



KOMMUNE
KREDIT

STEADY
& STABLE

Interim Report 2022

Summary

- Profit before tax and value adjustments amounted to DKK 65 million, while comprehensive income for the 1st half of 2022 was DKK 468 million against DKK 233 million in the 1st half of 2021. The change is mainly due to value adjustments of DKK 535 million against DKK 190 million in the 1st half of 2021.
- At DKK 187 million, net interest income was in line with expectations.
- Net lending increased by DKK 3 billion, while total lending dropped DKK 15 billion to approximately DKK 180 billion due to negative fair value adjustments of DKK 19 billion as a result of rising interest rates.
- Common Equity Tier 1 (CET1) capital, corresponding to equity, increased to DKK 9,243 million from DKK 8,775 million at the end of 2021.

KommuneKredit has today 9 September 2022 announced the [interim report for the first half of 2022](#).

KommuneKredit generated a profit before value adjustments and tax of DKK 65 million for the first half of 2022, which was just under DKK 30 million less than expected at the beginning of the year. Net interest income came to DKK 187 million, while administrative expenses amounted to DKK 119 million. The administrative expenses were DKK 37 million more than expected, which was mainly attributable to a provision for additional payroll tax, see note 4.1 in the Annual Report 2021.

Including value adjustments of DKK 535 million, comprehensive income for the first half of the year was DKK 468 million.

In accordance with KommuneKredit's articles of association, the association may not pay dividends, which is why net profit is transferred to equity. KommuneKredit had an equity ratio of 3.8 pct. at 30 June 2022, against 3.5 pct. at 31 December 2021.

Expanding district heating

KommuneKredit has financed a very large part of district heating in Denmark. But in recent years Danish regulations have been amended, which may lead to increased competition in some areas and thus prevent KommuneKredit from providing financing. There are, however, new EU regulations that make granting state aid to these essential investments possible, and on that basis, we expect to continue to provide loans for all types of energy-efficient district heating projects.

» *We at KommuneKredit will strive to ensure that district heating companies across the country can fund their major green investments at the lowest possible cost - also in the future...*

Jens Lundager
CEO

Outlook for 2022

We still expect net interest income for 2022 of DKK 350 million and net lending of DKK 4,500 million. Reflecting the provision for additional payroll tax, administrative expenses are now expected at DKK 200 million, compared with the previous forecast of DKK 165 million. Barring any value adjustments, we expect a pre-tax profit of DKK 150 million. Value adjustments for the first half of 2022 amounted to DKK 535 million.

Contact

CEO Jens Lundager,
phone + 45 3369 7622,
email: jlu@kommunekredit.dk

KommuneKredit

Kultorvet 16
DK-1175 Copenhagen K

Telephone +45 3311 1512
Fax +45 3391 1521

www.kommunekredit.com
e-mail kk@kommunekredit.dk

CVR no.: 2212 8612
EAN no.: 5790001265762

Key figures and Financial ratios

DKKkm	First half 2022	First half 2022	First half 2021	First half 2020	First half 2019	First half 2018	Full year 2021
	EUR	DKK	DKK	DKK	DKK	DKK	DKK
Key figures							
Net interest income	25	187	180	221	250	235	383
Other operating income	0	4	3	5	7	6	8
Other operating expenses	-1	-6	-7	-8	-7	-7	-13
Administrative expenses	-16	-119	-68	-67	-62	-62	-140
Profit before value adjustments	9	65	109	152	187	172	238
Value adjustment of financial instruments	72	535	190	35	218	163	249
Tax on profit for the year	-18	-132	-66	-41	-89	-74	-109
Comprehensive income for the year	63	468	233	145	316	261	378
Lending and leasing	24,131	179,513	191,156	190,698	185,878	176,788	194,948
Portfolio of securities	6,792	50,530	36,745	37,609	42,181	45,683	48,387
Assets	32,978	245,327	234,368	236,685	237,182	229,599	249,077
Debt securities issued	29,813	221,784	216,970	216,443	216,451	207,718	233,892
Equity	1,242	9,243	8,630	8,324	8,052	7,593	8,775
Activities during the year							
Lending and leasing, net additions in nominal value (net lending)	453	3,367	3,782	3,914	2,774	3,423	8,675
Lending and leasing, gross additions in nominal value	2,273	16,912	19,874	23,926	17,995	24,067	36,958
Debt securities issued, gross additions in nominal value	4,479	33,319	35,229	26,855	31,762	42,871	65,112
Capital structure							
Total risk exposure amount (REA)	2,187	16,267	12,202	13,817	14,366	19,926	13,859
Common Equity Tier 1 (CET1) capital	1,242	9,243	8,630	8,324	8,052	7,593	8,775
Capital base	1,228	9,136	8,530	8,165	7,851	7,340	8,660
Capital ratio, pct.	56	56	70	59	55	37	63
Equity ratio, pct.	3.8	3.8	3.7	3.5	3.4	3.3	3.5
Selected financial ratios							
Losses on lending and leasing	0	0	0	0	0	0	0
Expenses/assets, pct.	0.05	0.05	0.03	0.03	0.03	0.03	0.06
Net interest income/assets, pct.	0.08	0.08	0.08	0.09	0.11	0.10	0.15
Liquidity resources, pct.	22	22	15	15	18	22	20
Number of full-time employees	94	94	87	79	74	69	88

Key figures and financial ratios have been calculated in accordance with "Recommendations & Financial Ratios" issued by CFA Society Denmark.
Exchange rate at 30/06/2022, 100 EUR = 743.91.