



# Nykredit Group

## FY 2024 Earnings call

5 February 2025

Numbers relate to the Nykredit Group

**Nykredit**

# Aggenda

- #1 Highlights of FY 2024  
Michael Rasmussen, Group Chief Executive
- #2 Financial performance, credit and funding plans  
David Hellemann, CFO
- #3 Q&A



# Highlights of FY 2024

Michael Rasmussen, Group Chief Executive

#1

# Highlights of FY 2024



## Very satisfactory results for FY 2024

- Nykredit presents its best annual results ever with a profit after tax of DKK 11.7bn
- Continued growth and increasing market shares across mortgage and bank lending
- Strong growth in wealth management income as well as high trading and investment income



## Nykredit is expanding its competitiveness in the market

- In the beginning of 2025, Nykredit launched a tender offer for Spar Nord
- Nykredit raised customer discounts for personal customers from 20bp to 25bp



## Strong capitalisation and credit quality

- Credit quality remains strong – business portfolio is well-diversified, and personal customers are financially robust
- No dividends will be paid for 2024 because of the tender offer for Spar Nord
- CET1 ratio of 20.5%, which is 450bp above the capital policy target

# Nykredit has launched a tender offer for Spar Nord

## Transaction



Recommended tender offer for all outstanding shares in Spar Nord Bank A/S (with commitments from more than 67%\* of the share capital)

## Consideration



DKK 210 per share, corresponding to a premium of 49% compared to the closing price on 9 December 2024

## Synergies



The level of synergies is expected to be in line with similar domestic M&A transactions and to be realised gradually towards 2027

## Timetable



Closing expected in first half of 2025, depending on approval from all relevant authorities

## Delisting and compulsory acquisition



Nykredit will delist Spar Nord Bank A/S and complete compulsory acquisition of remaining shares as soon as possible

## Indicative timeline



**10 December 2024**

Announcement of intention to acquire Spar Nord



**8 January 2025**

Launch of tender offer after approval by the Danish FSA



**19 & 20 February 2025**

Expected expiry of the offer period and publication of preliminary results of the offer



**24 February 2025**

Latest expected announcement of the final result of the offer



**27 February 2025**

Latest expected day for cash settlement of the offer



**During H1 2025**

Expected completion of tender offer, subject to approvals from all relevant authorities



**After completion of tender offer**

Delisting of Spar Nord Bank A/S and beginning of integration period

# Very satisfactory results for FY 2024

ROE of 11.7%

DKKm	2022	2023	2024
Core income <sup>1</sup>	16,269	17,462	17,440
Trading and investment income	1,736	1,625	2,088
Costs	-6,327	-6,560	-6,964
Impairment charges <sup>2</sup>	-80	-177	-248
Business profit	10,576	14,019	14,716
Profit after tax	9,448	10,887	11,728
Return on equity after tax, % pa	10.2%	11.4%	11.7%
Cost/income ratio	37.6%	32.2%	32.5%

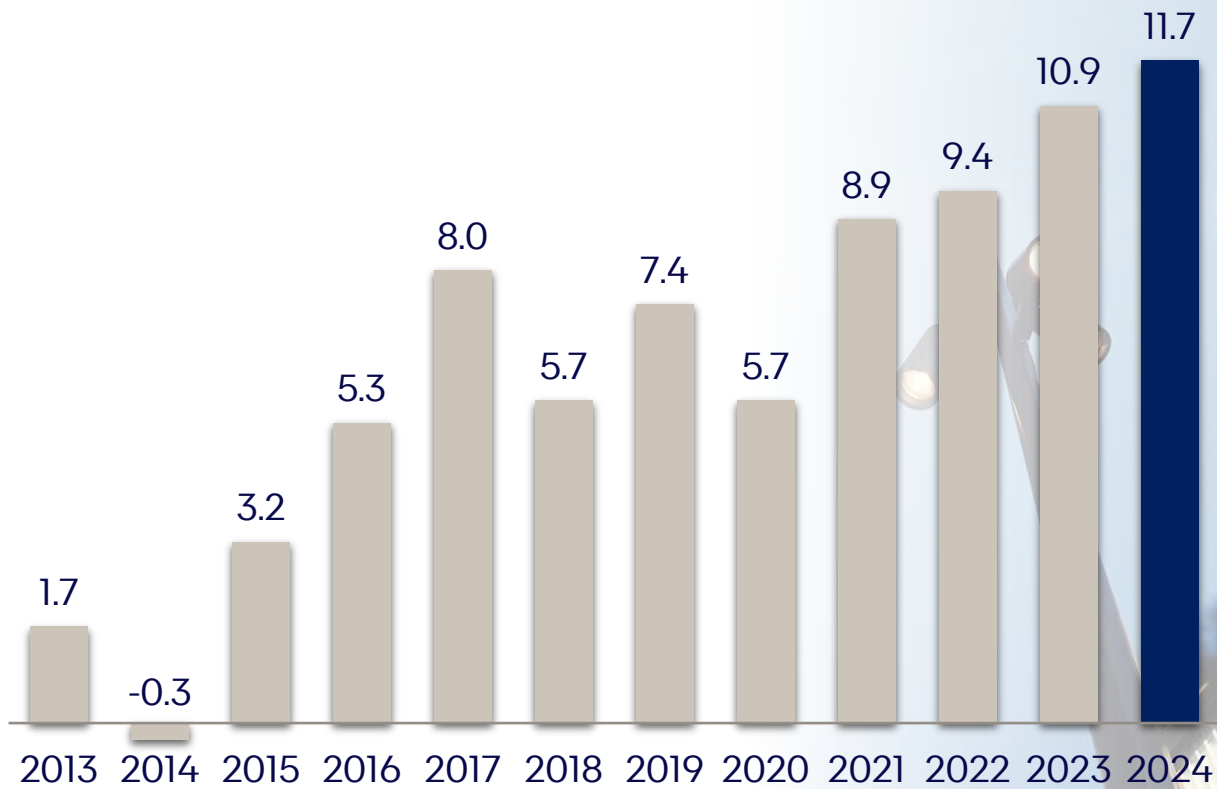
<sup>1</sup> NII, NFI and Wealth Management income

<sup>2</sup> A negative number indicates a gain

2025 Profit after tax guidance  
DKK 9 – 9.75bn  
RoE ~9%

# 2024 delivers all-time high results

Profit after tax, DKKbn






# Continued volume growth and increasing income diversification

- Strong business performance with volume growth driven by:
  - Mortgage lending to retail customers and large corporates
  - Growth in bank lending driven by large corporates and retail customers
  - Continued growth in Assets under Management driven by positive value adjustments

## Core income composition



## Volume growth in all business areas

	Volume growth 2024 vs 2023	Market share 2024 vs 2023
 Mortgage lending	+3.0% +44bn ↑	45.3% +0.7% ↑
 Bank lending	+9.4% +9bn ↑	8.1% +0.2% ↑
 Assets under Management	+9.5% +43bn ↑	18.8%* +0.3% ↑

