



Annual Report 2022

Summary

- Net interest income amounted to DKK 339 million against DKK 381 million in 2021.
- Profit before value adjustments and tax totalled DKK 129 million. This was DKK 109 million lower than in 2021. The decline was due to a combination of slightly lower net interest income and an increase in administrative expenses.
- Comprehensive income for the year amounted to DKK 991 million compared with DKK 378 million in 2021. The increase was driven primarily by the higher value adjustment in 2022.
- Net lending, which is new loans including leases less repayment instalments and redemptions, amounted to DKK 4.8 billion.
- Common Equity Tier 1 (CET1) capital, which equals equity, increased to DKK 9,766 million from DKK 8,775 million at the end of 2021.

Today, 9 March 2023, KommuneKredit announced its [Annual Report 2022](#).

Market developments did not as such have any impact on KommuneKredit's net interest income. The reason is that we pass on the market rates to our customers at a small margin. Our profit before tax and value adjustments in 2022 was not in line with what we expected at the beginning of the year due to our higher costs.

On the other hand, market developments affected our value adjustments because we measure both assets and

liabilities at market value. In 2022, we recorded positive value adjustments of DKK 1.1 billion, and our pre-tax profit was therefore a record-high DKK 1.3 billion. The positive value adjustment will be partly offset by negative value adjustments over the coming years and we expect this to reduce profit going forward.

Net interest income fell from DKK 496 million in 2019 to DKK 339 million in 2022. The reduction results in a deliberate downward trend in profit before value adjustments. At the same time, it increases the likelihood of negative fair value adjustments resulting in an overall negative result in individual years going forward.

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. at the end of 2022, against 3.5 pct. at 31 December 2021.

Outlook for 2023

At KommuneKredit, we expect our possibilities of raising funding will remain unaffected by any turbulence in the financial markets in 2023. We expect to maintain our equity ratio at not less than 3 pct. Net lending is expected to amount to DKK 4.5 billion, while net interest income is expected in the amount of DKK 400 million. We expect administrative expenses of approximately DKK 190 million.

Contact

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Key figures and financial ratios for KommuneKredit

Million	2022	2022	2021	2020	2019	2018
	EUR	DKK	DKK	DKK	DKK	DKK
Key figures						
Net interest income	46	339	383	440	496	441
Other operating income	4	27	8	15	13	11
Other operating expenses	-2	-13	-13	-14	-13	-12
Administrative expenses	-30	-224	-140	-130	-126	-127
Profit before value adjustments	17	129	238	311	369	314
Value adjustment of financial instruments	154	1,144	249	-33	227	227
Tax on profit for the year	-38	-282	-109	-60	-148	-119
Comprehensive income for the year	133	991	378	218	441	405
Loans and leases	23,529	174,974	194,948	192,457	184,965	177,454
Portfolio of securities	6,265	46,591	48,387	33,568	44,982	42,944
Assets	31,877	237,052	249,077	233,872	236,935	226,609
Debt securities issued	27,957	207,899	233,892	212,728	218,932	208,218
Equity	1,313	9,766	8,775	8,397	8,179	7,736
Activities during the year						
Loans and leases, net additions in nominal value (net lending)	641	4,766	8,675	5,057	2,427	3,554
Loans and leases, gross additions in nominal value	3,773	28,057	36,958	43,507	36,745	38,261
Debt securities issued, gross additions in nominal value	7,086	52,692	65,112	43,163	49,699	60,055
Capital structure						
Total Risk Exposure Amount (REA)*	2,105	15,653	13,859	11,496	11,911	13,843
Common Equity Tier 1 (CET1) capital	1,313	9,766	8,775	8,397	8,179	7,736
Capital base	1,302	9,684	8,660	8,277	7,997	7,520
Capital ratio, pct.*	62	62	63	72	67	54
Equity ratio, pct.	4.1	4.1	3.5	3.6	3.5	3.4
Selected financial ratios						
Losses on loans and leases	0	0	0	0	0	0
Expenses/assets, pct.	0.09	0.09	0.06	0.06	0.05	0.06
Net interest income/assets, pct.	0.14	0.14	0.15	0.19	0.21	0.19
Liquidity resources, pct.	21	21	20	13	19	19
Number of full-time employees	97	97	88	82	76	70

Key figures and financial ratios have been calculated in accordance with "Recommendations & Financial Ratios" issued by CFA Society Denmark.

Exchange rate at 31 December 2022: EUR 100 = DKK 743.6475.

* REA and capital ratio have been calculated in accordance with the principles applying to credit institutions, though these rules do not apply to KommuneKredit.