

Nykredit H1/2022 credit update and issuance plan

H1/2022 results – highlights

- Profit before tax and business profit for H1/2022 were DKK 5,015 million and DKK 4,344 million, respectively.
- Nykredit maintains its previously raised guidance for profit before tax of DKK 8.5-9.5 billion from the former DKK 7.5-8.5 billion.
- Totalkredit's lending at nominal value has increased by 6% since end-June 2021 to DKK 888 billion at end-June 2022.
- Nykredit Bank's lending has increased by 20% from DKK 77.3 billion since end-June 2021 to DKK 93.0 billion at end-June 2022.
- Assets under management in Nykredit Wealth Management totalled DKK 405 billion at end-June 2022.
- Nykredit maintains a strong capital position with a Common Equity Tier 1 (CET1) capital ratio of 19.8%.

Results H1/2022 DKKm	Nykredit Group	Of which Nykredit Bank
Income	7,213	2,801
Costs	3,094	1,526
Impairment charges	(226)	237
Business profit	4,344	1,038
Legacy derivatives	670	670
Profit before tax	5,015	1,708

Key figures end-H1/2022

Total assets	1,588,436
REA	425,779
CET1 ratio	19.8%
Total capital ratio	22.5%
Cost:income ratio	42.9%
Impairment ratio (bps)	(2)
ROE pa	11.2%
ROAC* pa	12.1%

*Based on a CET1 ratio of 16%.

Asset quality and impact of covid-19 and the geopolitical conditions

95% of Nykredit's lending consists of mortgage loans secured on real estate, and the remaining 5% is bank loans.

Loan growth in both mortgage and bank lending continued in H1/2022. Arrears and other credit metrics remained very benign and impairment provisions showed a write-back of 2 bps. Write-offs continued to be at a low level.

Impairment charges for loans and advances are also expected at an exceptionally low level in 2022. The provisions taken for covid-19-induced losses have been reduced, while provisions for the consequential impacts of the geopolitical conditions have been increased.

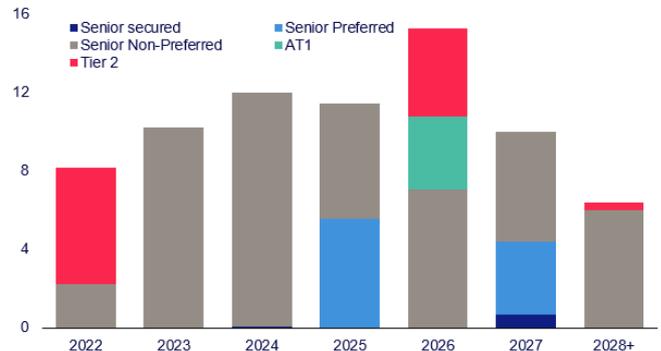
Issuance schedule

Nykredit must have a debt buffer that, combined with own funds and the MREL requirement, will amount to at least 8% of the consolidated balance sheet. Nykredit meets the 8% requirement at end-June 2022.

In H1/2022 Nykredit issued about DKK 3.7 billion-worth of senior preferred debt and about DKK 2.6 billion-worth of senior non-preferred debt.

Nykredit expects to issue DKK 5-10 billion in addition to the issuance of mortgage covered bonds (SDOs and ROs) in the remaining part of 2022.

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 end-H1/2022, the Bank's outstanding amount of ECPs was DKK 7.4bn.

ESG

Nykredit has integrated sustainability in its overall strategy. We have launched several green products and services to support the green transition and make green choices easier and more cost-effective for our customers.

In 2020, our Green Bond Framework was broadened to allow funding of assets other than mortgage loans.

About Nykredit

Nykredit is Denmark’s largest credit provider, offering costumers 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% 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-H1/2022 the Nykredit Group had an outstanding amount of covered bonds of DKK 1,495bn.

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.

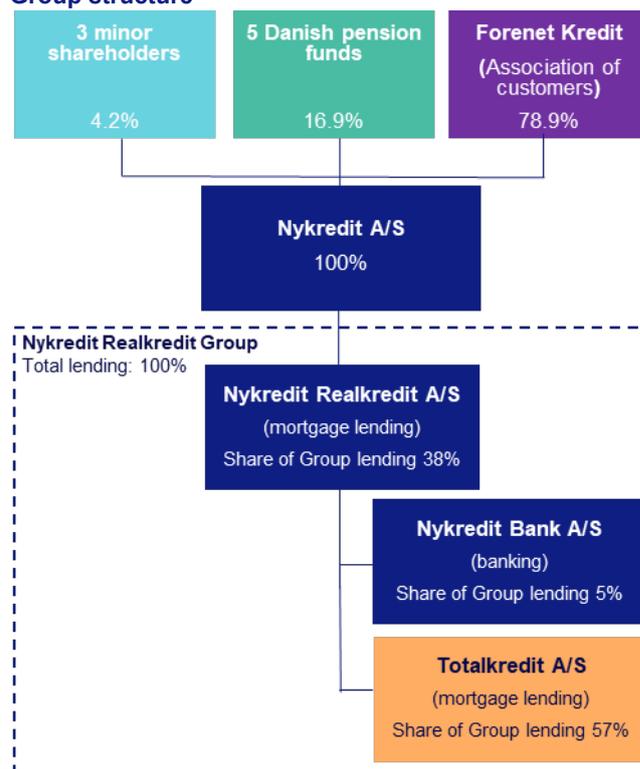
Nykredit Realkredit, a mortgage lender, is the operational parent company. Nykredit Realkredit is the issuer of covered bonds as well as other debt and capital instruments. Commercial paper is issued by Nykredit Bank.

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

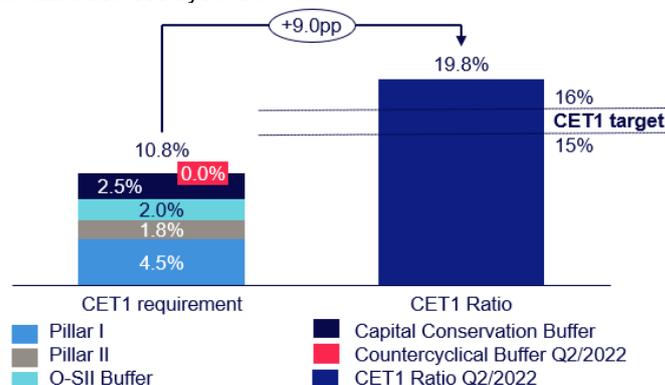
ESG ratings	Score	Range
MSCI	AA	CCC-AAA
SUSTAINALYTICS	13.9	100 - 0
CDP	A-	D- to A

Group structure



Capital position

The CET1 ratio amounts to 19.8% at end-H1/2022, which is some 400 bps above Nykredit’s capital policy target. Nykredit has already reserved CET1 capital for Basel IV and a potential business cycle downturn.



The CET1 target applies to 2022. The Systemic Risk Buffer (SRB) is currently 0%.

More information

H1 Interim Report 2022 can be found [here](#), and the latest investor presentation is available [here](#).

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