



KOMMUNE  
KREDIT

# Interim Report 2023

KommuneKredit has today 7 September 2023 announced  the Interim Report for the 1st half of 2023.

## Summary

- Profit for the period amounted to DKK 87 million before tax and value adjustments, while comprehensive income was DKK 187 million against DKK 468 million in the 1st half of 2022.
- Net interest income amounted to DKK 191 million, which is an increase of DKK 4 million relative to the year-earlier period.
- The value of total lending rose from DKK 175.0 billion at year-end 2022 to DKK 181.1 billion as of 30 June 2023, which is due to the growth in net lending and positive value adjustments.
- Common Equity Tier 1 (CET1) capital, corresponding to equity, increased to DKK 9,953 million from DKK 9,766 million at the end of 2022.

KommuneKredit's profit before value adjustments and tax amounted to DKK 87 million as of 30 June 2023, which is an increase of DKK 22 million compared to the same period last year. This includes net interest income of DKK 191 million and administrative expenses of DKK 100 million. With value adjustments of DKK 153 million, the comprehensive income for the period was DKK 187 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 4.1 pct. as of 30 June 2023, which is in line with expectations for the year.

## New Act on KommuneKredit

A new act on KommuneKredit came into force on 1 July 2023. There are no changes to the basic business model and existing lending agreements continue without alteration, but the act opens up for lending to Greenlandic and Faroese municipalities against a full guarantee from the Danish State. We expect to start lending to Greenlandic municipalities from 1 January 2024.

## Outlook for 2023

Relative to previous guidance, we downgrade net lending from the expected level of DKK 4.5 billion to DKK 3.0 billion. We have also upgraded our guidance for administrative expenses from DKK 190 million to DKK 205 million. This is due to progress in our strategic projects, in which we have successfully started up projects faster than we had budgeted for at the beginning of the year and higher costs for VAT and payroll tax. Accordingly, we forecast a profit for the year before value adjustments and tax of DKK 195 million. Value adjustments for the first half of 2023 amounted to DKK 153 million.

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## Key figures and financial ratios for KommuneKredit

DKK m	First half 2023	First half 2023	First half 2022	First half 2021	First half 2020	First half 2019	Full year 2022
	EUR	DKK	DKK	DKK	DKK	DKK	DKK
<b>Key figures for the period</b>							
Net interest income	26	191	187	180	221	250	360
Administrative expenses	-13	-100	-119	-68	-67	-62	-224
Profit before value adjustments	12	87	65	109	152	187	129
Value adjustment of financial instruments	21	153	535	190	35	218	1,144
Tax on profit for the period	-7	-53	-132	-66	-41	-89	-282
Comprehensive income for the period	25	187	468	233	145	316	991
Loans and leases	24,313	181,070	179,513	191,156	190,698	185,878	174,974
Portfolio of securities	6,214	46,279	50,530	36,745	37,609	42,181	46,591
Assets	32,263	240,280	245,327	234,368	236,685	237,182	237,052
Debt securities issued	28,418	211,642	221,784	216,970	216,443	216,451	207,899
Equity	1,336	9,953	9,243	8,630	8,324	8,052	9,766
<b>Activities during the period</b>							
Loans and leases, net additions in nominal value (net lending)	577	4,296	3,367	3,782	3,914	2,774	4,766
Loans and leases, gross additions in nominal value	2,217	16,508	16,912	19,874	23,926	17,995	28,057
Debt securities issued, gross additions in nominal value	3,330	24,801	33,319	35,229	26,855	31,762	52,692
<b>Capital structure</b>							
Total Risk Exposure Amount (REA)	2,038	15,176	16,267	12,202	13,817	14,366	15,653
Common Equity Tier 1 (CET1) capital	1,336	9,953	9,243	8,630	8,324	8,052	9,766
Capital base	1,326	9,873	9,136	8,530	8,165	7,851	9,684
Capital ratio, pct.	65	65	56	70	59	55	62
Equity ratio, pct.	4.1	4.1	3.8	3.7	3.5	3.4	4.1
<b>Selected financial ratios</b>							
Losses on loans and leases	0	0	0	0	0	0	0
Expenses/assets, pct.	0.04	0.04	0.05	0.03	0.03	0.03	0.09
Net interest income/assets, pct.	0.08	0.08	0.08	0.08	0.09	0.11	0.14
Liquidity resources, pct.	20	20	22	15	15	18	21
Number of full-time employees	102	102	94	87	79	74	97

Key figures and financial ratios have been calculated in accordance with "Recommendations & Financial Ratios" issued by CFA Society Denmark.  
Exchange rate at 30/06/2023, 100 EUR = 744.75.