growth in lending¹			
Owner-occupied dwellings and holiday homes	-3.6%	-2.8%	15%
Residential rental property	5.9%	4.4%	15%
Agriculture	-3.5%	-5.0%	15%
Other	5.3%	0.6%	15%
Borrower interest-rate risk²			
Properties for residential purposes	6.6%	5.1%	25%
Interest-only option³			
Owner-occupied dwellings and holiday homes	5.8%	6.0%	10%
Loans with short-term funding⁴			
Refinancing, annually	11.5%	12.0%	25%
Refinancing, quarterly	3.2%	2.7%	12.5%
Large exposures⁵			
Loans relative to shareholders' equity	76%	74%	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 2023

Throughout 2023, Realkredit Danmark expects the Danish economy to be affected by economic and geopolitical uncertainty. The outlook is subject to a changing macroeconomic landscape.

Realkredit Danmark expects income to be at a higher level than in 2022 driven by higher net interest income.

Expenses are expected to be at a somewhat lower level than in 2022 mainly due to a non-recurring DKK 48 million provision for Realkredit Danmark's part of the debt collection legacy remediation in 2022.

Loan impairment charges are expected slightly lower than in 2022.

Realkredit Danmark therefore expects net profit to be somewhat higher than in 2022.

Income statement and Comprehensive income – Realkredit Danmark Group

Note	(DKK millions)	First half 2023	First half 2022	Q2 2023	Q2 2022	Full year 2022
	Income statement					
	Interest income	10,698	7,129	5,414	3,608	15,156
	Interest expense	7,641	4,041	3,871	2,053	9,046
	Net interest income	3,057	3,088	1,543	1,555	6,110
	Fee and commission income	494	733	179	307	1,371
	Fee and commission expense	492	705	229	336	1,353
	Net fee and commission income	3,059	3,116	1,493	1,526	6,128
	Value adjustments	256	-223	116	-127	-236
	Other operating income	39	50	20	25	84
	Staff costs and administrative expenses	515	520	264	265	1,102
	Impairment, depreciation and amortisation charges	1	2	-	1	3
3	Loan impairment charges	-14	-27	-66	-58	212
	Profit before tax	2,852	2,448	1,431	1,216	4,659
	Tax	711	549	353	278	1,033
	Net profit for the period	2,141	1,899	1,078	938	3,626
	Comprehensive income					
	Net profit for the period	2,141	1,899	1,078	938	3,626
	Other comprehensive income					
	Items that will not be reclassified to profit or loss					
	Actuarial gains/losses on defined benefit plans	-19	-24	-36	-23	-29
	Tax	-5	-6	-9	-6	-8
	Total other comprehensive income	-14	-18	-27	-17	-21
	Total comprehensive income for the period	2,127	1,881	1,051	921	3,605

Balance sheet – Realkredit Danmark Group

Note	(DKK millions)	30 June 2023	31 December 2022	30 June 2022
ASSETS				
	Cash in hand and demand deposits with central banks	4,582	5,612	4,507
	Due from credit institutions and central banks	2,295	3,149	1,008
	Bonds at fair value	18,149	13,270	13,123
	Bonds at amortised cost	29,407	33,448	33,052
4.8	Mortgage loans at fair value	725,360	724,438	739,996
4	Loans and other amounts due at amortised cost	230	204	382
	Shares	3	4	4
	Other tangible assets	2	3	4
	Current tax assets	-	-	470
	Deferred tax assets	10	-	-
	Assets temporarily taken over	12	4	6
4	Other assets	1,170	2,096	960
	Prepayments	46	-	51
Total assets		781,266	782,228	793,563
LIABILITIES AND EQUITY				
AMOUNTS DUE				
	Due to credit institutions and central banks	2,000	2,000	2,000
	Issued mortgage bonds at fair value	725,714	724,105	740,480
	Current tax liabilities	755	36	-
	Deferred tax liabilities	-	43	60
	Other liabilities	4,793	6,567	3,270
Total amounts due		733,262	732,751	745,810
SHAREHOLDERS' EQUITY				
	Share capital	630	630	630
	Reserves in series	45,171	45,171	45,191
	Other reserves	2,203	76	1,932
	Proposed dividends	-	3,600	-
Total shareholders' equity		48,004	49,477	47,753
Total liabilities and equity		781,266	782,228	793,563

