

# *Danske Hypotek – Investor presentation*

Q1 2024

# Agenda

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- 1 *Danske Bank Group - Covered bond universe*

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- 3 *Danske Hypotek - Structure and expected development*

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# *Danske Bank Group – Covered bond universe*

# Danske Bank covered bond universe, a transparent pool structure

Danske Bank



## Residential mortgages from

- Denmark, D-pool
- Norway, I-pool
- Sweden, Danske Hypotek AB
- Finland, Danske Mortgage Bank Plc



## Commercial mortgages from

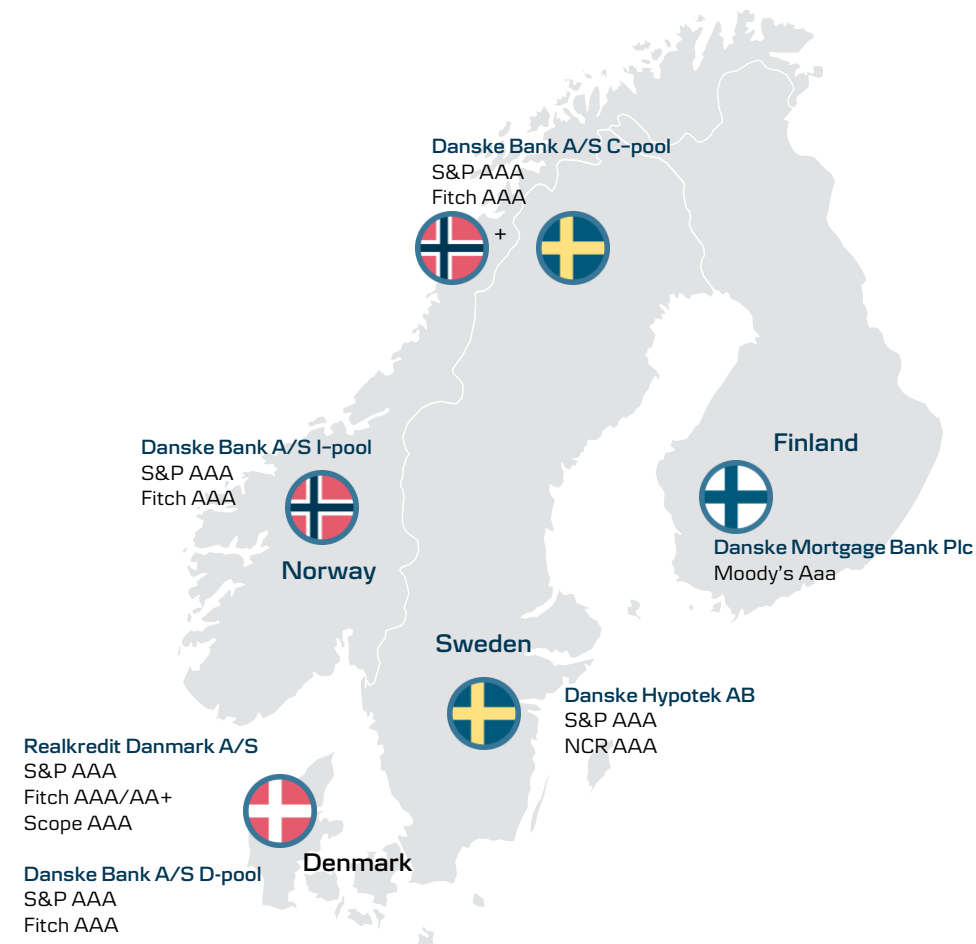
- Sweden and Norway, C-pool

REALKREDIT  
**Danmark**



## Pass-through principle based on mortgages from Denmark primarily

- Capital Centre T
  - Adjustable-rate mortgages
- Capital Centre S
  - Fixed-rate callable mortgages



# *Danske Bank – Personal Banking SE – Strategy in Sweden*

Danske Hypotek Q1 2024

## *A challenger in a dynamic Swedish market*







## *Investing in 4 strategic focus areas*

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### *1. Advisory*

Further reinforce our advisory and proactive engagement with differentiated expertise for our customers

### *2. Digital*

Continue to strengthen our digital platforms, self-service, customer journeys and 3<sup>rd</sup> party integrations

### *3. Sustainability*

Reinforce our customer value proposition through strong ESG advisory and solutions

### *4. Simple, Efficient, Secure*

Further simplify the bank and how we work, optimise operational efficiency and risk management

# Growth ambitions with controlled risks

## Target the right customers



Through strategic partnerships  
Targeting the Premium and Private Banking  
Segment with advanced needs

## Holistic advice



Sustainable economy focus

HSB Bospar members SACO & TCO customers		Strategic partners			Holistic advice	
	Higher credit quality than average					More than Mortgage Advise for longterm financial planning
	Higher use of digital tools and channels than average	<b>Members</b> 650,000	1,300,000	650.000		On-demand advisory Easy accessible Digital meetings
	Faster to broaden their relation than average	<b>Affiliated associations</b> 23	14	<b>Savers</b> 120.000		Sustainable Private economy focus
		<b>Launch</b> February 2016	April 2017	January 2020		



