



KOMMUNE
KREDIT

STEADY
& STABLE

INTERIM REPORT 2018

SUMMARY

- Profit for the period before value adjustments and tax amounted to DKK 172 million against DKK 282 million in the first half of 2017.
- Comprehensive income for the period was DKK 261 million against DKK 269 million in the first half of 2017.
- Net interest income decreased to DKK 235 million from DKK 341 million in the first half of 2017.
- Common Equity Tier 1 (CET1) capital, corresponding to equity, rose to DKK 7,593 million from DKK 7,333 million at year-end 2017.
- The equity ratio was unchanged from year-end 2017 at 3.3%.
- Lending and leasing rose to DKK 177 billion from DKK 174 billion at year-end 2017.
- No loss on lending for the 120th consecutive year.

COMMENT FROM THE CEO

In connection to the announcement of the Interim Report 2018 CEO Jens Lundager says:

» *KommuneKredit does not need to make a profit on our lending to municipalities and regions. Thus, our profitability is expressed through low interest rates rather than high earnings.*

We have had a satisfactory development in the first half of 2018. Required earnings has been below our expectations at the beginning of the year, expenses are in line with expectations, while the equity ratio was on the high side of the target at the end of the period.

Our lending is based on equal terms for all clients, regardless of geographical location. Total lending increased by DKK 3 billion in the first half of 2018."

GUIDANCE FOR 2018

We still expect net new lending to amount to DKK 5 billion in 2018. Guidance for net interest income for 2018 has been revised down from DKK 500 million to DKK 400 million, which is considered adequate to continue meeting the target of an equity ratio of 3%.

Profit before value adjustments is expected to be just under DKK 300 million for the year.

CONTACT

For further information please contact:

CEO Jens Lundager
phone +45 3369 7622
email: jlu@kommunekredit.dk

KommuneKredit

Kultorget 16
DK-1175 Copenhagen K

Telephone +45 3311 1512
Telefax +45 3391 1521

www.kommunekredit.com
e-mail kk@kommunekredit.dk

CVR no.: 2212 8612
EAN no.: 5790001265762

› PRELIMINARY ANNOUNCEMENT OF FINANCIAL STATEMENTS, 31 AUGUST 2018

| DKKm | First Half 2018 | First Half 2018 | First Half 2017 | Full Year 2017 |
|---|--------------------|--------------------|--------------------|-------------------|
| | EUR | DKK | DKK | DKK |
| KEY FIGURES | | | | |
| Net interest income | 32 | 235 | 341 | 637 |
| Other operating income | 1 | 6 | 6 | 11 |
| Other operating expenses | -1 | -7 | -7 | -14 |
| Administrative expenses | -8 | -62 | -58 | -123 |
| Profit before value adjustments | 23 | 172 | 282 | 511 |
| Value adjustment of financial instruments | 22 | 163 | 63 | 117 |
| Tax on profit for the period | -10 | -74 | -76 | -138 |
| Comprehensive income for the period | 35 | 261 | 269 | 489 |
| Lending and leasing | 23,708 | 176,788 | 172,271 | 173,580 |
| Portfolio of securities | 6,126 | 45,683 | 42,706 | 42,361 |
| Assets | 30,791 | 229,599 | 230,199 | 222,564 |
| Debt securities issued | 27,856 | 207,718 | 210,357 | 202,145 |
| Equity | 1,018 | 7,593 | 7,113 | 7,333 |
| ACTIVITIES DURING THE PERIOD | | | | |
| Lending and leasing, net additions in nominal value (net new lending) | 459 | 3,423 | 4,939 | 5,022 |
| Lending and leasing, gross additions in nominal value | 3,228 | 24,067 | 19,008 | 29,835 |
| Debt securities issued, gross additions in nominal value | 5,749 | 42,871 | 54,741 | 71,379 |
| CAPITAL STRUCTURE | | | | |
| Total risk exposure amount (REA) | 2,672 | 19,926 | 9,699 | 17,544 |
| Common Equity Tier 1 (CET1) capital | 1,018 | 7,593 | 7,113 | 7,333 |
| Capital base | 984 | 7,340 | 6,590 | 7,121 |
| Capital ratio* | 37 | 37 | 68 | 41 |
| Equity ratio (%) | 3.3 | 3.3 | 3.1 | 3.3 |
| SELECTED FINANCIAL RATIOS | | | | |
| Losses on lending and leasing | 0 | 0 | 0 | 0 |
| Administrative expenses/assets (%) | 0.03 | 0.03 | 0.03 | 0.06 |
| Net interest income/assets (%) | 0.10 | 0.10 | 0.15 | 0.28 |
| Liquidity resources (%) | 22 | 22 | 24 | 20 |
| Number of full-time employees | 69 | 69 | 69 | 70 |

* = The capital ratio for the first half of 2017 has been adjusted for risk weights pursuant to CRR/CRD IV.

Key figures and financial ratios have been calculated in accordance with "Recommendations & Financial Ratios 2015" issued by the Danish Finance Society.

Exchange rate at 30.06.2018: EUR 100 = DKK 745.68. The format has been changed compared with that applied in the annual report for 2017.