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 2023	630	45,171	76	3,600	49,477
Net profit for the period	-	-	2,141	-	2,141
Other comprehensive income					
Actuarial gains/losses on defined benefit plans	-	-	-19	-	-19
Tax	-	-	5	-	5
Total other comprehensive income	-	-	-14	-	-14
Total comprehensive income for the period	-	-	2,127	-	2,127
Dividend paid	-	-	-	-3,600	-3,600
Shareholders' equity at 30 June 2023	630	45,171	2,203	-	48,004
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
Dividend paid	-	-	-	-3,600	-3,600
Shareholders' equity at 30 June 2022	630	45,191	1,932	-	47,753

At 30 June 2023, 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 2023	31 December 2022	30 June 2022
Shareholders' equity	45,877	49,477	45,872
Proposed dividends	-	-3,600	-
Deferred tax assets	-	-	-
Prudent valuation	-6	-4	-4
Minimum Loss Coverage for Non-Performing Exposures	-270	-111	-84
Defined benefit pension fund assets	-127	-148	-151
Common equity tier 1 capital	45,474	45,614	45,633
Difference between expected losses and impairment charges	-	-	-
Tier 1 capital	45,474	45,614	45,633
Reserves in series subject to a reimbursement obligation	-	-	-
Difference between expected losses and impairment charges	764	776	672
Total capital	46,238	46,390	46,305
Risk exposure amount	159,021	159,310	153,761
Common equity tier 1 capital ratio (%)	28.6	28.6	29.7
Tier 1 capital ratio (%)	28.6	28.6	29.7
Total capital ratio (%)	29.1	29.1	30.1

At 30 June 2023, 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 2023	First half 2022	Full year 2022
Cash flow from operating activities			
Profit before tax	2,852	2,448	4,659
Tax paid	-	-961	-952
Adjustment for non-cash operating items	-48	-91	-56
Cash flow from operating capital	-1,088	-10,924	-9,933
Cash flow from operating activities	1,716	-9,528	-6,282
Cash flow from investing activities			
Acquisition/sale of tangible assets	-	-	-
Cash flow from investing activities	-	-	-
Cash flow from financing activities			
Dividends	-3,600	-3,600	-3,600
Cash flow from financing activities	-3,600	-3,600	-3,600
Cash and cash equivalents at 1 January	8,761	18,643	18,643
Change in cash and cash equivalents	-1,884	-13,128	-9,882
Cash and cash equivalents, end of period	6,877	5,515	8,761
Cash and cash equivalents, end of period			
Cash in hand and demand deposits with central banks	4,582	4,507	5,612
Amounts due from credit institutions and central banks within 3 months	2,295	1,008	3,149
Total	6,877	5,515	8,761

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 2023 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.

The interim report for the first half of 2023 has not been audited or reviewed.

Changes to significant accounting policies

A new standard, IFRS 17, Insurance contracts became effective for the period beginning 1 January 2023. In addition, amendments to IAS 1 (classification of liabilities as current or non-current; disclosure of accounting policies), IAS 8 (definition of accounting estimates), and IAS 12 (deferred tax; Pillar Two income taxes) became effective for the period beginning 1 January 2023. IFRS 17 and the amendments to other standards had no impact on the financial statements. The accounting policies are unchanged from those applied in Annual Report 2022.

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 2023, the base case scenario reflects an expectation of higher inflation and high interest rates. This results in a slowdown in the Nordic economies with weaker GDP growth. House prices are expected to decline in 2023, but the development is expected to turn from 2024 in most countries.

The upside scenario represents a slightly better outlook than the base case scenario across the macroeconomic parameters. In this scenario, global inflation declines, allowing central banks to ease the tightening pace, which would cause lower bonds yields and boosts equity markets.

The downside scenario is a severe recession scenario, reflecting negative growth, increasing interest rates, and falling property prices for a longer period. The downside scenario captures the increasing risk from high interest rates and high inflation.

