

# Nykredit FY2022 credit update and issuance plan

## FY2022 results – highlights

- Business profit and profit before tax for FY/2022 was DKK 10.6 billion and DKK 11.5 billion, respectively.
- For 2023, Nykredit is guiding for a profit after tax of DKK 8.0-9.0 billion.
- Totalkredit's nominal lending increased by DKK 11 billion to DKK 877 billion in the period.
- Nykredit Bank's lending increased by 16% to DKK 87 billion.
- Assets under management totalled DKK 406 billion at end-December 2022.
- Nykredit continue to hold a very strong capital position with a CET1 capital ratio of 19.5%.

Results FY2022 DKKm	Nykredit Group	Of which Nykredit Bank
Income	16,823	6,091
Costs	6,327	3,123
Impairment charges	(80)	396
<b>Business profit</b>	<b>10,576</b>	<b>2,573</b>
Legacy derivatives	931	931
<b>Profit before tax</b>	<b>11,507</b>	<b>3,504</b>

## Key figures end-Q4/2022

Total assets	1,600,131
REA	437,189
CET1 ratio	19.5%
Total capital ratio	22.5%
Cost income ratio	37.6
Impairment ratio (bps)	(1)
ROE pa	10.2%
ROAC* pa	14.0%

\*Based on a CET1 ratio of 16%.

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

94% of Nykredit's lending consists of mortgage loans secured on real estate, and the remaining 6% is bank loans.

Loan growth in both mortgage and bank lending continued in Q4/2022. Arrears and other credit metrics remained very benign and impairment provisions were a net reversal of DKK 80m.

Impairment charges for loans and advances are also 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.

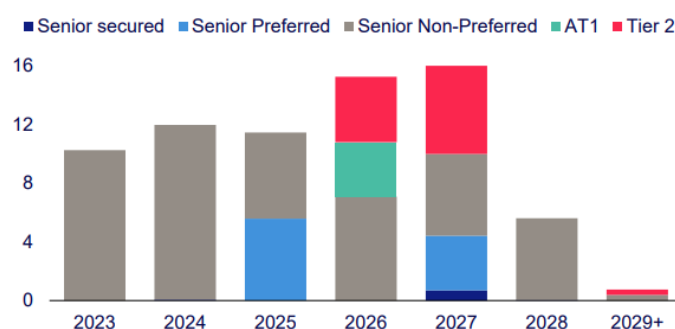
## Issuance schedule

Nykredit must have a debt buffer 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. At end-2022, Nykredit complied with the requirements of 2% and 8%, respectively.

In 2022 Nykredit issued about DKK 3.7 billion-worth of senior preferred debt, about DKK 2.6 billion-worth of senior non-preferred debt and about DKK 6.0 billion-worth of Tier 2 capital.

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. Nykredit expects to issue bonds worth up to DKK 10 billion by end-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 end- 2022, the Bank's outstanding amount of ECPs was DKK 9.5bn.

## ESG

In recent years, we have launched a long line of products and other initiatives aimed to support our customers' green efforts.

At end-2022, Nykredit had issued DKK 31.3 billion of green bonds for green buildings, renewable energy, energy distribution, etc.

In 2022, Nykredit has joined the Net Zero Banking Alliance and The Science Based Targets Initiative. Together with the Net Zero Asset Management initiative (2021), Nykredit is

committed to achieving net zero greenhouse gas emissions for our lending, investments and own operations by 2050, as well as aligning with the targets of the Paris Climate Agreement.

**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 45% 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-Q4/2022 the Nykredit Group had an outstanding amount of covered bonds of DKK 1,292bn.

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.

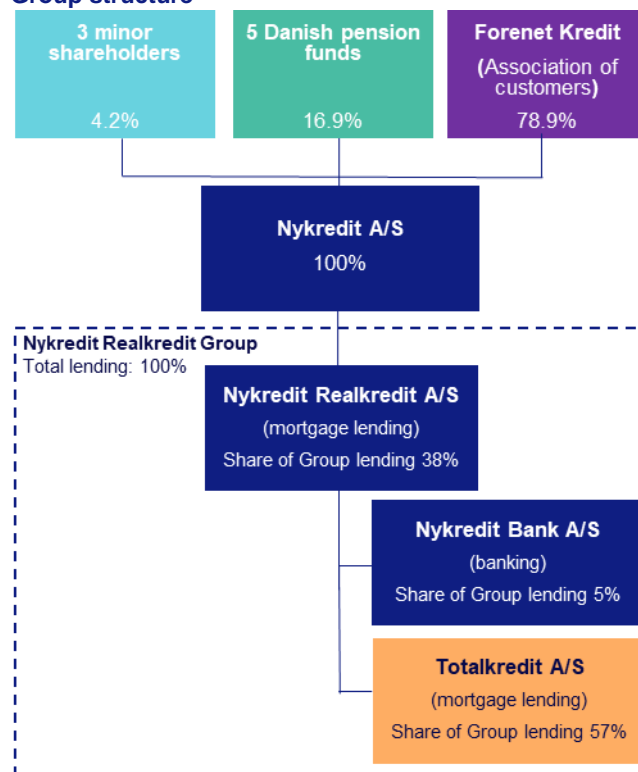
Nykredit Realkredit, a mortgage lender, is the operational parent company. Nykredit Realkredit is the issuer of covered bonds as well as other debt and capital instruments. Commercial paper is issued by Nykredit Bank.

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
<b>S&amp;P Global</b>	A+	A-1
<b>FitchRatings</b>	A	F1

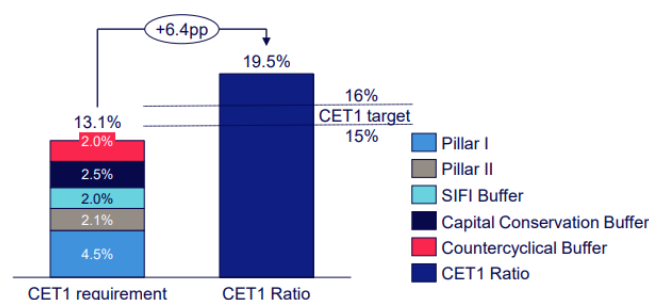
ESG ratings	Score	Range
<b>MSCI</b>	AA	CCC-AAA
<b>SUSTAINALYTICS</b>	13.6	100 - 0
<b>CDP</b>	A-	D- to A

**Group structure**



**Capital position**

The CET1 ratio amounts to 19.5% at end-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.



**More information**

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

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