

Danske Hypotek – Investor presentation

Q1 2023

Agenda

- 1 *Danske Bank Group – Covered bond universe*

- 2 *Danske Bank – Personal Banking SE*

- 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

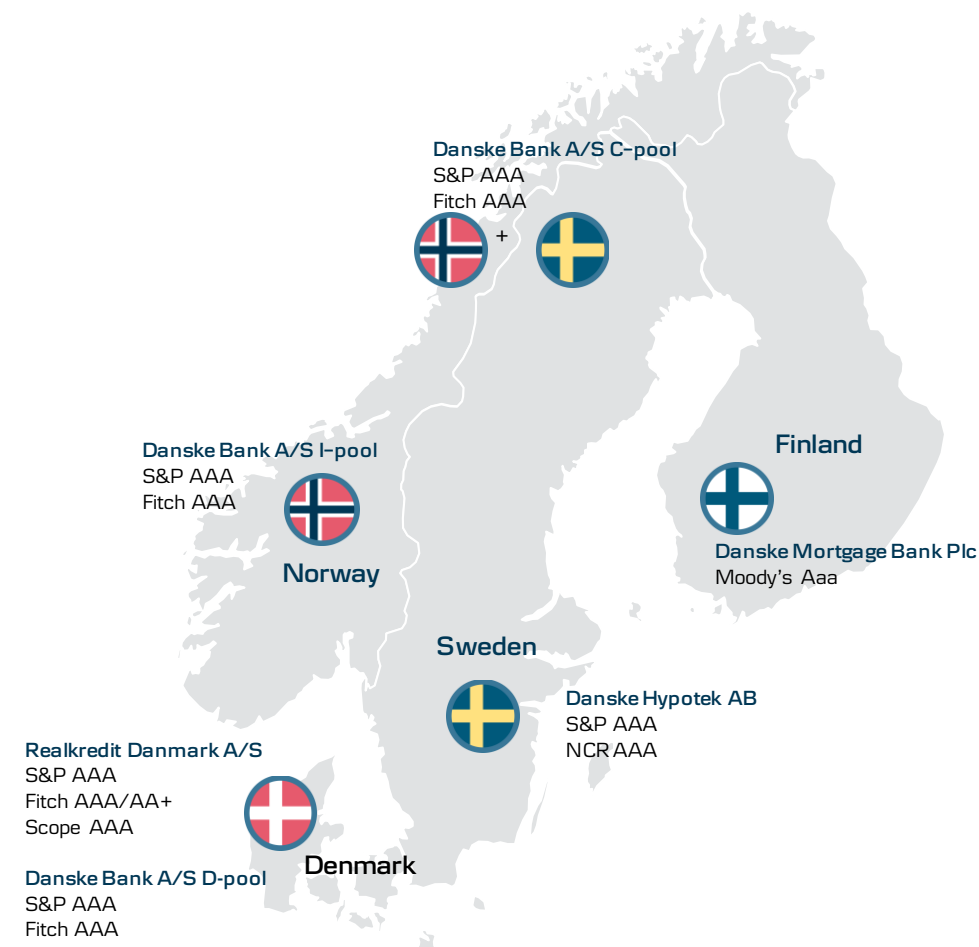
- Sweden and Norway, C-pool

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 2023

A challenger in a dynamic Swedish market



Danske Hypotek Q1 2023

Balanced organic growth

Strengthening our position in the Swedish market

Customer satisfaction

Profitability

Controlled risks

Partners

Expert advice

The sustainable choice

Growing with controlled risks

Target the right customers



Strategic partnerships

Holistic advice



Financial confidence

SACO & TCO customers		Strategic partners			Holistic advice	
	Higher credit quality than average					More than a mortgage
	Higher use of digital tools and channels than average	Members 650,000	1,300,000	650.000		On-demand advisory
	Faster to broaden their relation than average	Affiliated associations 23	14	Savers 120.000		Sustainable Private economy focus
		Launch February 2016	April 2017	January 2020		

Online with customer Holistic Approach

Digital interfaces and processes



Digital on-boarding of new customers

Focus on full customer journey



Life event based solutions

Simplicity & transparency



Digital convenience

Expert advice



Holistic advice with sustainability in focus

Balanced organic growth

Digital interfaces and processes



Mortgage portfolio compared to market average¹

- Higher resilience in stress tests
- