



KOMMUNE  
KREDIT

STEADY  
& STABLE

# ANNUAL REPORT 2020

## Summary

- Lending and leasing increased by DKK 7 billion to DKK 192 billion.
- At DKK 440 million, net interest income was slightly higher than full-year expectations.
- Pre-tax profit for the year amounted to DKK 278 million, while comprehensive income for the year was DKK 218 million, against DKK 441 million in 2019. The difference was due to lower value adjustments.
- Common Equity Tier 1 (CET1) capital, which equals equity, increased to DKK 8,397 million from DKK 8,179 million at the end of 2019.

Today, 11 March 2021, KommuneKredit released its

📄 [Annual Report 2020](#).

KommuneKredit continued its stable financial performance in 2020, and the pre-tax profit of DKK 278 million and a net profit for the year of DKK 218 million is satisfactory.

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 3.6 pct. at the end of 2020, against 3.5 pct. at 31 December 2019.

In connection with the announcement of the annual report, Chairman of the Board Lars Krarup states:

»» *In 2020, we defined a new strategy for KommuneKredit – Strategy 2025 – which will continue the developments we have achieved in recent years.*”

He continues:

»» *We have put every ounce of energy into creating the KommuneKredit of tomorrow – exclusively to the benefit of our customers. We will create cohesion and a platform allowing municipalities and regions and, ultimately, our citizens to get as much growth and development for their money as possible.*”

We offer our members financing on equal terms across all parts of the country – regardless of whether it is small projects supporting local association activities or large, long-term investments in critical infrastructure like waste incineration and district heating.

CEO Jens Lundager comments:

»» *I am proud that KommuneKredit has been able to meet our customers' financing needs as usual – despite the COVID-19 pandemic. We have continued to fulfil our role, creating financial latitude for local communities across Denmark.*”

## Outlook for 2021

We expect that the situation following from COVID-19 will continue not to affect KommuneKredit's results in 2021 as our business model is highly robust to financial market instability. We expect to maintain our equity ratio above 3 pct. In addition, we expect net lending of a little over DKK 4 billion and net interest income of around DKK 400 million.

Provided the COVID-19 pandemic eases its grip on society in 2021, we expect administrative expenses to be approximately DKK 160 million.

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**Key figures and financial ratios for KommuneKredit**

Million	2020	2020	2019	2018	2017	2016
	EUR	DKK	DKK	DKK	DKK	DKK
<b>Key figures</b>						
Net interest income	59	440	496	441	637	656
Other operating income	2	15	13	11	11	10
Other operating expenses	-2	-14	-13	-12	-14	-10
Administrative expenses	-17	-130	-126	-127	-123	-106
Profit before value adjustments	42	311	369	314	511	550
Value adjustment of financial instruments	-4	-33	227	227	117	89
Tax on profit for the year	-8	-60	-148	-119	-138	-141
Comprehensive income for the year	29	218	441	405	489	497
Lending and leasing	25,881	192,457	184,965	177,454	173,580	168,589
Portfolio of securities	4,514	33,568	44,982	42,944	42,361	34,049
Assets	31,451	233,872	236,935	226,609	222,564	223,938
Debt securities issued	28,607	212,728	218,932	208,218	202,145	202,642
Equity	1,129	8,397	8,179	7,736	7,333	6,844
<b>Activities during the year</b>						
Lending and leasing, net additions in nominal value (net lending)	680	5,057	2,427	3,554	5,022	8,998
Lending and leasing, gross additions in nominal value	5,851	43,507	36,745	38,261	29,835	31,113
Debt securities issued, gross additions in nominal value	5,804	43,163	49,699	60,055	71,379	85,963
<b>Capital structure</b>						
Total risk exposure amount (REA)	1,546	11,496	11,911	13,843	17,544	7,393
Common Equity Tier 1 (CET1) capital	1,129	8,397	8,179	7,736	7,333	6,844
Capital base	1,113	8,277	7,997	7,520	7,121	6,324
Capital ratio, pct.	72	72	67	54	41	86
Equity ratio, pct.	3.6	3.6	3.5	3.4	3.3	3.1
<b>Selected financial ratios</b>						
Losses on lending and leasing	0	0	0	0	0	0
Expenses/assets, pct.	0.06	0.06	0.05	0.06	0.06	0.05
Net interest income/assets, pct.	0.19	0.19	0.21	0.19	0.28	0.29
Liquidity resources, pct.	13	13	19	19	20	16
<b>Selected ESG figures</b>						
CO <sub>2</sub> e Scope 2 (indirect) (t)	16	16	18	21	20	23
Gender composition (women), pct.	41.1	41.1	39.9	42.6	43.9	46.6
Board meeting participation, pct.	82.1	82.1	83.3	86.1	80.6	86.1
Number of full-time employees	82	82	76	70	70	66

Key figures and financial ratios have been calculated in accordance with "Recommendations & Financial Ratios" issued by CFA Society Denmark. Exchange rate at 31/12/2020: EUR 100 = DKK 743.6126. The table includes selected ESG figures from the CSR report.