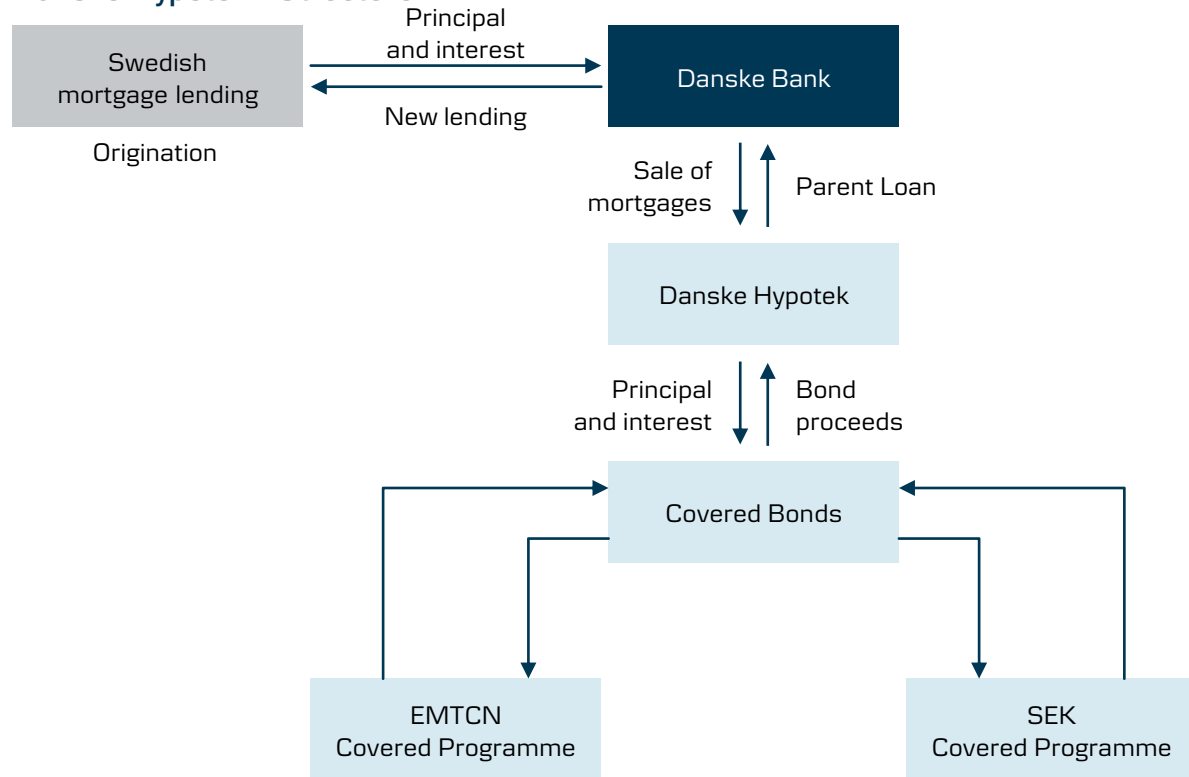
# *Danske Hypotek – Structure and expected development*

# Purpose and structure

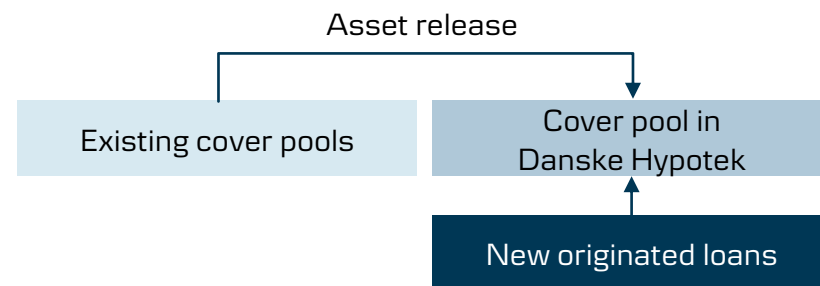
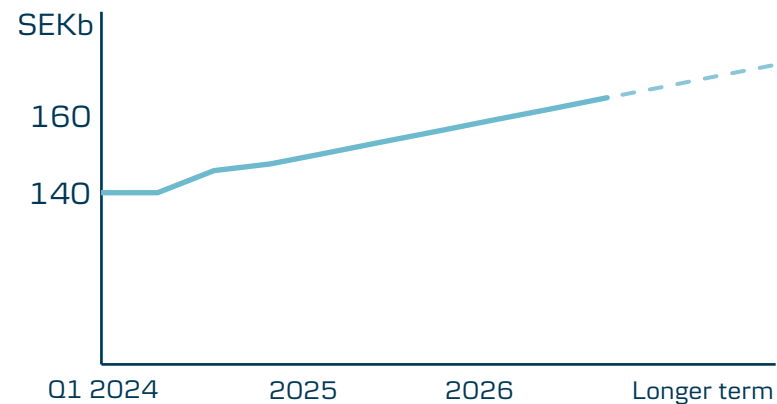
## Danske Bank Group has a strong commitment to the Swedish mortgage market

- Ensure stable funding for our customers through the cycle
- Long-term funding solution for continued growth of Swedish retail mortgage business
- Market communication; strong commitment to the Swedish Market

### Danske Hypotek - Structure

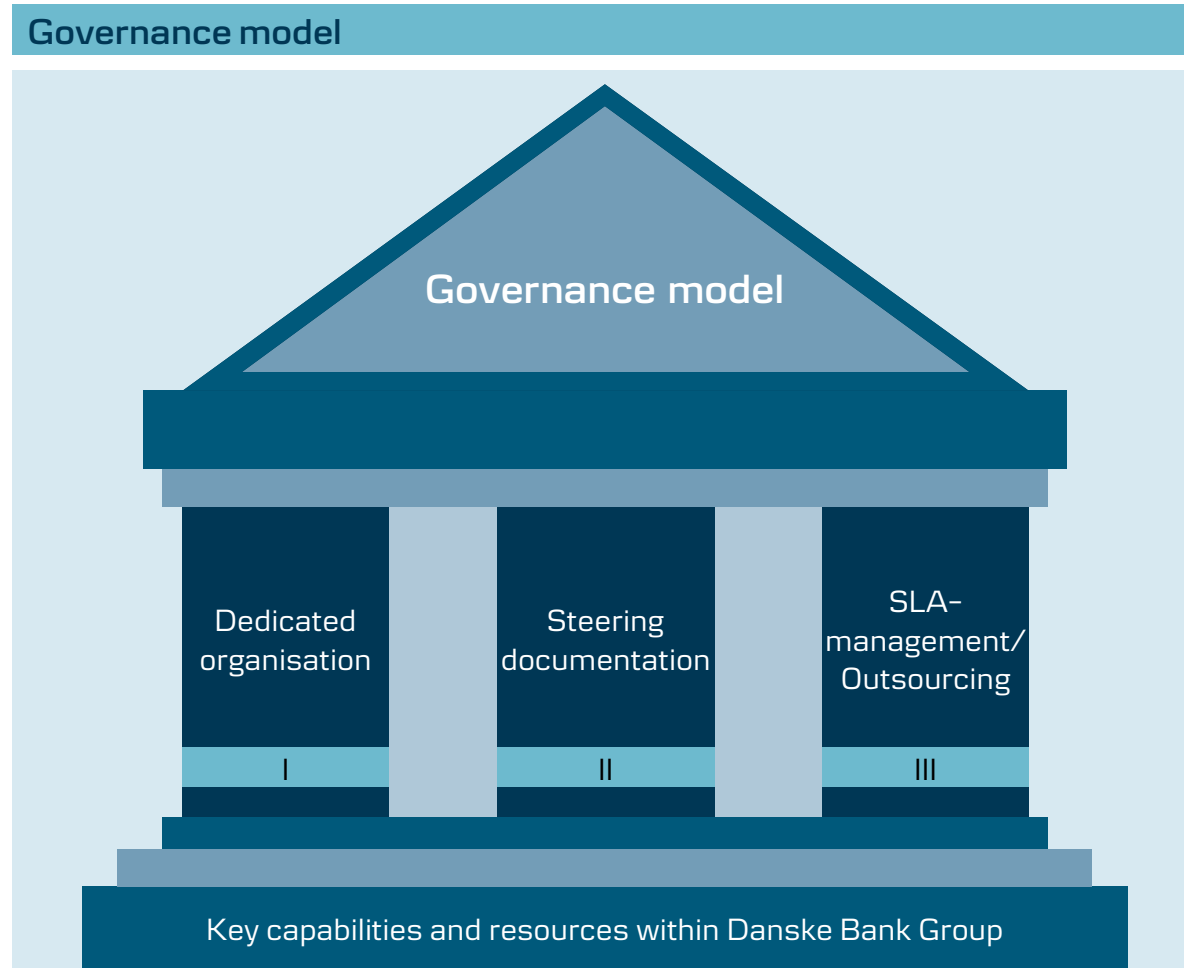


### Danske Hypotek cover pool (incl. indicative future transfer capacity)



# Governance model

## Funding, Hedging, Liquidity and Capitalization



### Funding

- Danske Hypotek primarily funds itself in the Swedish Covered Benchmark market
- EMTCN programme mainly for complementary capacity purposes
- Danske Hypotek’s primary interim source of liquidity is through a parent loan

### Hedging

- Danske Bank A/S is Danske Hypotek’s primary swap counterpart
- On the liability side, all cash flows from issued bonds are swapped to 3m Stibor based flows
- On the asset side, all cash flows from the mortgages are swapped to 3m Stibor based flows

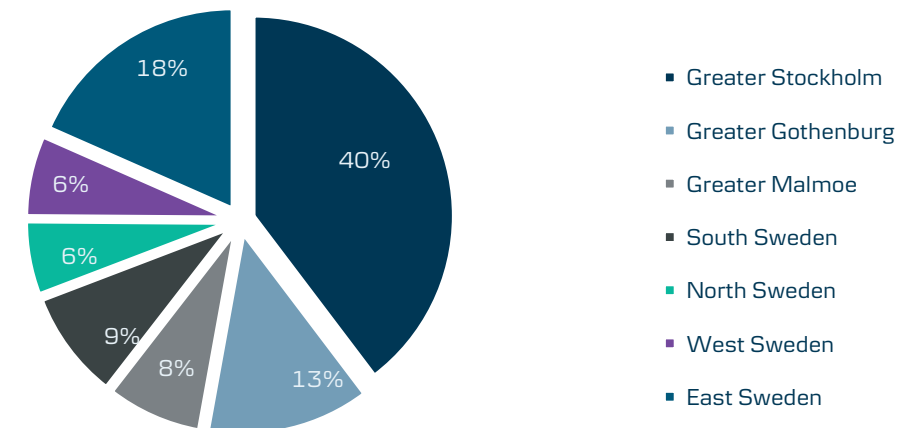
### Liquidity and capitalisation

- Danske Hypotek meets SFSA liquidity requirements
- Danske Hypotek is compliant with capital requirements as stated in e.g., CRR/CRD IV as well as specific Swedish regulation and guidelines on capital requirements

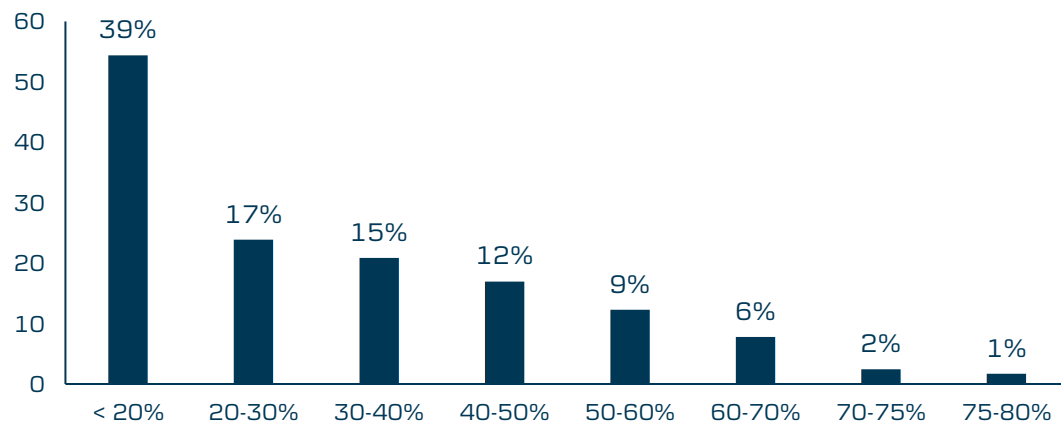
## Cover pool characteristics - Q1 2024

Characteristics	Assets
Collateral type	Swedish residential mortgages
Loans in cover pool	SEK 140.4b
Number of Loans	120 175
Number of Borrowers	55 692
Number of Properties	57 644
Average Loan Size	SEK 1.168m
Property Type	35.4% Tenant Owner Rights, 52.4% Single-Family Housing, 11.9% Multi-family housing, 0.3% Commercial.
WALTV	58.8% <sup>1</sup>
WA Seasoning	5.2 years
Rate type	64% Floating rate, 36% Fixed rate
Repayment type	71% Amortizing, 29% Interest Only
Issuance notional	SEK111.9b
OC	25%
Geographical location	100% Sweden
Pool type	Dynamic
Pool Cut Date	27 March 2024