At the end of June 2023, the fair value adjustment of the credit risk on mortgage loans was calculated at DKK 2,796 million (2022: DKK 2,862 million), reducing the value of mortgage loans. The base case scenario enters with a probability of 60% (2022: 70%), the downside scenario with a probability of 20% (2022: 20%) and the upside scenario with a probability of 20% (2022: 10%). If the base case scenario was assigned a probability of 100%, the fair value adjustment at the end of June 2023 would be DKK 2,525 million (2022: DKK 2,600 million). The fair value adjustment at the end of June 2023 would increase to DKK 3,975 million (2022: DKK 4,000 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 (2022: DKK 2,500 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 2023, the allowance account would increase by DKK 25 million (2022: DKK 25 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 2023, the post-model adjustments amounted to DKK 1,232 million (2022: DKK 1,220 million). The adjustments cover for instance specific macroeconomic risks that are not specifically captured by the expected credit loss model, such as secondary effects 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.

The Group's principal risks and the external factors that may affect the Group are described in greater detail in Annual Report 2022.

Notes – Realkredit Danmark Group

Note	(DKK millions)					
2	Profit broken down by activity					
		Mortgage finance	Own holdings	Highlights	Reclassi- fication	IFRS
First half 2023						
Administration margin		2,806	-	2,806	-	2,806
Net interest income		719	-309	410	-159	251
Net fee income		2	-	2	-	2
Income from investment portfolios		4	93	97	-97	-
Value adjustments		-	-	-	256	256
Other income		39	-	39	-	39
Total income		3,570	-216	3,354	-	3,354
Expenses		514	2	516	-	516
Profit before loan impairment charges		3,056	-218	2,838	-	2,838
Loan impairment charges		-14	-	-14	-	-14
Profit before tax		3,070	-218	2,852	-	2,852
Tax				711	-	711
Net profit for the year				2,141	-	2,141
Total assets		733,128	48,138	781,266	-	781,266
First half 2022		Mortgage finance	Own holdings	Highlights	Reclassi- fication	IFRS
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 year				1,899	-	1,899
Total assets		746,673	46,890	793,563	-	793,563

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 2023	First half 2022
3 Loan impairment charges		
ECL on new assets	117	140
ECL on assets derecognised	252	361
Impact of remeasurement	114	184
Write-offs charged directly to income statement	14	12
Received on claims previously written off	7	2
Total	-14	-27

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 2,796 million at 30 June 2023, against DKK 2,862 million at the beginning of the year.

Of total loan charges for the credit risk on loans and other amounts due at amortised cost, charges were recognised as an expense of DKK 37 million at 30 June 2023, against DKK 4 million at the beginning of the year.

For loan commitments, expected credit losses at 30 June 2023 amounted to DKK 31 million, against DKK 46 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	628	1,365	919	2,912
Transferred to stage 1	567	-528	-39	-
Transferred to stage 2	-11	28	-17	-
Transferred to stage 3	-1	-20	21	-
ECL on new assets	56	37	24	117
ECL on assets derecognised	154	47	51	252
Impact of remeasurement	-198	145	167	114
Write-offs, allowance account	-	-	27	27
Total allowance account at 30 June 2023	887	980	997	2,864

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 January incl. impact on loans	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 2023, against DKK 0 million at end-2022.

5 Assets deposited as collateral

At 30 June 2023, Realkredit Danmark had deposited securities worth DKK 2,342 million (end-2022: DKK 8,033 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 2023, the carrying amount of such securities totalled DKK 0 million (end-2022: DKK 0 million).

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

At 30 June 2023, mortgage lending totalling DKK 725,360 million and other assets totalling DKK 20,040 million were registered as security for issued mortgage bonds, including mortgage-covered bonds, and issued bonds at amortised cost (end-2022: DKK 724,438 million and DKK 20,665 million). Security in the form of other assets covers the requirement for supplementary collateral and the 2% over collateralisation requirement.