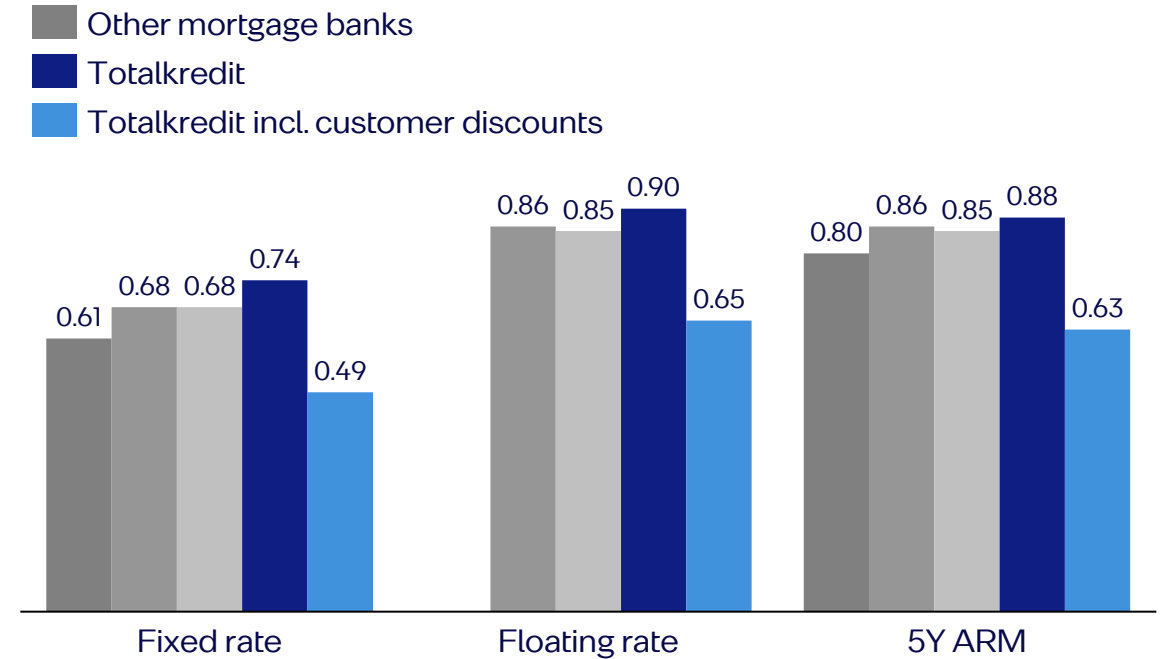
\* Retail mutual funds.



# Nykredit expands competitive edge by increasing customer discounts

- On 15 January 2025 Nykredit increased customer discounts for private customers to 25bp from 20bp
- Consequently, Totalkredit expands its position as the cheapest mortgage provider in the market
- Customer discounts to personal customers are now guaranteed until end-2028
- The increase in customer discounts is a result of Nykredit's strong stable earnings and unique mutual ownership model
- The customer discounts programme is sponsored by Nykredit's majority owner Forenet Kredit:
  - Secures our customers the cheapest loans...
  - ...while Nykredit maintains the highest profitability in the market

## Totalkredit has the lowest net prices on virtually all loan types\*



**99.8% of Totalkredit's gross lending in 2024 had the lowest margins in the market with 25bp discount**

\*Margins for loans to owner-occupied dwellings. Fully amortizing with 0-80% LTV.

# Financial guidance and targets

With the Spar Nord tender offer we aim to create a strong, mutually owned alternative to the largest listed banks.

We will update financial targets and guidance after closing of the Spar Nord acquisition.

2025 – 2027 will be impacted by the Spar Nord integration due to integration costs, synergies etc.

Upon closing of the Spar Nord transaction, the CET1 ratio of Nykredit will be close to the capital target.

The CET1 ratio will remain within or slightly above capital targets in the short term. CET1 buffers comfortably above capital policy targets will accumulate in subsequent years.

## Guidance and targets

**DKK 9.0 - 9.75bn**

Profit after tax guidance for 2025

**>8% p.a.**

Return on Equity target

**<40%**

Cost/Income ratio target

**15.5-16.5%**

CET1 target

**50%**

Dividend target, however no dividends will be paid for 2024 due to the Spar Nord tender offer



# Financial performance, credit and funding plans

David Hellemann, CFO

#2

# The strong Danish economy underpins the resilience of our loan book



## **Strong Danish economy**

- Unemployment remains low
- Strong housing market
- Inflation has come down



## **Personal loan portfolio is robust**

- Personal customers are financially robust with large savings and low LTVs
- Mortgage arrears are low and stable



## **Business lending is robust**

- The loan portfolio is well-diversified with a solid underlying credit quality
- Geopolitical unrest, potential trade wars and ESG issues are shaping the risk landscape



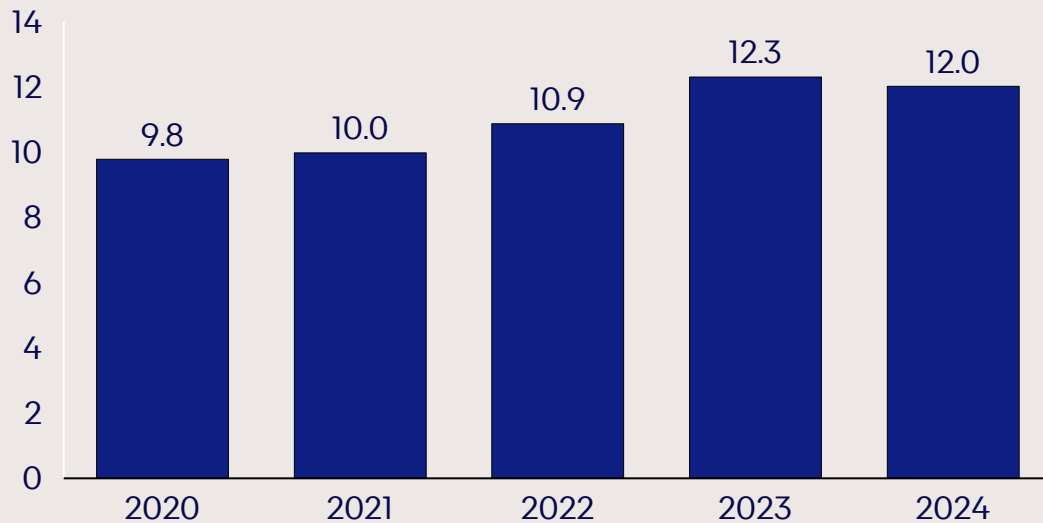
# Group income statement

DKKm	2023	2024	Change	
Net interest income	12,305	12,018	-2%	Decreased despite continued volume growth due to lower deposit margins
Net fee income	2,789	2,744	-2%	Decreased due to lower funding income. However, banking activity increased while mortgage activity remained unchanged
Wealth management income	2,368	2,678	13%	Increased due to higher AuM driven by positive value adjustments
Customer benefits and capitalisation costs	1,315	1,903	45%	Positively impacted by interest on equity which offsets interest expenses on bail-inable debt
Trading and investment portfolio	1,625	2,088	29%	Increased due to positive value adjustments of strategic bank equities
<b>Total income</b>	<b>20,402</b>	<b>21,431</b>	<b>5%</b>	
Costs	6,560	6,964	6%	Up, driven by increasing costs of payroll, performance bonuses and one-off costs in relation to relocation to new headquarters and the Spar Nord acquisition
Impairment charges	-177	-248	40%	Reversal of impairment charges in 2024, as underlying credit quality remains strong
Legacy derivatives	59	98	66%	Increased primarily due to a shortening of the maturity of the swap portfolio
<b>Profit before tax</b>	<b>14,078</b>	<b>14,813</b>	<b>5%</b>	
<b>Profit after tax</b>	<b>10,887</b>	<b>11,728</b>	<b>8%</b>	