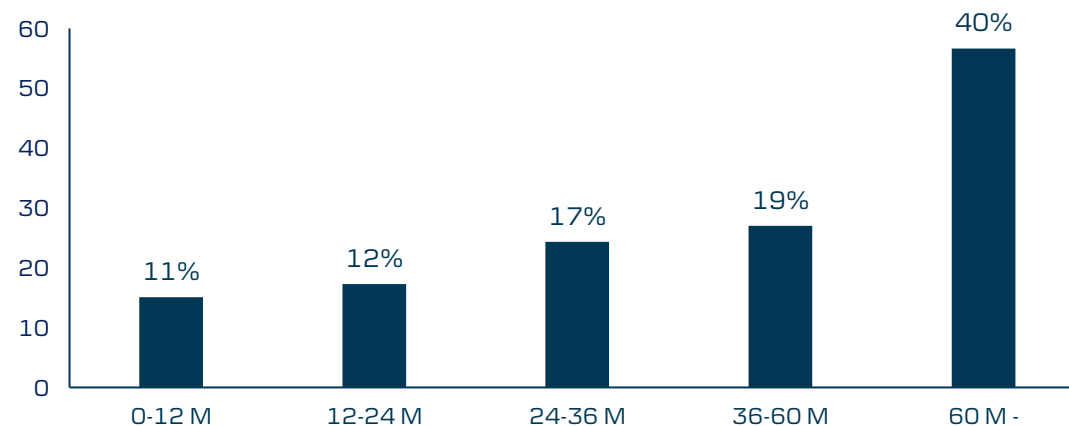
Loan volumes by region, %



Loan volumes in LTV buckets; SEKb



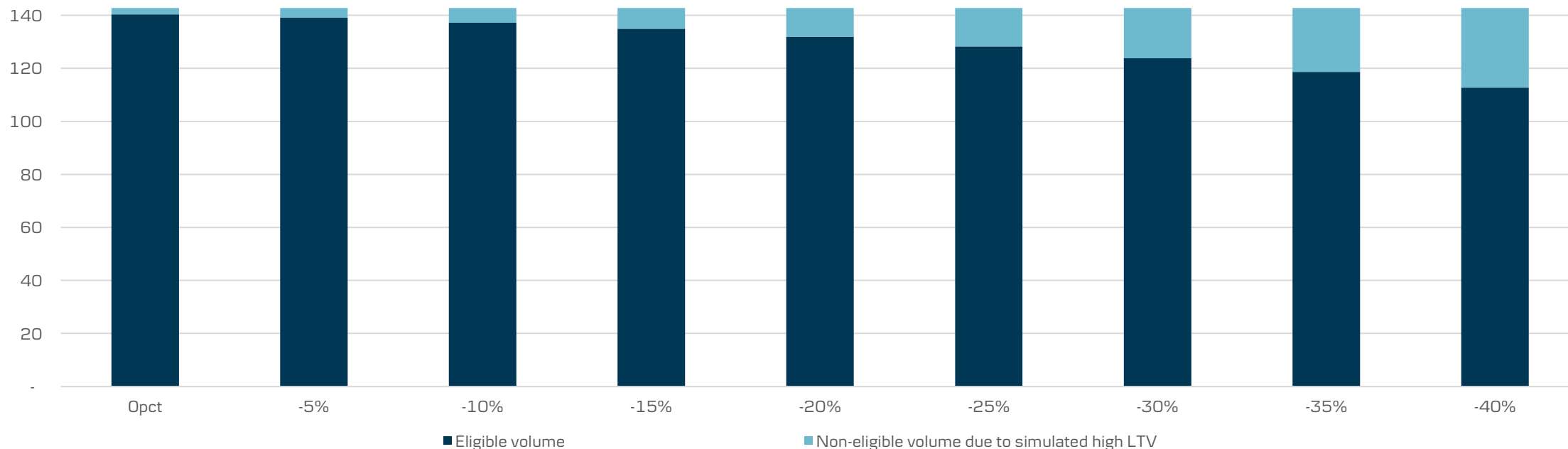
Volumes by seasoning, month; SEKb



<sup>1</sup> Based on priority distribution of mortgage. When joint collateral, Danske Hypotek has first priority over Danske Bank.

# Effect of house price sensitivity on LTVs and eligible assets

House price sensitivity – Effect of simulated market value declines (pool cut-off date end March 2024); SEKb



## Key points

### Moderate effects

- A 20% fall in house prices implies that 6% of today's eligible assets becomes ineligible
- A 40% fall in house prices implies that 20% of today's eligible assets becomes ineligible
- Danske Hypotek can withstand a large decline in property prices without breaching any over collateralization (OC) requirements

*Danske Hypotek - Funding*  
*[www.danskehypotek.se](http://www.danskehypotek.se)*



# Danske Hypotek and the Swedish benchmark market

Our ambition is to preserve and strengthen our name as an established and trusted benchmark issuer

## Our tools



- Market maker agreements with all major participants
- Repo facility that allows market makers to cover short positions as a lender of last resort
- Included in OMRX and SHB index
- The ability to tap the bonds when we see demand based on daily quotes on our bonds
- The ability to buy-back when the bonds are approaching maturity

