

# Nykredit Q3/2023 credit update and issuance plan

## Q1-Q32023 results – highlights

- Profit after tax for Q1-Q3/2023 was DKK 8,3bn.
- Nykredit Bank's lending grew by 6% compared with Q1-Q3/2022 to currently DKK 92.2bn.
- Totalkredit's lending was nominally DKK 876.2bn at Q3/2023 compared with DKK 877.4bn at end-2022.
- Total mortgage lending increased by 1.1% on Q1-Q3/2022. Business mortgage lending rose 5.9% to DKK 539.4bn.
- Assets under management in Nykredit Wealth Management were up 10% on Q1-Q3/2022 to currently DKK 432.3bn.
- Nykredit maintains a strong capital position with a Common Equity Tier 1 (CET1) capital ratio of 20.1%

Results Q1-Q3/2023 DKKm	Nykredit Group	Of which Nykredit Bank
Income	15,286	5,929
Costs	4,805	2,473
Impairment charges	(141)	50
<b>Business profit</b>	<b>10,621</b>	<b>3,407</b>
Legacy derivatives	143	143
<b>Profit before tax</b>	<b>10,764</b>	<b>3,550</b>

## Key figures end-Q3/2023

Total assets	1,614,990
REA	432,038
CET1 ratio	20.1%
Total capital ratio	23.2%
Cost income ratio	31.4%
Impairment ratio (bps)	(1)
ROE pa	11.7%

## Strong asset quality

93% of Nykredit's lending consists of mortgage loans secured on real estate, and the remaining 7% is bank loans. The loan portfolio measured at nominal value developed positively in Q1-Q3/2023, and individual impairment provisions remained low. Arrears ratios were declining for some portfolios and stable for others. Write-offs remained low.

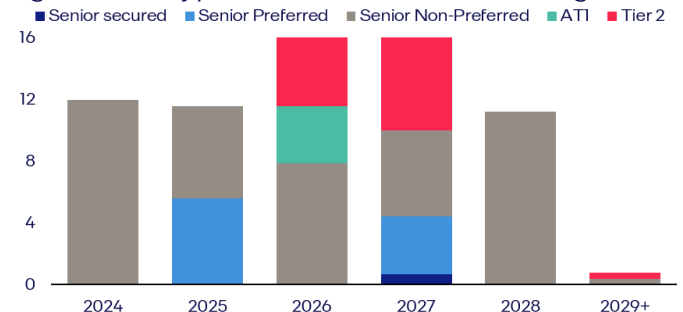
In Q1-Q3/2023 provisions related to macroeconomic uncertainty were reduced by DKK 0.3 billion. Provisions related to ESG were increased in the same period as a result of a reassessment of ESG transition risks.

## Issuance schedule

Nykredit must have a debt buffer of at least 2% of mortgage lending. Also, the debt buffer, own funds and MREL eligible liabilities combined must amount to at least 8% of the consolidated balance sheet. Nykredit meets both requirements.

Due to an expected higher REA, the total regulatory requirement may exceed 8% of the consolidated balance sheet as a result of rising capital requirements. In Q1-Q3/2023 Nykredit issued approximately DKK 5.7 bn worth of senior non-preferred debt for meeting the 2% debt buffer requirement, the 8% requirement and the ALAC criteria. Nykredit expects to issue about DKK 20bn in addition to the issuance of mortgage covered bonds (SDOs and ROs) towards end-2024.

Figure 1: Maturity profile of non-covered bond funding, DKKbn



## Commercial Paper

Nykredit Bank issues ECPs on a daily basis in all major currencies and with maturities between of 1 and 12 months. At Q3/2023, the Bank's outstanding amount of ECPs was DKK 4.4bn.

## ESG

Nykredit has pledged to support the green transition and has committed to achieving net zero greenhouse gas emissions from our lending, investments and own operations by 2050 at the latest.

In April 2023, Nykredit updated its Green Bond Framework to further align with the EU Taxonomy.

In June 2023, ESG rating provider MSCI raised Nykredit's ESG rating from AA to AAA. Nykredit is among the highest rated financial businesses in the Nordic region.

**About Nykredit**

Nykredit is Denmark's largest credit provider, offering costumers full-service banking solutions with a pre-dominant focus on prime mortgage lending.

Due to its status as the leading mortgage lender with a market share of 44,5% of total Danish mortgage lending, Nykredit is a Danish Other Systemically Important Institution (O-SII).