# Net Interest Income declined despite continued volume growth

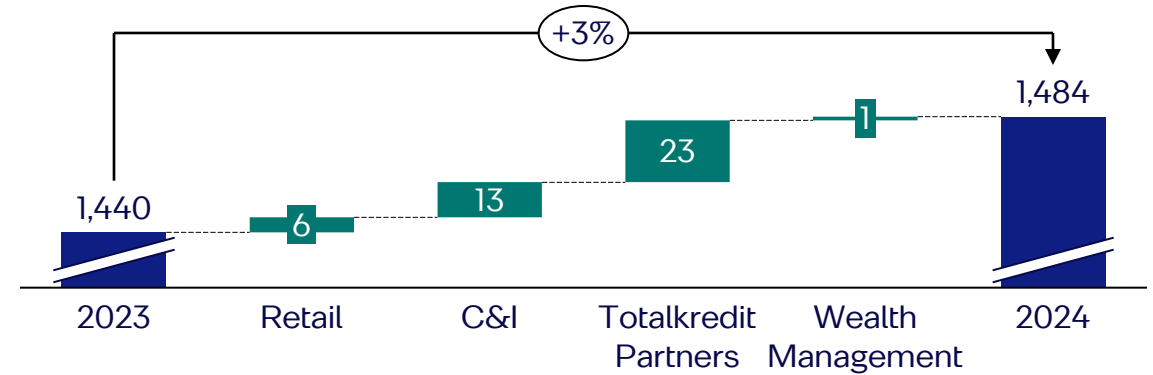
- NII declined slightly to DKK 12bn from DKK 12.3bn primarily driven by lower deposit margins due to lower interest rates
- Average margins on the mortgage loan portfolio was unchanged
- Nykredit's NII sensitivity is structurally low as mortgage lending with stable margins makes up 93% of Nykredit's loan portfolio

Net Interest Income, DKKbn

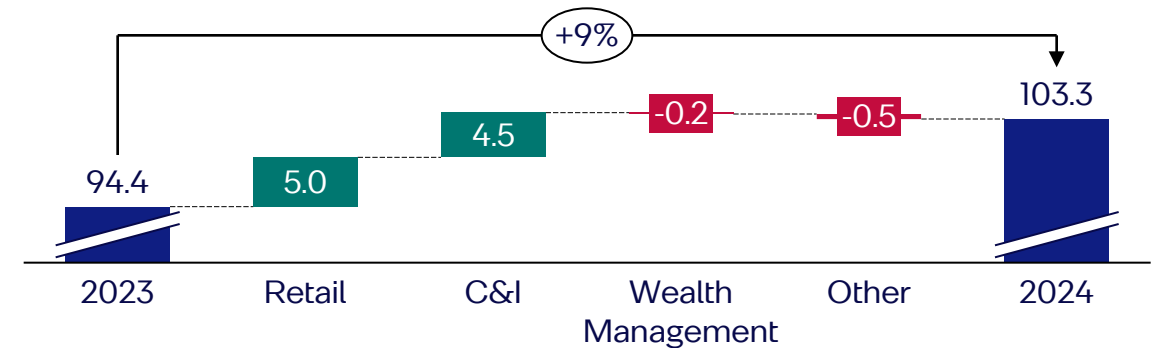


\* Note: Nominal values

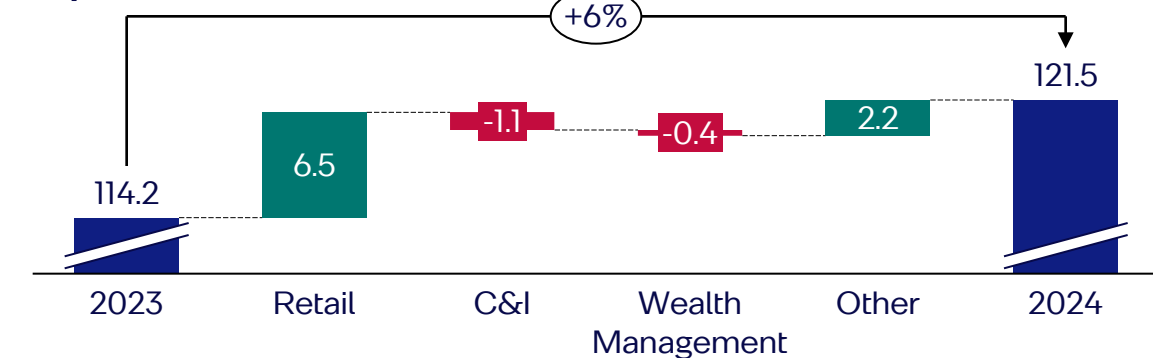
Mortgage lending, DKKbn\*



Bank lending, DKKbn\*



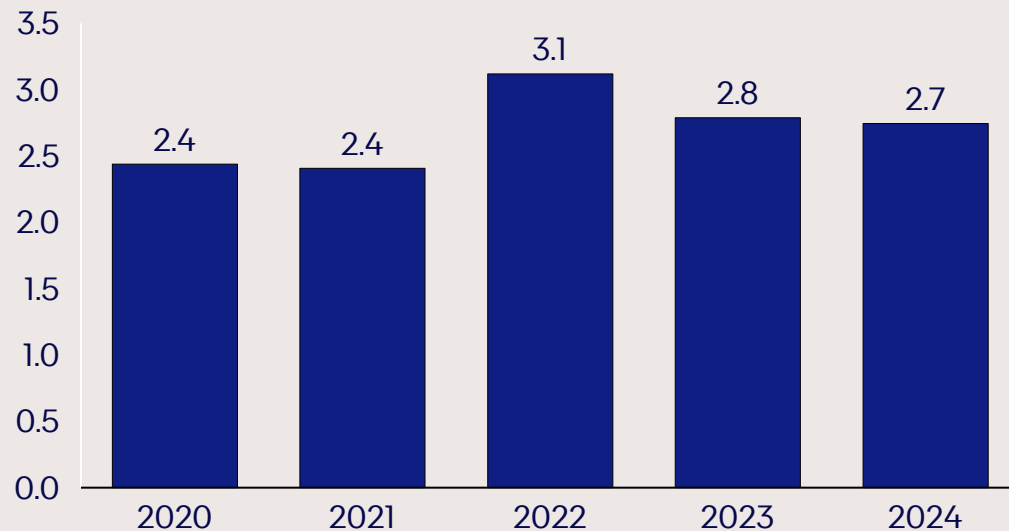
Deposits, DKKbn\*



## 2% decline in Net Fee Income despite higher banking activity

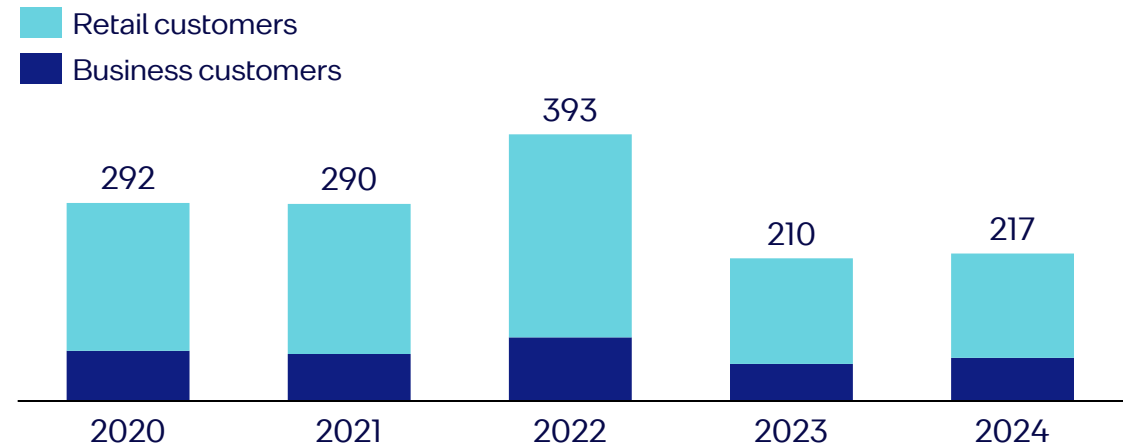
- The decrease in NFI was driven by lower funding income and lower income on real estate agency and insurance
- NFI positively impacted by high banking activity
- Mortgage activity stayed relatively stable