Notes – Realkredit Danmark Group

Note	(DKK millions)				
6	Financial instruments at fair value				
	30 June 2023	Quoted prices	Observable input	Non-observable input	Total
	Bonds at fair value	6,818	11,331	-	18,149
	Mortgage loans at fair value	-	725,360	-	725,360
	Shares	-	-	3	3
	Derivatives	-	51	-	51
	Total	6,818	736,742	3	743,563
	Issued mortgage bonds at fair value	725,714	-	-	725,714
	Derivatives	-	62	-	62
	Total	725,714	62	-	725,776
	31 December 2022				
	Bonds at fair value	5,253	8,017	-	13,270
	Mortgage loans at fair value	-	724,438	-	724,438
	Shares	-	-	4	4
	Derivatives	-	103	-	103
	Total	5,253	732,558	4	737,815
	Issued mortgage bonds at fair value	724,105	-	-	724,105
	Derivatives	-	9	-	9
	Total	724,105	9	-	724,114

Negative interest income and interest expenses due to negative interest rates were insignificant during the first six months of 2023 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 2022 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 2023.

Notes – Realkredit Danmark Group

Note (DKK millions)

7 Contingent liabilities

Owing to its size and business volume, 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 Pensionsafviklingskasse. 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 2023	31 December 2022	30 June 2022
Other contingent liabilities			
Irrevocable loan commitments	22,890	27,287	30,838
Other commitments	26	28	24
Total	22,916	27,315	30,862

Notes – Realkredit Danmark Group

Note

8 Risk management

The Board of Directors defines Realkredit Danmark's risk management framework, while the Executive Management 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-2022: DKK 0 billion and 0.0%).

Portfolio broken down by loan to value and rating category
30 June 2023

Rating category	LTV ratio					Total DKK billions
	0-20%	20-40%	40-60%	60-80%	80-100%	
1	1	1	1	-	-	3
2	29	18	7	1	-	55
3	83	55	25	7	5	175
4	87	56	28	8	4	183
5	69	54	26	7	2	158
6	40	32	16	3	1	92
7	17	14	8	2	-	41
8	3	3	1	-	-	7
9	-	-	-	-	-	-
10	2	2	1	-	-	5
11	3	2	2	1	1	9
Total	334	237	115	29	13	728

Portfolio broken down by loan to value and rating category
31 December 2022

Rating category	LTV ratio					Total DKK billions
	0-20%	20-40%	40-60%	60-80%	80-100%	
1	1	1	-	-	-	2
2	30	17	5	1	-	53
3	87	55	21	5	4	172
4	91	58	25	6	4	184
5	77	55	21	4	2	159
6	41	32	15	2	-	90
7	19	15	8	1	-	43
8	4	3	2	-	-	9
9	1	-	-	-	-	1
10	2	2	1	-	-	5
11	3	3	2	1	-	9
Total	356	241	100	20	10	727

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.

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 2023

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	2,734	-	-	-	-	-	2,734	-	-
2	0.01	0.03	54,792	96	35	7	2	2	54,785	94	33
3	0.03	0.06	173,847	608	114	25	7	7	173,822	601	107
4	0.06	0.14	181,612	1,411	181	48	19	11	181,564	1,392	170
5	0.14	0.31	154,848	2,637	212	92	31	15	154,756	2,606	197
6	0.31	0.63	86,960	4,798	166	142	73	8	86,818	4,725	158
7	0.63	1.90	33,165	8,212	110	410	337	6	32,755	7,875	104
8	1.90	7.98	2,887	4,291	66	91	297	11	2,796	3,994	55
9	7.98	25.70	33	436	4	-	39	3	33	397	1
10	25.70	100.00	322	4,860	217	18	138	14	304	4,722	203
11	100.00	100.00	674	551	7,277	32	14	897	642	537	6,380
Total			691,874	27,900	8,382	865	957	974	691,009	26,943	7,408

Notes – Realkredit Danmark Group

Note

8 **Risk management**
Cont'd

31 December 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	2,148	-	-	-	-	-	2,148	-	-
2	0.01	0.03	52,642	129	24	7	2	1	52,635	127	23
3	0.03	0.06	171,330	822	122	24	10	4	171,306	812	118
4	0.06	0.14	181,298	2,026	192	47	24	9	181,251	2,002	183
5	0.14	0.31	153,750	5,515	192	79	52	11	153,671	5,463	181
6	0.31	0.63	81,640	8,491	112	103	108	8	81,537	8,383	104
7	0.63	1.90	29,589	12,978	148	265	400	8	29,324	12,578	140
8	1.90	7.98	2,053	7,003	57	48	562	5	2,005	6,441	52
9	7.98	25.70	45	507	10	-	52	2	45	455	8
10	25.70	100.00	391	4,878	223	13	119	13	378	4,759	210
11	100.00	100.00	638	569	7,778	23	11	852	615	558	6,926
Total			675,524	42,918	8,858	609	1,340	913	674,915	41,578	7,945

