

Nykredit H1/2023 credit update and issuance plan

H12023 results – highlights

- Profit after tax for H1/2023 was DKK 5,391 million.
- Nykredit Bank's lending grew by 7% on H1/2022 to currently DKK 92 billion.
- Totalcredit's lending was nominally DKK 875.1 billion in H1/2023 compared with DKK 877.4 billion at end-2022.
- Business mortgage lending grew by 5.4% on H1/2022 to currently DKK 534.4 billion.
- Assets under management in Nykredit Wealth Management were up 7% on H1/2022 to currently DKK 431 billion.
- Nykredit maintains a strong capital position with a Common Equity Tier 1 (CET1) capital ratio of 19.7%.

Results H1/2023 DKKm	Nykredit Group	Of which Nykredit Bank
Income	9,996	3,891
Costs	3,213	1,633
Impairment charges	(115)	24
Business profit	6,898	2,233
Legacy derivatives	32	32
Profit before tax	6,929	2,266

Key figures end-H1/2023

Total assets	1,606,250
REA	431,317
CET1 ratio	19.7%
Total capital ratio	22.8%
Cost income ratio	31.1
Impairment ratio (bps)	(0,01)
ROE pa	11.4%

Asset quality: Impact of covid-19 and the geopolitical conditions

93% of Nykredit's lending consists of mortgage loans secured on real estate, and the remaining 7% is bank loans.

Loan growth in both mortgage and bank lending continued in H1/2023. Individual impairment provisions remained low. Ar-rears ratios were declining for some portfolios and stable for others.

In H1 provisions taken to counter geopolitical tensions were raised by DKK 0.3 billion. Provisions related to ESG were increased in H1/2023 as a result of a reassessment of ESG transition risks.

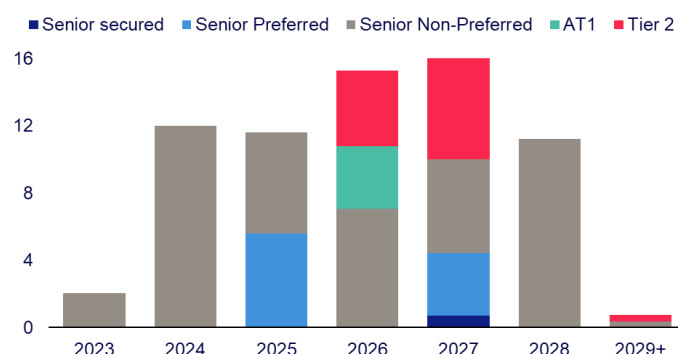
Issuance schedule

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 H1 Nykredit issued about DKK 5.7 billion-worth of senior non-preferred debt for meeting the 2% debt buffer requirement and the 8% requirement.

Nykredit expects to issue about DKK 5-10 billion in addition to the issuance of mortgage covered bonds (SDOs and ROs) in the remaining part of 2023.

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 H1/2023, the Bank's outstanding amount of ECPs was DKK 7.3bn.

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 customers full-service banking solutions with a predominant focus on prime mortgage lending.

Due to its status as the leading mortgage lender with a market share of 44,6% 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-H1/2023 the Nykredit Group had an outstanding amount of covered bonds of DKK 1,3bn.

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.




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.

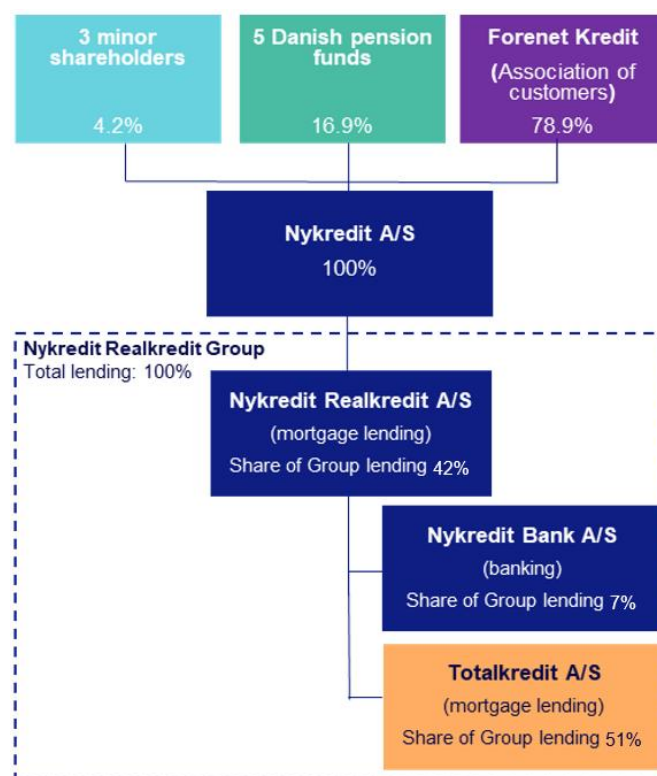
Nykredit Realkredit, a mortgage lender, is the operational parent company. Nykredit Realkredit is the issuer of covered bonds as well as other debt and capital instruments. Commercial paper is issued by Nykredit Bank.

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.

Credit ratings	Long term	Short term
S&P Global	A+	A-1
FitchRatings	A	F1

ESG ratings	Score	Range
MSCI 	AAA	CCC-AAA
 SUSTAINALYTICS	Low risk	NEGL – SEVERE
 CDP	A-	D- to A

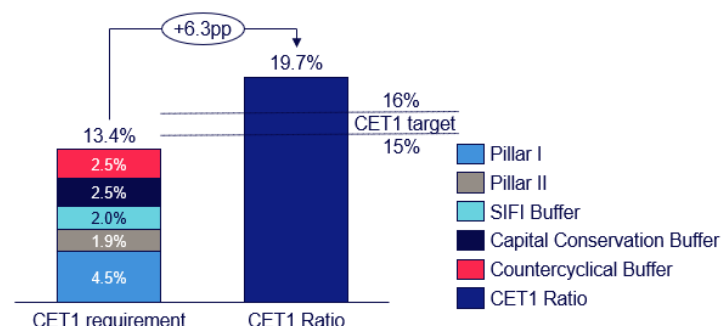
Group structure



Capital position

The CET1 ratio amounts to 19.7% at H1/2023, which is some 420 bps above Nykredit's capital policy target.

Nykredit has already reserved CET1 capital for Basel IV and a potential business cycle downturn.



More information

H1 Interim Report 2023 can be found [here](#), and the latest investor presentation is available [here](#).

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