Net Fee Income, DKKbn

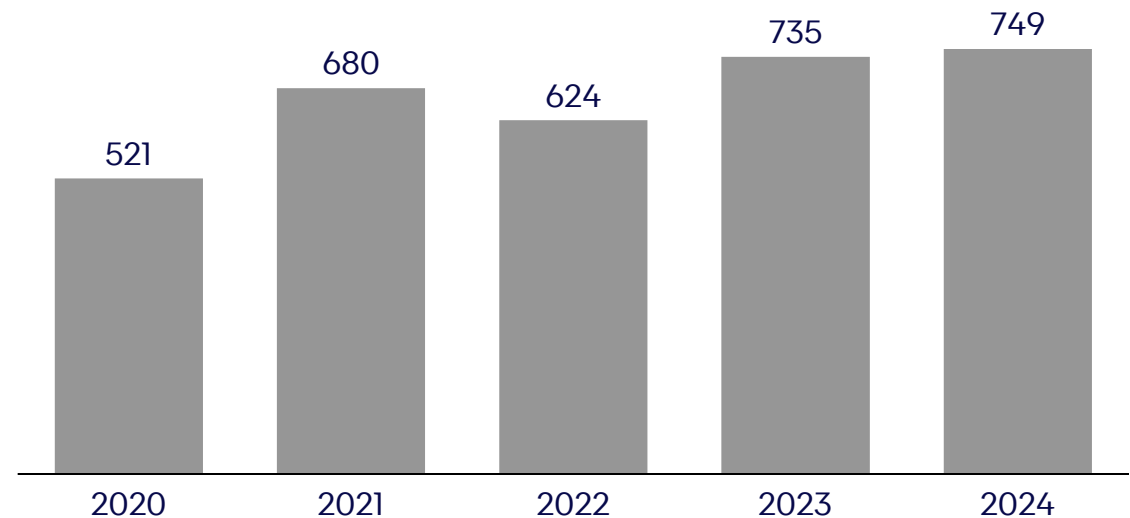


\* Note: Nominal values

Gross new mortgage lending, DKKbn \*



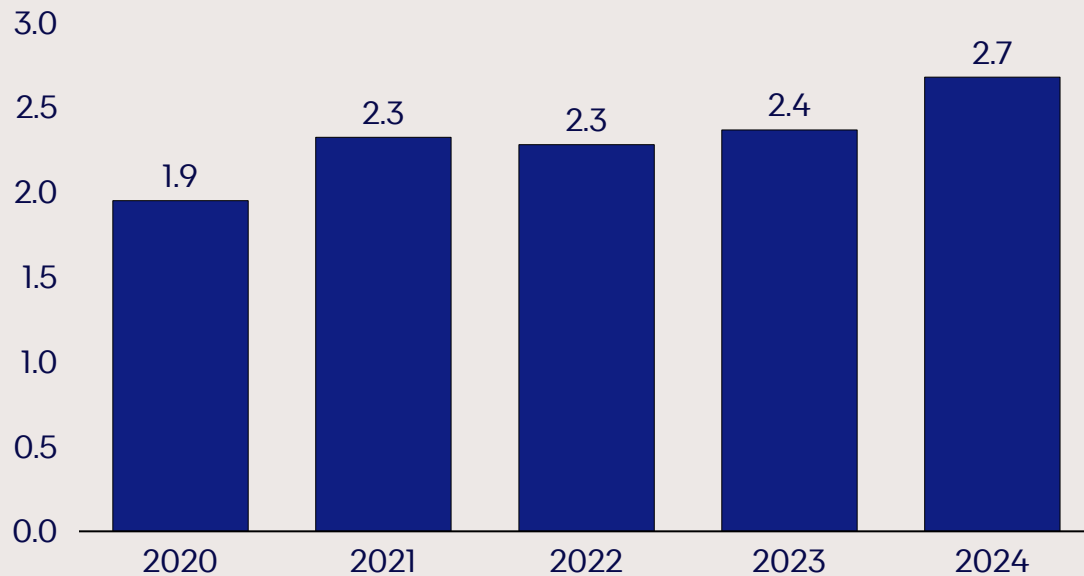
Net Fee Income from banking activities, DKKm



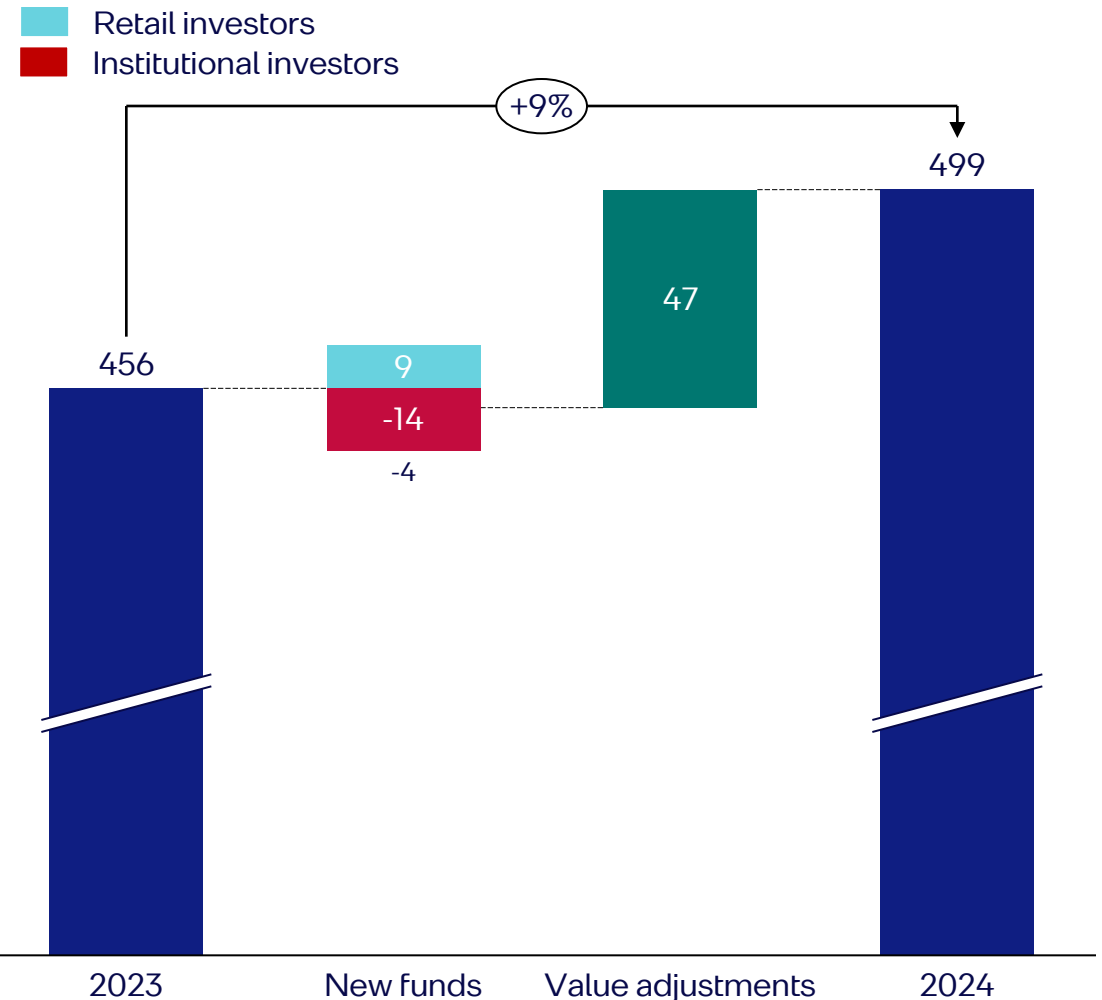
# Wealth management Income up 13% due to growth in AuM

- 13% income increase driven by growth in average volumes
- AuM up 9% since 2023 driven by positive value adjustments
- The slight decrease in new funds has had a minimal impact on wealth management income