## Our targets

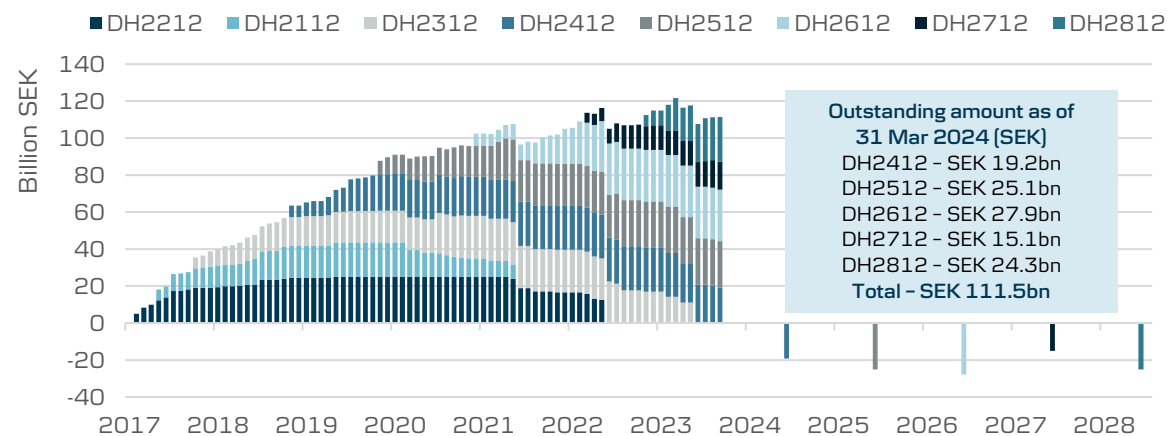


- Continue to build liquid benchmark curve during the coming years. This will take priority over private placements in other formats
- All benchmark bonds to be LCR level 1 at launch
- Continue to approach the market in a consistent, transparent and predictable manner

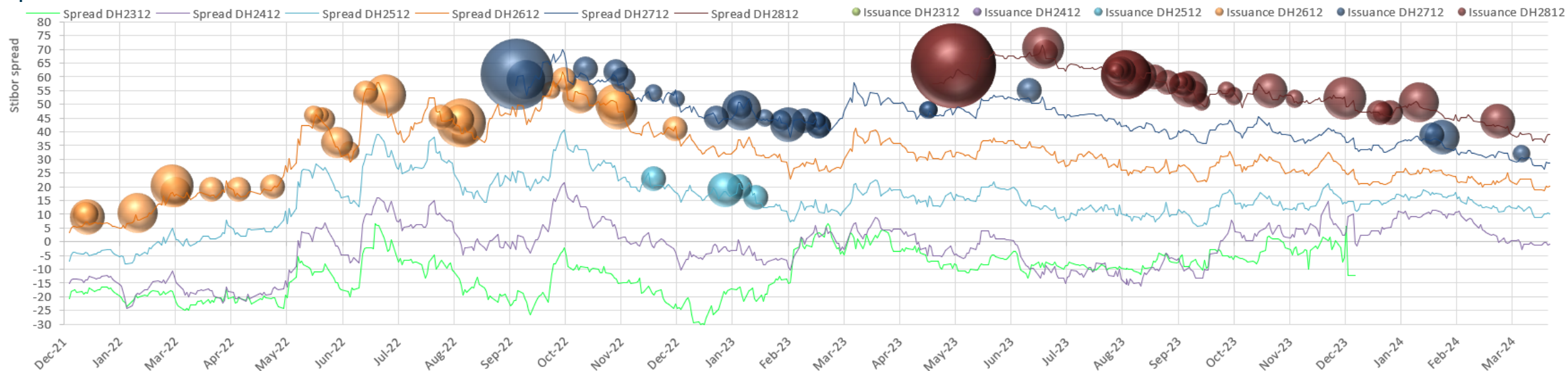
Long-term commitment to the Swedish market

# Covered bond funding in Sweden - Based on tap issuance

- As of 31 March 2024
  - Cover pool asset volume amounted to SEK 140bn
  - Five covered bonds outstanding with a total volume of SEK 111bn
- All bonds rated 'AAA' by S&P and NCR
  - Three bonds have matured - the last one on 20 December 2023 (DH2312)
- Buy-backs of tot SEK 1.6bn in DH2412 during Q1 2024
- Prices are quoted daily and there are ongoing tap issuances



