

Press release

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## **Realkredit Danmark reports net profit of DKK 3,883 million for 2020**

Realkredit Danmark today published its annual report for 2020.

Carsten Nøddebo, CEO, comments on the financial results:

*“Realkredit Danmark has had a satisfactory year with an increase in lending and a successful launch of the fixed-rate version of our FlexLife® loan, which at the end of the year had reached a loan volume of DKK 7 billion and thus was off to an even better start than we had expected. Large corporates and investors showed keen interest in green bonds, which are a key element in the ambition and goal that we share with our customers of contributing to the green transition.*

*Net profit was lower than the year before, mainly because of an increase in loan impairment charges, lower administration margin income and lower remortgaging activity. Despite impairment reversals in the first quarter of the year and the better-than-expected developments in the housing market, the level of impairment charges reflects the potential future impact of the corona crisis on customers in the housing and property market. We will continue to do all we can to help our customers handle the challenges that may arise in the coming time in connection with the corona crisis as best possible.”*

The report is available at [rd.dk](http://rd.dk). Highlights are shown below:

- The Realkredit Danmark Group recorded a net profit of DKK 3,883 million in 2020, against DKK 4,396 million in 2019. The profit was affected by higher loan impairment charges and lower administration margin income, as well as by a decline in income relating to lending activity, which declined in 2020 after very strong remortgaging activity in 2019.
- Loan impairment charges amounted to DKK 335 million in 2020, against DKK 265 million in 2019. This was driven by a reversal of modelled expected credit losses of DKK 265 million in all main industries and an adjustment of DKK 723 million related to the continued uncertainty as to how the corona crisis affects the economy. Despite the corona crisis, underlying credit quality remained strong with low delinquencies and robust collateral.

- Fixed-rate mortgages have regained the role as the preferred mortgage loan type among homeowners in Denmark. This, combined with the fact that customers are increasingly making repayments on their loans, resulted in a small drop in administration margin income.
- In September 2020, Realkredit Danmark launched a version of the FlexLife® loan that offers a fixed rate of interest for 30 years and enhanced flexibility. The fixed-rate FlexLife® loan was very well received by customers, and at 31 December 2020, Realkredit Danmark had disbursed loans of this type for DKK 7 billion.
- Realkredit Danmark was the first of the Danish mortgage credit institutions to support the green transition by launching green mortgage bonds in Denmark, and was the first Danish mortgage credit institution to have its green bonds classified as most liquid assets. To date, we have disbursed green loans for DKK 6.7 billion. The bonds are issued to finance purchases by large business customers of properties with documentation of energy efficiency.
- We also offer green covered bonds to fund properties in Sweden and have to date disbursed loans for a total value of DKK 3.0 billion in that market. We plan also to offer green covered bonds in Norway in the future.
- In a market with all-time low interest rates, the remortgaging activity recorded in 2019 continued into 2020, although at a significantly lower level.
- Realkredit Danmark expects net profit for 2021 to be marginally lower than in 2020.

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