Wealth Management Income, DKKbn



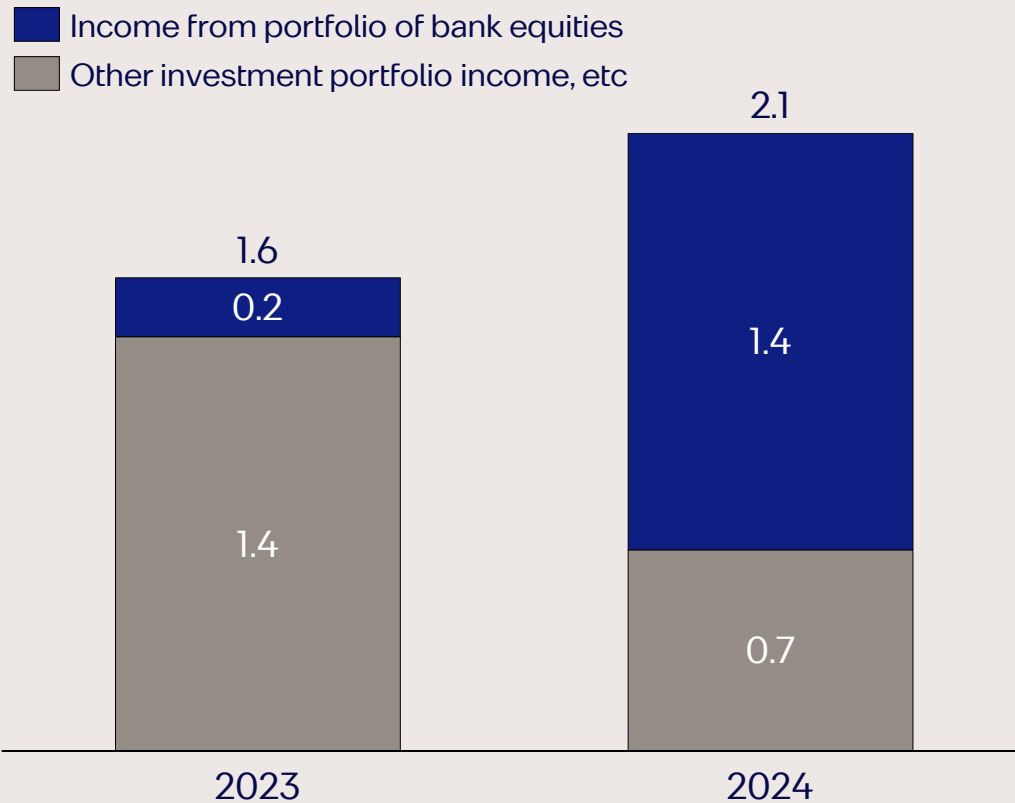
Assets under Management, DKKbn





# Very strong trading and investment portfolio income

## Trading and investment portfolio income, DKKbn



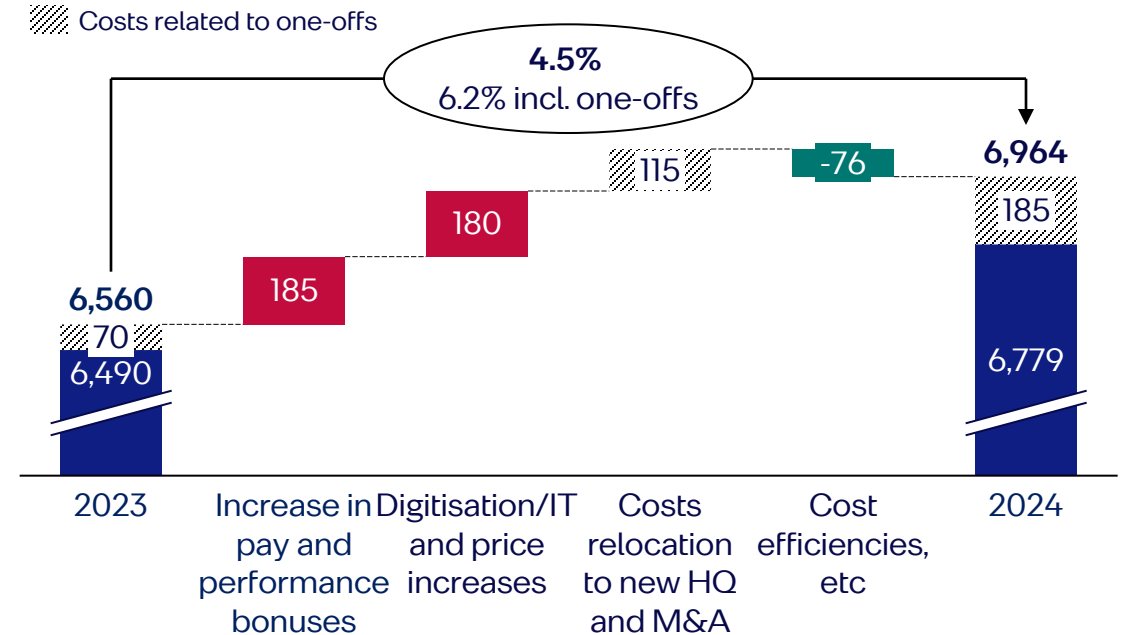
- Trading and investment portfolio income amounted to DKK 2.1bn in 2024
- Higher income from the portfolio of strategic bank equities, driven by positive value adjustments
  - From October 22nd onwards, we have ceased recognising fair value adjustments on the Spar Nord shares and have transitioned to recognizing our share of the results using the equity method, as Spar Nord is now considered an associated company
  - Additional value adjustment of Spar Nord shares stemming from Nykredit's tender offer has not been included, but will be recognised along with goodwill and restructuring costs at closing of the transaction
- Other trading and investment portfolio income declined
  - Primarily driven by negative value adjustments on swaps as well as lower trading income compared to 2023

# Cost development

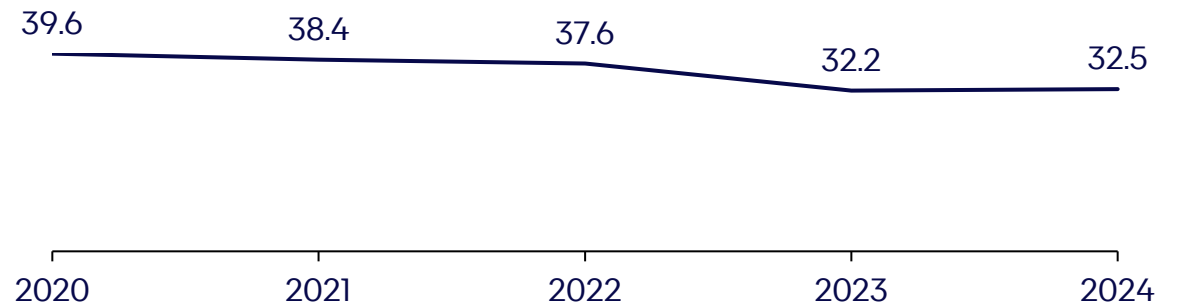
- Costs are up 6% or DKK 404m compared to 2023
- Costs excluding one-offs are up 4.5% in line with the pay increases of approx. 4.5%\*
- Pay increases and performance bonuses, amounting to DKK 185m, were key drivers
  - Efficiency gains and savings, including adjustments for lower activity levels, partly offset the pay increase
- DKK 180m relates to digitisation/IT, price increases and strategic investments in Nykredit's IT infrastructure
- The average number of full-time employees declined by 73 to 3,900 due to lower mortgage activity in the first half of 2024 and efficiency initiatives
- Cost/income ratio of 32.5% which is still below Nykredit's target of 40%

\*) In the standard collective agreement, the agreed wage increases of July 2023 and July 2024 were respectively 4.75 % and 4,2%

