

Nykredit Q1/2023 credit update and issuance plan

Q12023 results – highlights

- Profit after tax for Q1/2023 was up 16% compared with Q1/2022 to DKK 2,799 million.
- Nykredit Bank's lending grew by 15% from Q1/2022 to currently DKK 92.1 billion.
- Totalkredit's lending was nominally DKK 875 billion at end-March 2023.
- Corporate mortgage lending grew by 7% compared with Q1/2022 to currently DKK 532.7 billion.
- Assets under management by Nykredit Wealth Management totalled DKK 429 billion in Q1/2023
- Nykredit maintains a strong capital position with a Common Equity Tier 1 (CET1) capital ratio of 20%.

Results Q1/2023 DKKm	Nykredit Group	Of which Nykredit Bank
Income	5,189	1,994
Costs	1,638	828
Impairment charges	(34)	(49)
Business profit	3,585	1,215
Legacy derivatives	(11)	(11)
Profit before tax	3,574	1,204

Key figures end-Q4/2022

Total assets	1,612,546
REA	419,852
CET1 ratio	20.0%
Total capital ratio	23.1%
Cost income ratio	31.6
Impairment ratio (bps)	0
ROE pa	11.9%

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 Q1/2023. Arrears and other credit metrics remained very benign and impairment provisions were a net reversal of DKK 34m owing to the continued strong performance of the Danish economy and our customers' good credit quality.

In Q1 Nykredit reversed DKK 0.3 billion of the total provisions taken to cover the increased risk from geopolitical tensions and the consequences of covid-19. By contrast, ESG-related provisions increased in Q1/2023.

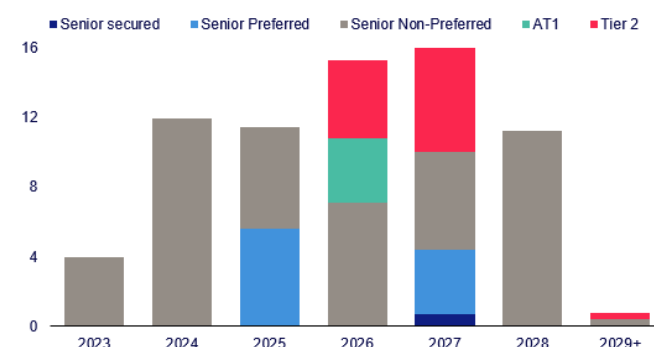
Issuance schedule

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 for bail-inable liabilities may exceed 8% of the consolidated balance sheet. as a result of rising capital requirements. In Q1 Nykredit issued about DKK 5.6 billion-worth of Senior Non-Preferred debt in order to meet the 2% debt buffer requirement, the 8% requirement and the ALAC criteria.

Apart from the issuance of covered bonds (SDOs and ROs), Nykredit's need to issue other capital market funding depends on the interest rate level as this affects the size of the balance sheet at fair value. Nykredit expects to issue about DKK 5 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 Q1/2023, the Bank's outstanding amount of ECPs was DKK 10.9bn.

ESG

In recent years, we have launched numerous products and other initiatives aimed at supporting our customers' green efforts. At Q1/2023, Nykredit had issued DKK 31.1 billion of green bonds for financing green buildings, renewable energy, energy distribution, etc.

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

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-Q1/2023 the Nykredit Group had an outstanding amount of covered bonds of DKK 1,306bn.

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.

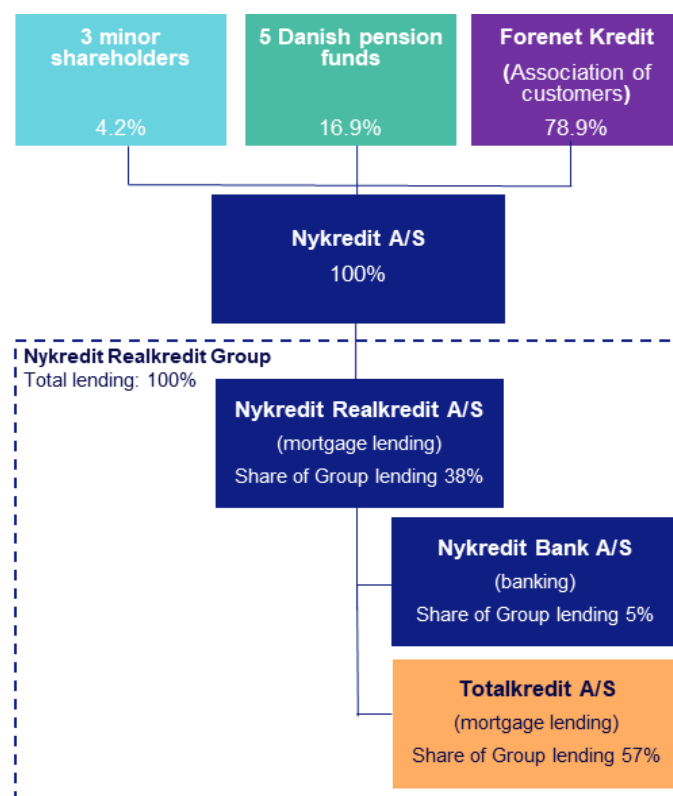
Group structure

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.

Group structure



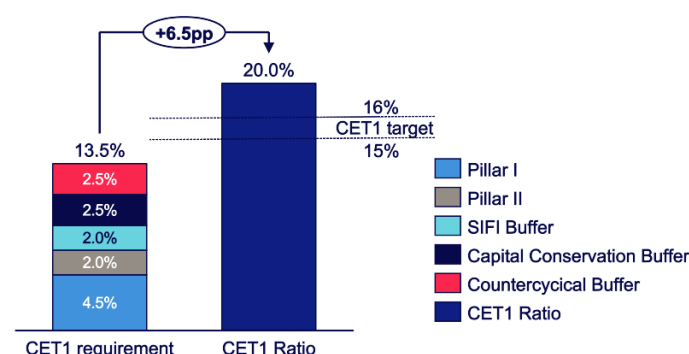
Credit ratings	Long term	Short term
S&P Global	A+	A-1
FitchRatings	A	F1

ESG ratings	Score	Range
MSCI	AAA	CCC-AAA
SUSTAINALYTICS	13.6	100 - 0
CDP	A-	D- to A

Capital position

The CET1 ratio amounts to 20% at Q1/2022, which is some 450 bps above Nykredit’s capital policy target.

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



More information

Q1 Interim Report 2023 can be found [here](#), and the latest investor presentation is available [here](#).

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