By law, all mortgage lending must be funded by issuance of covered bonds, and Nykredit is Europe's largest issuer of covered bonds backed by mortgages. At end-Q3/2023 the Nykredit Group had an outstanding amount of covered bonds of DKK 1,5bn. Covered bonds are issued on a daily basis to fund mortgage lending. The bonds are sold via a group of primary dealers in Denmark, including Nykredit Markets.

The Nykredit Group offers a wide range of other banking services via Nykredit Bank. The Bank offers asset management services and activities relating to debt capital markets and fixed income products.

Credit ratings	Long term	Short term
<b>S&amp;P Global</b>	A+	A-1
<b>FitchRatings</b>	A	F1

ESG ratings	Score	Range
<b>MSCI</b>	AAA	CCC-AAA
<b>SUSTAINALYTICS</b>	Low risk	NEGL-SEVERE
<b>CDP</b>	A-	D- to A

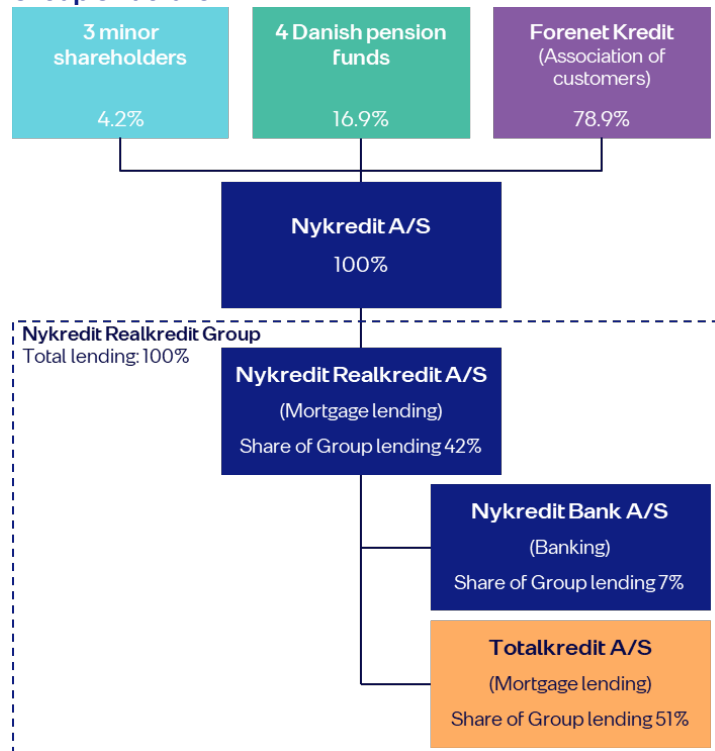
**Group structure**

Nykredit is a financial mutual, and 79% of the Group is owned by Forenet Kredit, an association of customers. 17% of the Group is owned by a group of five Danish pension funds, while the remaining 4% is owned by other shareholders.

Nykredit Realkredit, a mortgage lender, is the operational parent company. Nykredit Realkredit is the issuer

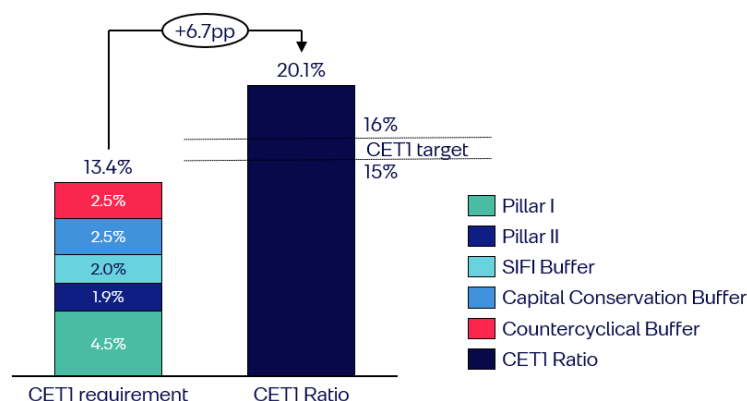
of covered bonds as well as other debt and capital instruments. Commercial paper is issued by Nykredit Bank. Nykredit Bank is a core subsidiary of Nykredit Realkredit, and the credit ratings of Nykredit Bank are therefore aligned with the ratings of its parent.

**Group structure**



**Capital position**

The CET1 ratio amounts to 20.1% at H1/2023, which is some 460 bps above Nykredit's capital policy target. Nykredit has already reserved CET1 capital for Basel IV and a potential business cycle downturn.



**More information**

Q3 Interim Report 2023 can be found [here](#), and the latest investor presentation is available [here](#).

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