## Change in costs from 2023 to 2024, DKKm



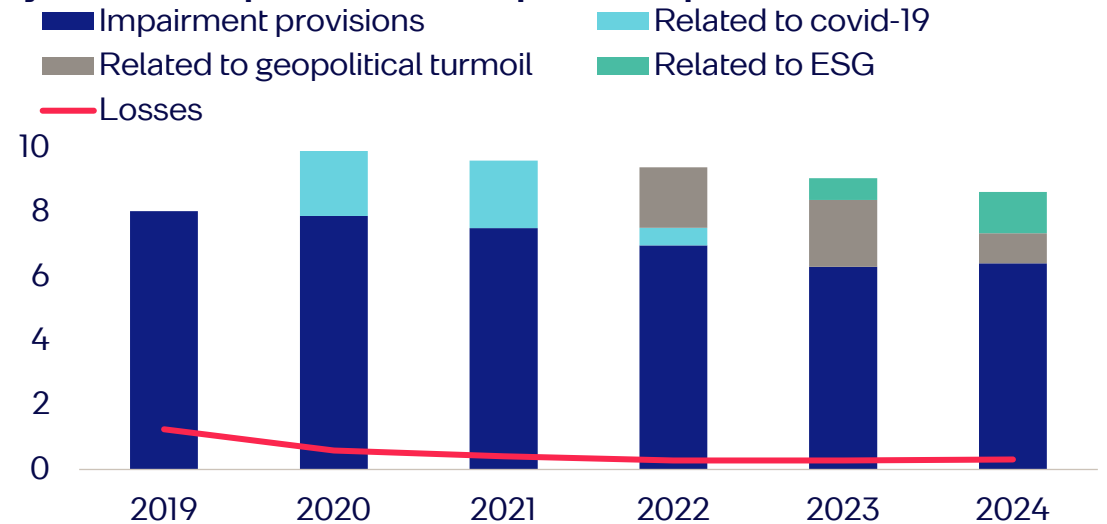
## Cost/income ratio, %



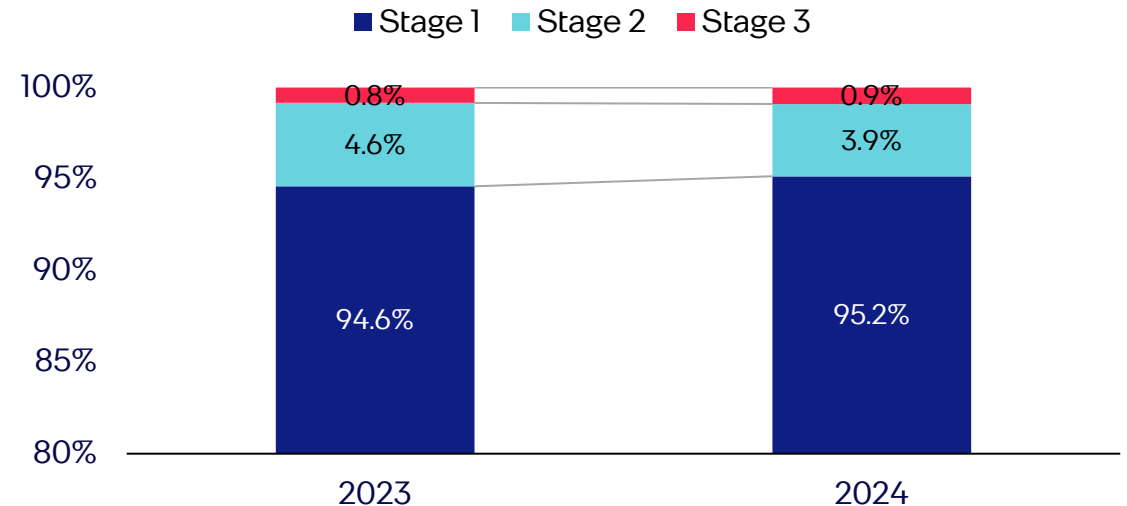
# Strong buffer for potential headwind

- Virtually no losses incurred in the past four years
- Declining level of impairment provisions due to favourable economic conditions and improved credit quality
- Total loan impairment provisions amounted to DKK 8.6bn at end-2024, down from DKK 9.1bn at end-2023
- In 2024, provisions for macroeconomic and geopolitical uncertainty were reduced by DKK 1.1bn to DKK 0.9bn, as the impacts of high interest rates and inflation in recent years are now fully reflected in the models
- Moreover, improved outlooks for both private and business customers have overall reduced the risks
- In 2024, provisions related to ESG were raised to DKK 1.3bn, buffering against potential losses from carbon taxes, the Energy Performance of Buildings Directive (EPBD), and extreme weather
- Stable distribution of loan portfolio across stages – of which 95% in stage 1

## Nykredit Group's total loan impairment provisions, DKKbn



## Nykredit Group's loan portfolio by stages



# Personal loan portfolio is robust

Credit quality of our personal customers is generally high



LTV remains low, arrears are historically low and forced sales are few despite higher interest rates levels

Purchasing power is being regained due to strong income growth and inflation levels below 2%



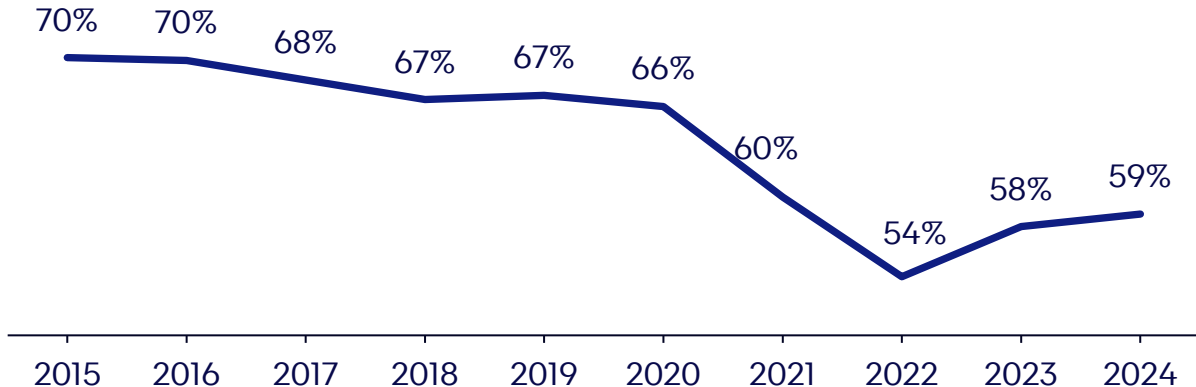
Unemployment remains very low at 2.9%

The Danish housing market strengthened in 2024, with sales activity picking up after a slow start in Q1

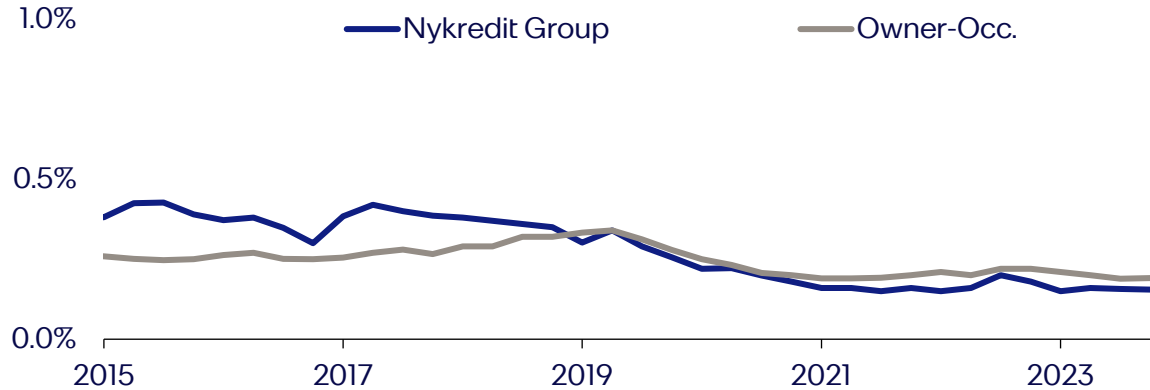


Interest rates has started to decline which reduce the burden of housing costs

**Average LTV for private residential properties**



**75-day mortgage arrears at latest due date**



# Business loan portfolio is robust



The resilient Danish economy and strong competitiveness benefit Danish businesses