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 29,407 million (end-2021: DKK 33,448 million) of its proprietary portfolio in fixed-rate bonds, which are recognised in the financial statements as hold-to-collect investments and are thus measured at amortised cost. Realkredit Danmark's bonds at amortised cost exceeded fair value at 30 June 2023 by DKK 1,836 million (end-2022: DKK 1,955 million). DKK 26.4 billion of this portfolio has a term to maturity of less than five years, whilst DKK 3.0 billion has a term to maturity of more than 5 years (end 2022: DKK 30.5 billion and 2.9 billion respectively). The interest rate risk duration for the portfolio is 2.6 years. As a result, Realkredit Danmark knows the return on the portfolio until maturity, and the fixed-rate hold-to-collect portfolio is therefore not considered to entail an interest rate risk that needs to be hedged through derivatives.

Non-financial risk

In recent years, Realkredit Danmark has focused increasingly on non-financial risks. Realkredit Danmark assess and report non-financial events and risk assessments. When new products are launched there is a coverage of the non-financial risks prior to launch.

Realkredit Danmark conducts event management to ensure timely and appropriate handling of events to minimise the impact on Realkredit Danmark and prevent reoccurrence. Realkredit Danmark conducts timely notification to relevant authorities and Realkredit Danmark strive to learn from materialised events and observed near-misses to continually improve its non-financial risk management framework.

Realkredit Danmark's IT portfolio is outsourced to Danske Bank including cyber security. Realkredit Danmark is part of Danske Bank's Security Framework.

The Group's management of credit-, market- and non-financial risk is described in detail in the risk management note in Annual Report 2022.

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, Executive Order no. 1043 of 5 September 2017, Executive Order no. 1441 of 3 December 2018, Executive Order no. 1593 of 9 November 2020 and Executive Order no. 116 of 27 January 2023.

Note 1 to the consolidated financial statements provides further information on changes in accounting policies implemented at 1 January 2023. Except for these changes, Realkredit Danmark A/S has not changed its significant accounting policies from those applied in the Annual Report 2022.

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

Income statement and Comprehensive income – Realkredit Danmark A/S

Note	(DKK millions)	First half 2023	First half 2022
	Income statement		
	Interest income	10,697	7,129
	Interest expense	7,641	4,041
	Net interest income	3,056	3,088
	Fee and commission income	494	733
	Fee and commission expense	492	705
	Net fee and commission income	3,058	3,116
1	Value adjustments	256	-223
	Other operating income	1	-
	Staff costs and administrative expenses	488	494
	Impairment, depreciation and amortisation charges	1	1
	Loan impairment charges	-14	-27
	Income from associated and group undertakings	9	18
	Profit before tax	2,849	2,443
	Tax	708	544
	Net profit for the period	2,141	1,899
	Comprehensive income		
	Net profit for the period	2,141	1,899
	Other comprehensive income		
	Items that will not be reclassified to profit or loss		
	Actuarial gains/losses on defined benefit plans	-19	-24
	Tax	-5	-6
	Total other comprehensive income	-14	-18
	Total comprehensive income for the period	2,127	1,881

