



KOMMUNE
KREDIT

STEADY
& STABLE

Interim Report 2021

Summary

- Pre-tax profit amounted to DKK 299 million.
- Lending and leasing decreased by DKK 1.3 billion to DKK 191.2 billion from year-end 2020 as an increase in net lending of DKK 3.8 billion was countered by a decrease in value adjustments of DKK 5.1 billion.
- Net interest income amounted to DKK 180 million against DKK 221 million in the same period last year.
- Comprehensive income for the period amounted to DKK 233 million against DKK 145 million for the same period last year.
- Common Equity Tier 1 (CET1) capital corresponding to equity increased to DKK 8,630 million from DKK 8,397 million at year-end 2020.
- At 3.7% the equity ratio is almost unchanged from 31 December 2020.

KommuneKredit has today 9 September 2021 announced its [interim report for the first half of 2021](#).

Nominal lending and leasing growth in the first half of 2021 was higher than expected. One of the reasons for this was the ability of local governments to accelerate investments due to the COVID-19 lockdown.

Framework for KommuneKredit's lending

We are keeping a close eye on a proposal for new state aid guidelines that was recently submitted for consultation by the European Commission, and which proposed extended and more flexible access to granting aid for energy-efficient district heating, including district heating based on waste incineration.

In connection with the announcement of the Interim Report CEO Jens Lundager states:

» *Both in the district heating and the waste energy sector, political decisions have been made in Denmark in recent years which in the longer term could mean there would no longer be an adequate basis for KommuneKredit to grant loans to these sectors.*

He continues:

» *I believe that the proposal made by the European Commission is a path to future-proofing KommuneKredit's lending to, for example, district heating projects. It is a prerequisite that Denmark works to ensure that the new guidelines can be applied to KommuneKredit's funding of the local, green transition – which is currently being planned and carried out on a large scale.*

Guidance for 2021

We still expect net interest income of approximately DKK 400 million, while expectations for administrative expenses have been adjusted down from DKK 160 million to DKK 140 million. Barring any value adjustments, we expect a pre-tax profit of DKK 260 million. In the first half of 2021, value adjustments amounted to DKK 190 million.

We upgrade our guidance for net lending for 2021 from DKK 4 billion to DKK 10 billion as a result of the budget agreement between the government and Danish Regions for 2022, in which the regions have been authorized to borrow approximately DKK 6 billion for the payment of frozen holiday funds.

Contact

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Key figures and financial ratios for KommuneKredit

DKKm	First half 2021	First half 2021	First half 2020	Full year 2020
	EUR	DKK	DKK	DKK
Key figures for the period				
Net interest income	24	180	221	440
Other operating income	0	3	5	15
Other operating expenses	-1	-7	-8	-14
Administrative expenses	-9	-68	-67	-130
Profit before value adjustments	15	109	152	311
Value adjustment of financial instruments	26	190	35	-33
Tax on profit for the period	-9	-66	-41	-60
Comprehensive income for the period	31	233	145	218
Lending and leasing	25,708	191,156	190,698	192,547
Portfolio of securities	4,942	36,745	37,609	33,568
Assets	31,519	234,368	236,685	233,872
Debt securities issued	29,179	216,970	216,443	212,728
Equity	1,161	8,630	8,324	8,397
Activities during the period				
Lending and leasing, net additions in nominal value (net lending)	509	3,782	3,914	5,057
Lending and leasing, gross additions in nominal value	2,673	19,874	23,926	43,507
Issued securities, gross additions in nominal value	4,738	35,229	26,855	43,163
Capital structure				
Total Risk Exposure Amount (REA)	1,641	12,202	13,817	11,496
Common Equity Tier 1 (CET1) capital	1,161	8,630	8,324	8,397
Capital base	1,147	8,530	8,165	8,277
Capital ratio, pct.	70	70	59	72
Equity ratio, pct.	3.7	3.7	3.5	3.6
Selected financial ratios				
Losses on lending and leasing	0	0	0	0
Expenses/assets, pct.	0.03	0.03	0.03	0.06
Net interest income/assets, pct.	0.08	0.08	0.09	0.19
Liquidity resources, pct.	15	15	15	13
Number of full-time employees	87	87	79	82

Key figures and financial ratios have been calculated in accordance with "Recommendations & Financial Ratios" issued by CFA Society Denmark.
Exchange rate at 30/06/2021: EUR 100 = DKK 743.5822. The format is unchanged from last year.