

Press release

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**Realkredit Danmark recorded a net profit of DKK 3,626 mio.**

Kamilla Hammerich Skytte, CEO, comments on the financial results:

*"2022 brought stable earnings in an unpredictable year. Total income was on a par with 2021, while expenses in 2022 increased mainly as a result of non-recurring costs and higher payments of value-added tax. Fewer customers bought or sold a home in 2022, and this dwindling market activity affected lending levels, especially in the fourth quarter. Rapidly rising interest rates opened up a lot of remortgaging opportunities during the year, enabling many homeowners to reduce their outstanding debt significantly.*

*In the wake of the war in Ukraine and rising energy prices, we saw both owners and buyers pay more attention to properties' heating source and energy performance in 2022. We expect this to continue, and we will continue to support the green transition in the Danish housing sector with advantageous loans for energy efficiency improvements.*

*Our website, [rd.dk](https://rd.dk), saw high levels of activity, with both new and existing customers using our new tools to track mortgage rates and remortgaging opportunities.*

*We still believe that our credit quality is high and that our customers are generally in a good position to weather further challenging and uncertain financial conditions in 2023. The average loan-to-value for our customers was 48% at the end of the year."*

The annual report is available at [www.rd.dk](https://www.rd.dk). 2022 vs 2021 highlights are shown below:

- In 2022, Realkredit Danmark's net profit was DKK 3,626 million, against DKK 3,669 million the year before. Developments in net profit for 2022 were affected by higher income relating to lending activity, higher costs and lower loan impairment charges.

Side 2

- The administration margin decreased DKK 124 million driven by the lower average loan-to-value. Net fee income rose DKK 145 million driven by higher remortgaging activity.
- Expenses amounted to DKK 1,105 million in 2022, against DKK 995 million in 2021. The increase was attributable to a DKK 48 million provision for Realkredit Danmark's part of the debt collection legacy remediation and DKK 108 million from termination of Danske Bank's VAT group.
- Loan impairment charges decreased by DKK 57 million in spite of charges related to Realkredit Danmark's share of debt collection write-offs at DKK 174 million in the third quarter of 2022.
- The steeply increasing mortgage rates resulted in strong remortgaging activity during 2022, and our customers reduced their nominal outstanding debt by DKK 12.9 billion in 2022. Mortgage lending at nominal value decreased by 1%, but measured at fair value, the decrease was 11%. The latter was attributable to lower bond prices due to the rising interest rate levels.
- Realkredit Danmark remains committed to offering green bond mortgage finance in corporate segments. Customer responses remain very positive, and at 31 December 2022 total lending amounted to DKK 21.5 billion.
- We monitor the carbon footprint of our lending portfolio, except manufacturing, and we measure developments against the targets we have set, both short-term and long-term. As part of the Danske Bank Group we are fully committed to our Climate Action Plan of reducing funded emissions on commercial real estate and personal mortgages in Denmark by 75% by 2030. We are further committed to the Group targets of the Net-Zero Banking alliance of net-zero emissions of our loan portfolio by 2050.
- Realkredit Danmark expects net profit in 2023 to be on par with 2022.

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