Balance sheet – Realkredit Danmark A/S

Note	(DKK millions)	30 June 2023	31 December 2022	30 June 2022
ASSETS				
	Cash in hand and demand deposits with central banks	4,582	5,612	4,507
	Due from credit institutions and central banks	2,238	3,074	941
	Bonds at fair value	18,149	13,270	13,123
	Bonds at amortised cost	29,407	33,448	33,052
2	Mortgage loans at fair value	725,360	724,438	739,996
2	Loans and other amounts due at amortised cost	208	184	362
	Holdings in group undertakings	112	128	121
	Other tangible assets	2	3	4
	Current tax assets	-	-	466
	Deferred tax assets	5	-	-
	Assets temporarily taken over	12	4	6
2	Other assets	1,007	1,923	905
	Prepayments	45	-	50
Total assets		781,127	782,084	793,533
LIABILITIES AND EQUITY				
AMOUNTS DUE				
	Due to credit institutions and central banks	2,000	2,000	2,000
	Issued mortgage bonds at fair value	725,714	724,105	740,480
	Current tax liabilities	755	39	-
	Other liabilities	4,650	6,411	3,229
Total amounts due		733,119	732,555	745,709
PROVISIONS				
	Deferred tax	-	48	66
	Reserves in early series subject to a reimbursement obligation	4	4	5
Total provisions		4	52	71
SHAREHOLDERS' EQUITY				
	Share capital	630	630	630
	Reserves in series	45,171	45,171	45,191
	Other reserves	2,203	76	1,932
	Proposed dividends	-	3,600	-
Total shareholders' equity		48,004	49,477	47,753
Total liabilities and equity		781,127	782,084	793,533

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 2023	630	45,171	76	3,600	49,477
Net profit for the period	-	-	2,141	-	2,141
Other comprehensive income					
Actuarial gains/losses on defined benefit plans	-	-	-19	-	-19
Tax	-	-	5	-	5
Total other comprehensive income	-	-	-14	-	-14
Total comprehensive income for the period	-	-	2,127	-	2,127
Dividend paid	-	-	-	-3,600	-3,600
Shareholders' equity at 30 June 2023	630	45,171	2,203	-	48,004
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
Dividend paid	-	-	-	-3,600	-3,600
Shareholders' equity at 30 June 2022	630	45,191	1,932	-	47,753

Notes - Realkredit Danmark A/S

Note	(DKK millions)	First half 2023	First half 2022
1	Value adjustments		
	Mortgage loans	-1,481	-66,731
	Bonds	77	-139
	Currency	-9	-1
	Derivatives	1,273	119
	Other assets	5	4
	Issued mortgage bonds	391	66,525
	Total	256	-223

2 Loans etc.

Of the total fair value adjustment for the credit risk on mortgage loans, impairments were recognised as an expense of DKK 2,796 million at 30 June 2023, against DKK 2,862 million at the beginning of the year.

Of total loan charges for the credit risk on loans and other amounts due at amortised cost, charges were recognised as an expense of DKK 37 million at 30 June 2023, against DKK 4 million at the beginning of the year.

For loan commitments, expected credit losses at 30 June 2023 amounted to DKK 31 million, against DKK 46 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	609	1,340	913	1	2	1	18	23	5	2,912
Transferred to stage 1	559	-521	-38	8	-7	-1	-	-	-	-
Transferred to stage 2	-11	28	-17	-	-	-	-	-	-	-
Transferred to stage 3	-1	-20	21	-	-	-	-	-	-	-
ECL on new assets	55	37	12	1	-	-	-	-	12	117
ECL on assets derecognised	146	26	50	2	-	1	6	21	-	252
Impact of remeasurement	-201	127	153	3	18	14	-	-	-	114
Write-offs, allowance account	-	-	27	-	-	-	-	-	-	27
Total allowance account at 30 June 2023	864	965	967	11	13	13	12	2	17	2,864

	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	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 2023, against DKK 0 million at end-2022.

Statement by the management

The Board of Directors and the Executive Management (management) have considered and approved Interim Report – First Half 2023 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 2023 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 2023 and ending on 30 June 2023. Moreover, in our opinion, the management's report includes a fair view 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, 21 July 2023

Executive Management

Kamilla Hammerich Skytte
Chief Executive Officer

Klaus Kristiansen
Member of the Executive Management

Board of Directors

Christian Bornfeld
Chairman

Magnus Thor Agustsson
Vice Chairman

Jesper Koefoed

Peter Smith

Linda Fagerlund

Majken Hammer Sløk

Christian Hilligsøe Heinig

Supplementary information

Financial calendar

- Company Announcement – First Nine Months Results 2023:
27 October 2023
- Annual Report 2023:
2 February 2024
- Annual General Meeting:
11 March 2024
- Company Announcement - First Quarter Results 2024:
3 May 2024
- Interim Report – First Half 2024:
19 July 2024
- Company Announcement - First Nine Months Results 2024:
31 October 2024

Contact

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