The creditworthiness of the portfolio remains strong despite higher interest expenses



The portfolio is well-diversified across sectors, the largest sectors being rental properties and agriculture

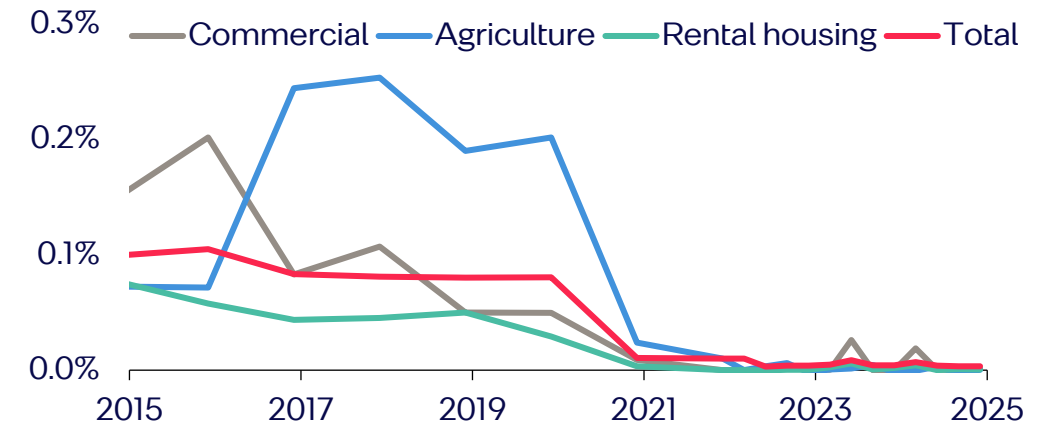


Attention to sectors within construction and manufacturing as well as hotels and restaurants. However, the exposure is limited. 3% of total lending is within these sectors – of which 50% is secured by mortgages

## Average business sector LTVs

	2015	2024
Private rental	67%	<b>56%</b>
Office and retail	56%	<b>49%</b>
Industry and trades	49%	<b>50%</b>
Agriculture	58%	<b>55%</b>

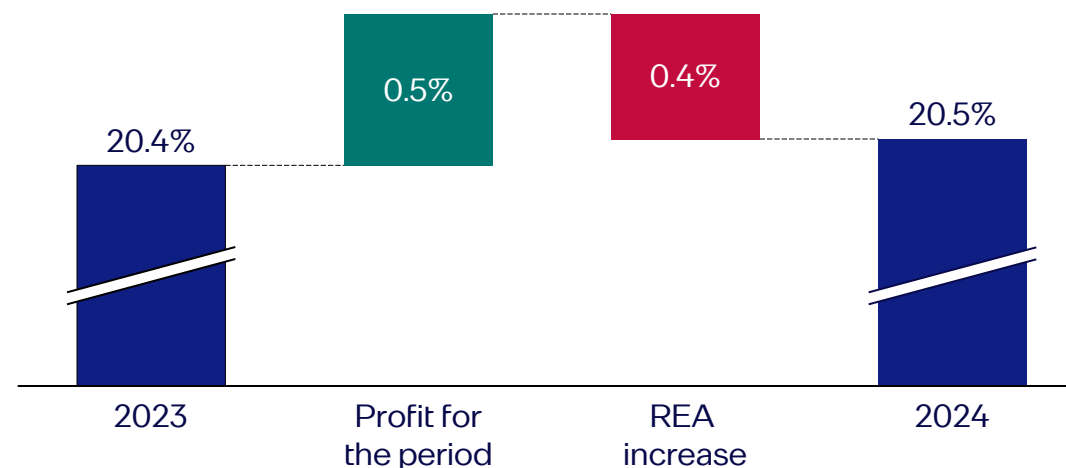
## Incurred losses on mortgage lending as a % of debt



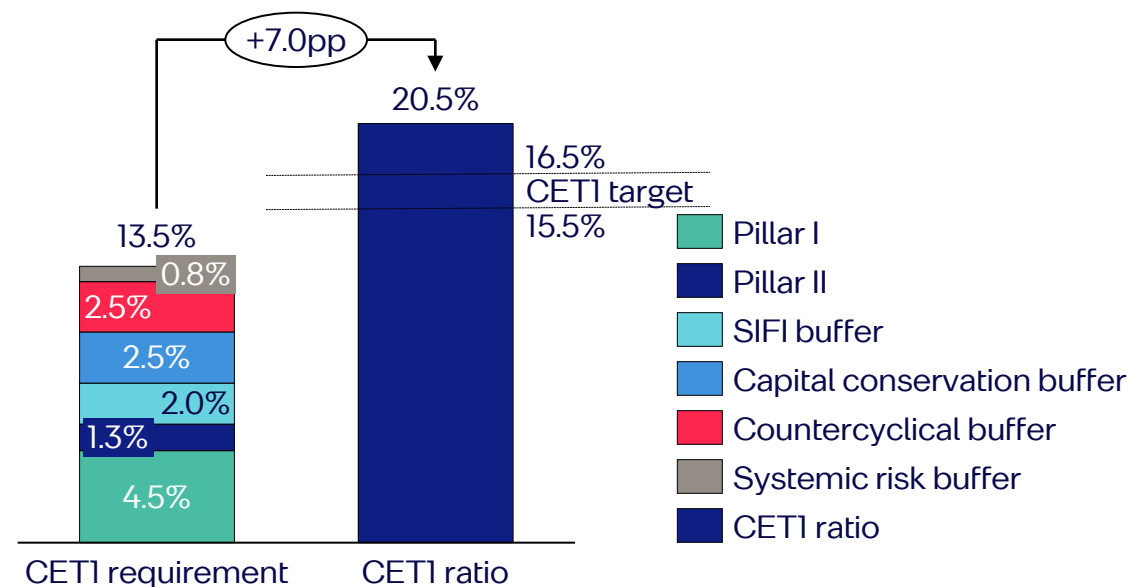
# Strong capitalisation and no dividends for 2024

- Nykredit has a robust capitalisation, with a CET1 capital ratio of 20.5%, which is some 450bp above capital policy targets
- Nykredit's capital policy target includes a buffer for a severe macro stress
- Capital commitments from owners correspond to a potential further CET1 buffer of approx. 650bp
- Due to Nykredit's tender offer for Spar Nord, no dividends will be distributed for 2024, as we aim to maintain a strong capital position
- Upon closing of the Spar Nord transaction, the existing CET1-buffers relative to the capital policy will be largely utilised
- The CET1 ratio will remain within or slightly above capital targets in the short term. CET1 buffers comfortably above capital policy targets will accumulate in subsequent years.