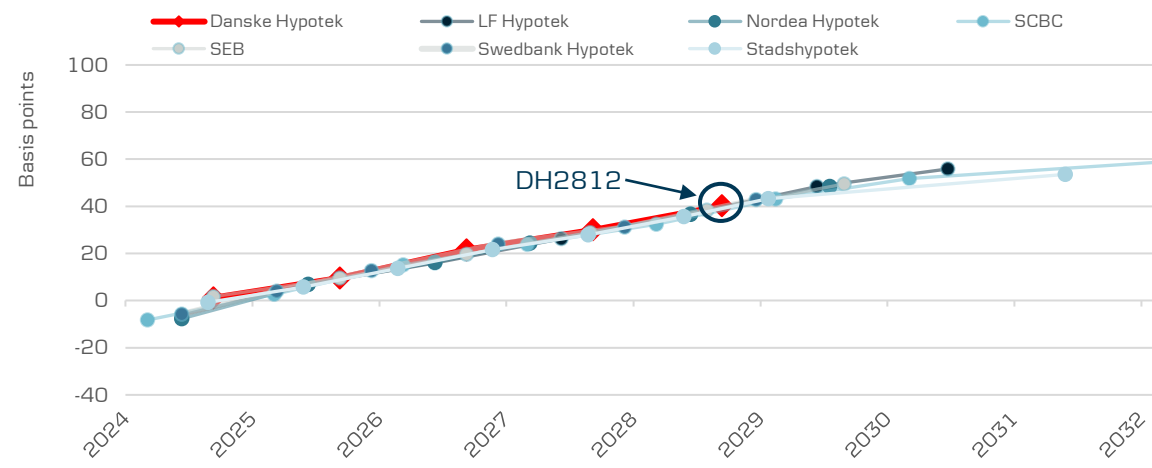
## Spreads and bond issuance



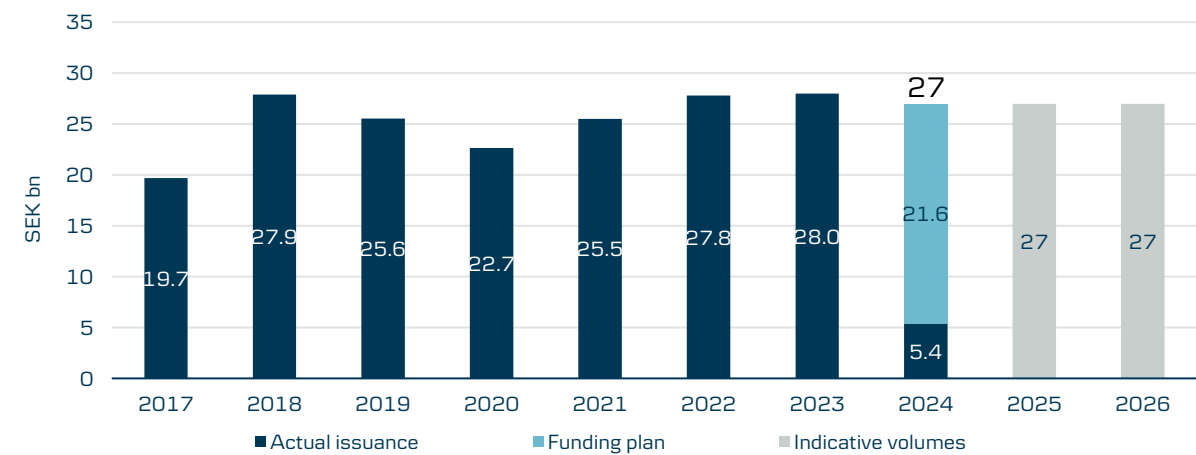
# 2024 and beyond - More of the same

- Focus to continue maintain liquidity in outstanding bonds with daily quotes via five market makers
- Riksbank expected to start the rate cutting cycle this year and this will be one of the main focus areas during 2024.
- Danske Hypotek's target funding volume for 2024 is SEK 27bn
- Intention is to issue 1-2 benchmark bonds per year in the coming years
- Aim to add SEK 15bn of multi-family property mortgage assets during 2024

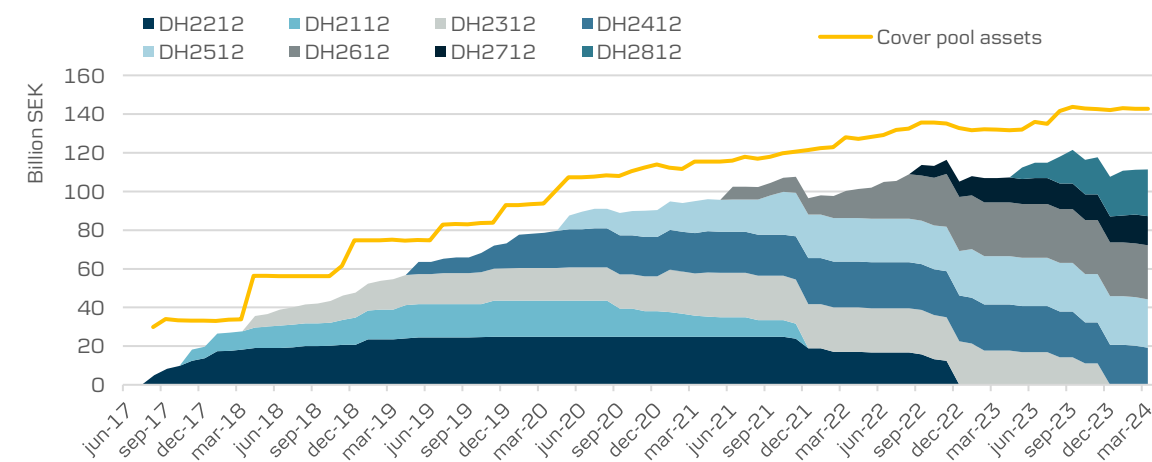
## The Swedish benchmark curve



## Funding plan 2024 and indicative volumes



## Historic bond issuance and cover pool volume



## Key takeaways on Danske Hypotek



Danske Hypotek is a wholly-owned subsidiary of Danske Bank



Swedish Credit Market Company (Kreditmarknadsbolag), supervised by Finansinspektionen (SFSA) resembling the setup from other Swedish Benchmark issuers



100% SEK denominated assets in the cover pool. Sufficient asset volume available to maintain liquid benchmark curve



Transparent and predictable issuer behavior in the Swedish benchmark market i.e., taps, buybacks, dedicated market makers



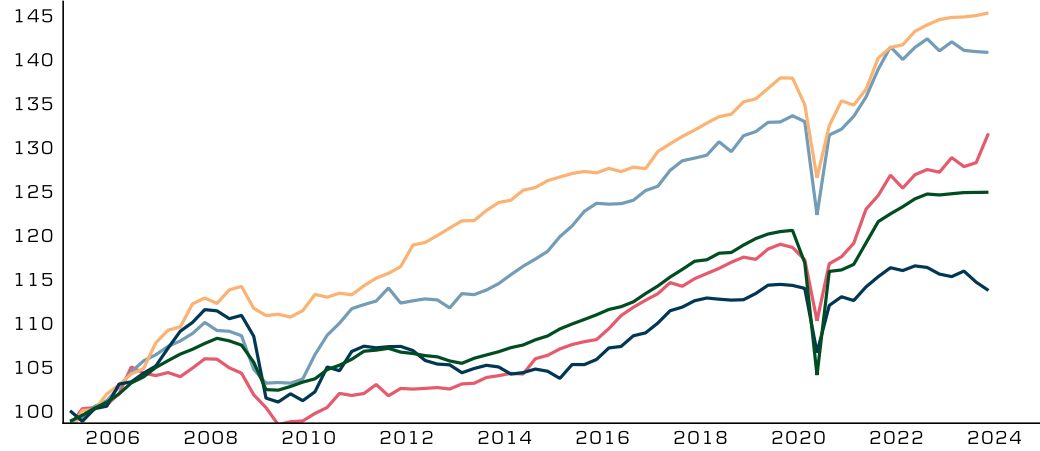
Eight benchmark bonds issued since 2017; SEK 111bn outstanding as of 31 March 2024 (DH2112, DH2212 and DH2312 have matured)

## *Appendix – Nordic macro*

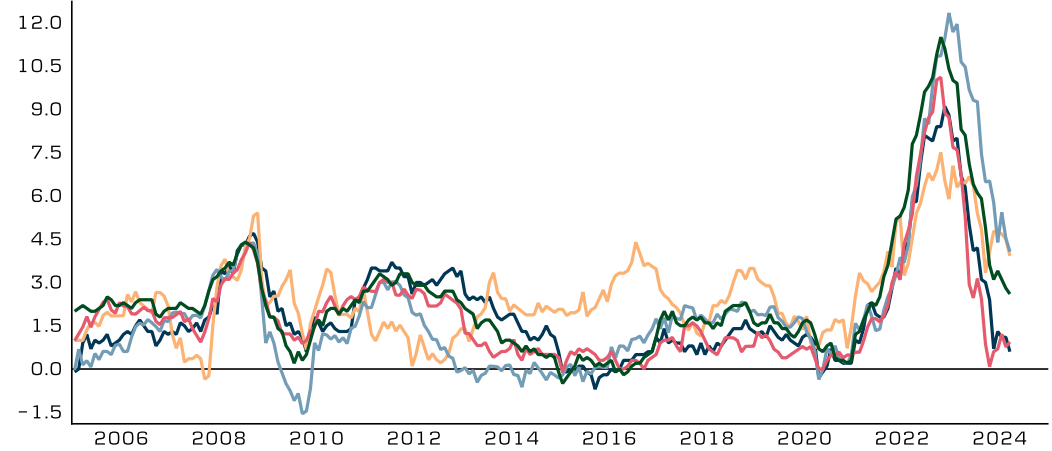
# Nordic macroeconomics

- Denmark
- Sweden
- Norway
- Finland
- EU

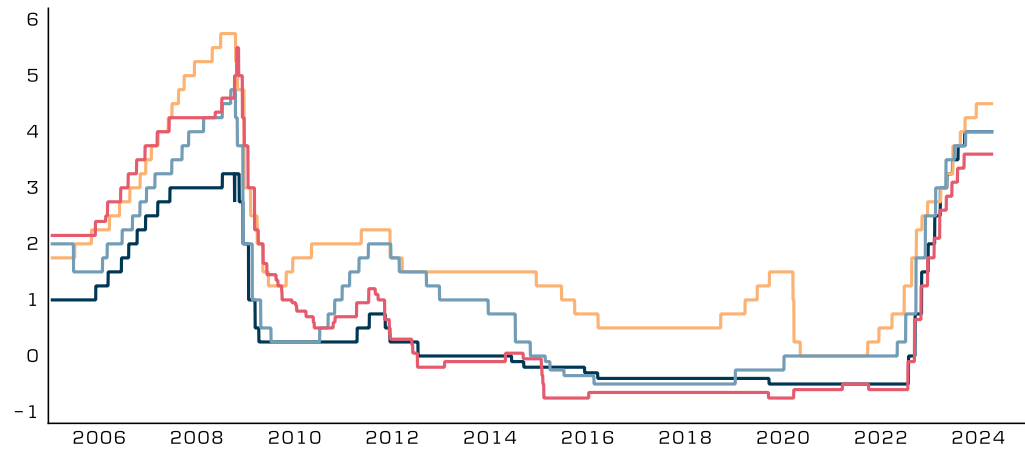
**Real GDP; constant prices (index 2005 = 100), Seasonally Adjusted**