## CET1 capital ratio

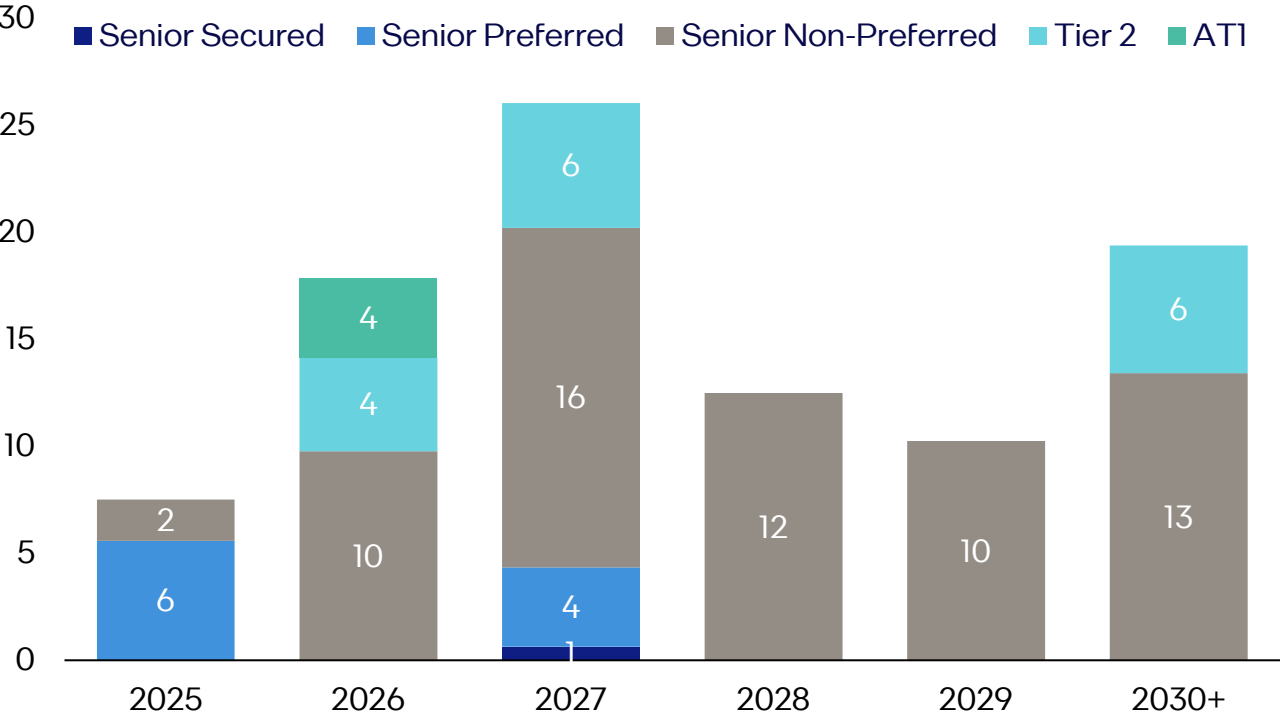


## CET1 capital requirement and ratio



# Funding of the Spar Nord transaction entailed additional issuance

Refinancing needs for outstanding debt and capital instruments<sup>1</sup>, DKKbn



## Funding plan

In January 2025, as a result of the Spar Nord transaction, Nykredit issued Tier2 and Senior Non-Preferred worth a total of **DKK 16.8bn**

- DKK 5.6bn (EUR 750m equivalent) in Tier2
- DKK 11.2bn (EUR 1.5bn equivalent) in Senior Non-Preferred

**Total funding need for the remaining part of 2025 of DKK ~10-15bn (EUR ~1.5-2bn equivalent)**

<sup>1</sup>) For AT1 and Tier 2: First call dates.

# Key takeaways

## Strong results

- Highly satisfactory profit after tax of DKK 11.7bn resulting in RoE of 11.7%

## Business growth

- Continued customer growth and increasing market share on mortgage and bank lending as well as Wealth Management in 2024

## Credit quality

- Customers remain financially robust reflected in a net reversal of impairment charges amounting to DKK 248m

## Costs

- Cost/income ratio of 32.5%

## Guidance

- Guidance for profit after tax for 2025 of DKK 9-9.75bn
- No dividends will be paid for 2024 because of the tender offer for Spar Nord





# Q&A

#3



# Appendix

# Q4 vs Q3: Income up 5% driven by higher trading and investment income

- Overall income up 5% Q/Q
  - Net interest income unchanged
  - Net fee income up 12%, driven by funding income as well as higher mortgage activity in Q4 2024
  - Wealth management income up 2%
  - Trading and investment portfolio income up due to positive value adjustments on the portfolio of strategic bank equities
- Costs have increased by 12%
- Impairment charges were a reversal of DKK 107m
- Business profit of DKK 3,386m compared with DKK 3,308m in Q4/2024
- Legacy derivatives were a loss of DKK 4m
- Profit after tax of DKK 2,769m compared with DKK 2,463m in Q4/2024

## Business results Q4/2024 vs Q3/2024

DKKm	Q3/2024	Q4/2024	Index
Income	4,966	5,203	105
- Net interest income	2,983	3,026	101
- Net fee income	652	733	112
- Wealth management income	662	674	102
- Net interest from capitalisation	642	635	99
- Net interest income from customer benefit programmes	-151	-152	101
- Trading, investment portfolio and other income	177	286	162
Costs	1,716	1,924	112
Business profit before impairment charges	3,251	3,279	101
Impairment charges	57	107	187
Business profit	3,308	3,386	102
Legacy derivatives	-25	-4	17
Profit before tax	3,283	3,382	103
Tax	819	613	75
Profit after tax	2,463	2,769	112

# Investor Relations contacts



**Morten Bækmand Nielsen**

Head of Investor Relations

Tel: +45 44 55 15 21

Mobile: +45 23 39 41 68

Email: [mobn@nykredit.dk](mailto:mobn@nykredit.dk)



**Hanne Søgaard Foss**

Investor Relations Manager

Tel: +45 44 55 12 36

Mobile: +45 26 36 89 18

Email: [hsan@nykredit.dk](mailto:hsan@nykredit.dk)



**Peter Zangenberg Hyllested**

Chief Analyst

Tel: +45 44 55 20 25

Mobile: +45 23 67 24 46

Email: [pezh@nykredit.dk](mailto:pezh@nykredit.dk)

# Disclaimer

The information in this material (hereinafter the "Information") has been compiled by Nykredit Realkredit A/S (hereinafter "Nykredit") for informational purposes only. The Information is primarily based on information accessible to the public.

The Information is believed to be reliable. However, Nykredit does not guarantee the timeliness, sequence, accuracy, correctness, adequacy, or completeness of the Information or opinions contained therein, nor does Nykredit make any representations or warranties of any kind, whether express or implied. Further, labelling certain securities as "Green Bonds" does not, directly or indirectly imply any representation or warranty of any kind that these securities will satisfy the expectation or perception of any third party, as to what a "Green Bond"-label entails, neither at issuance or in future.

The Information does not constitute an offer to sell or the solicitation of an offer to buy any securities mentioned in the Information.

Nykredit makes no representation or warranties and gives no advice concerning the appropriate legal treatment, regulatory treatment, accounting treatment or possible tax consequences in connection with an investment in securities mentioned in the Information. Before proceeding with any such investment investors should determine, without reliance upon Nykredit, the economic risk and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of such an investment and that investors are able to assume these risks. Investors should conduct their own analysis, using such assumptions as they deem appropriate in making an investment decision. Nykredit does not accept any liability for any loss, howsoever arising, directly or indirectly from the issue of the Information or its contents including transactions made based on information therein.

The Information contains certain tables and other statistical analyses (the "Statistical Information") which have been prepared in reliance upon information accessible to the public. Numerous assumptions were used in preparing the Statistical Information, which may not be reflected herein. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, nor as to whether the Statistical Information and or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. Calculations and presentations are based on ordinary econometric and financial tools and methods as well as publicly available sources.

Assessments and recommendations, if any, made in the Information may involve substantial risks. Such risks, including a sensitivity analysis based on relevant assumptions, have been described in the Information.

Nykredit and/or other companies of the Nykredit Group are financial institutions and banks that trade in securities. Any company in the Nykredit Group may buy, sell or hold positions in the securities mentioned in the Information, just as these companies may be involved in activities involving companies mentioned herein.

The Information is being directed at you solely in your capacity as a relevant person for your information and may not be reproduced or redistributed or passed on to any other person or published in whole or in part, for any purpose, without the prior written consent of Nykredit. Relevant persons are persons who have professional experience in matters relating to investments in securities mentioned in the Information and to whom the Information may be lawfully communicated.

The Information may not be acted on or relied on by persons who are not relevant persons.