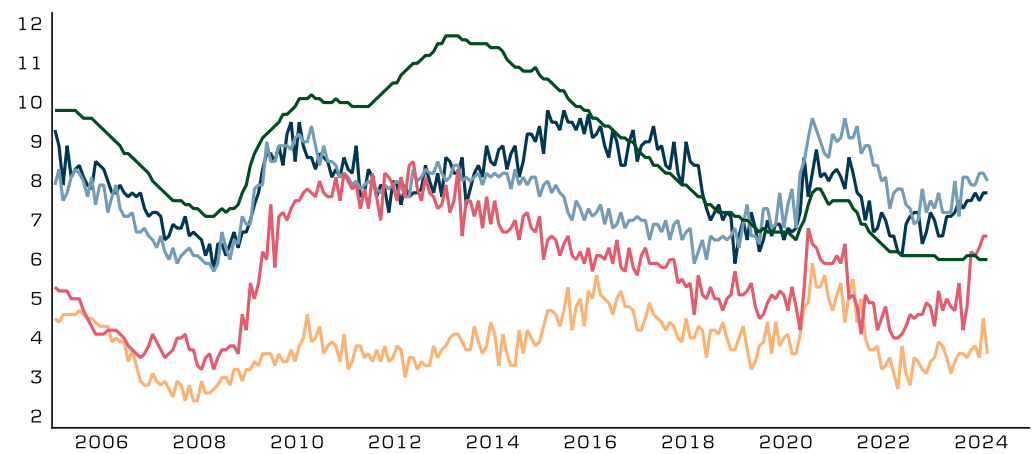
**Inflation: %**



**Interest rates, leading; %**



**Unemployment; %, Seasonally Adjusted**

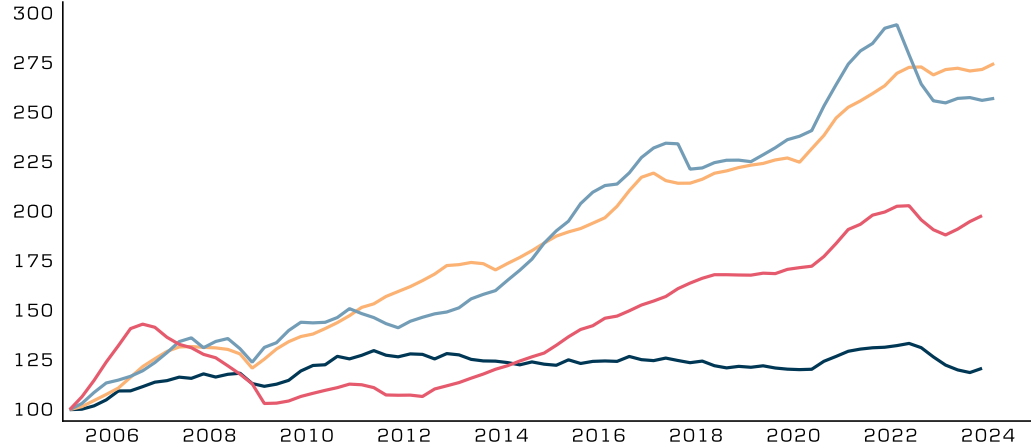




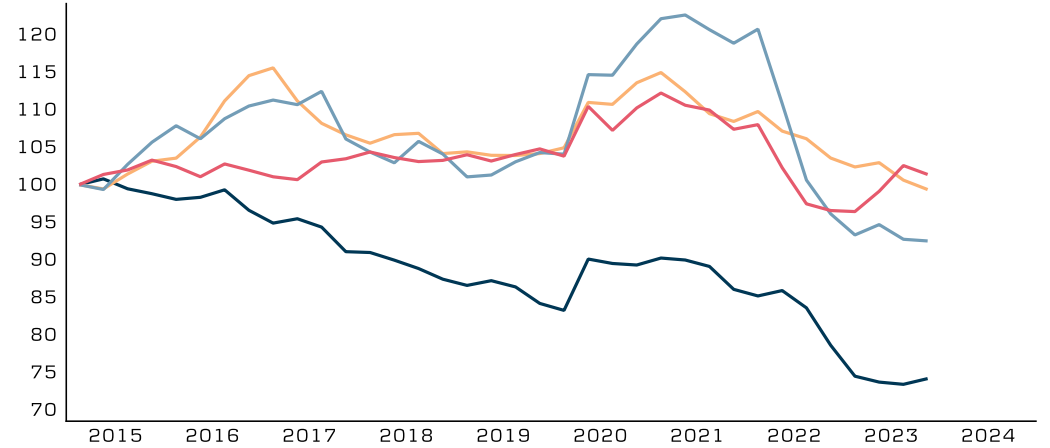
# Nordic housing markets

- Denmark
- Sweden
- Norway
- Finland

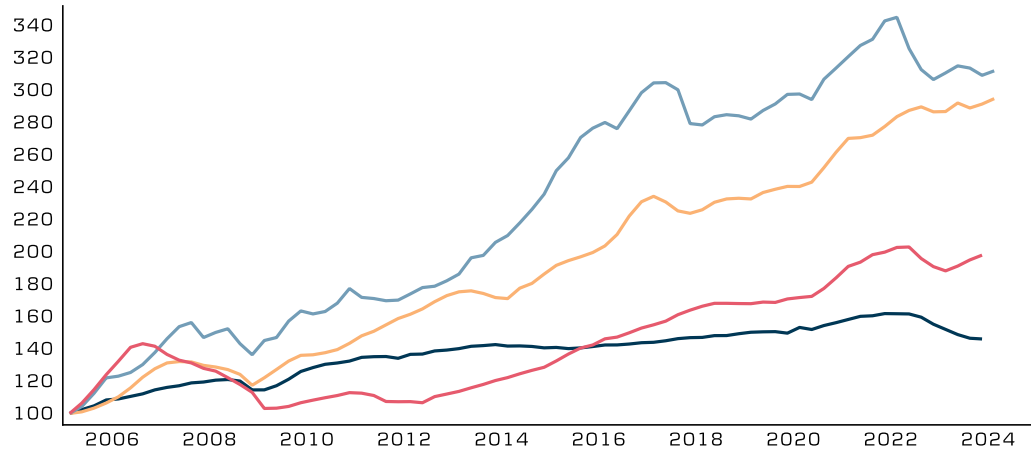
**Property prices; index 2005 = 100, Seasonally Adjusted**



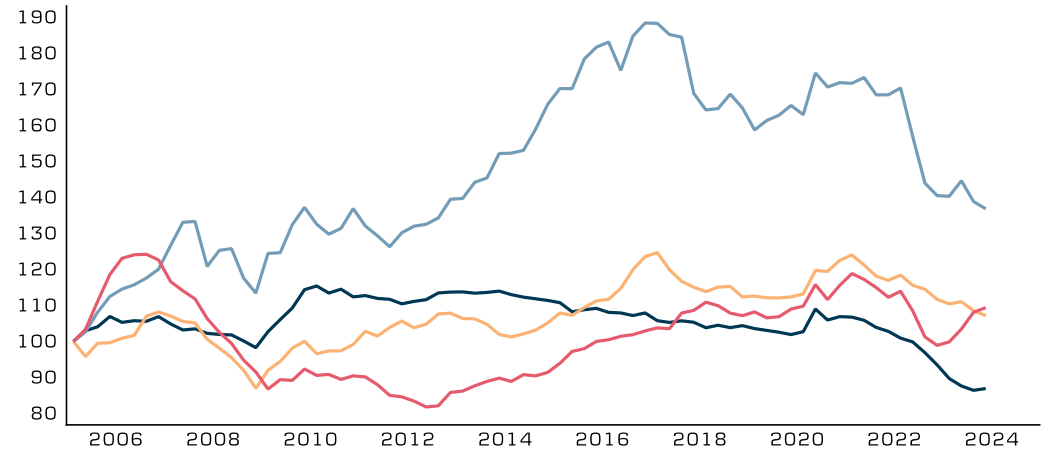
**House prices/nom. GDP; index 2005 = 100, Seasonally Adjusted**



**Apartment prices; index 2005 = 100, Seasonally Adjusted**



**Apartment prices/nom. GDP; index 2005 = 100, Seasonally Adjusted**



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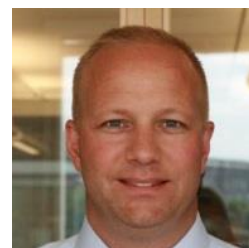
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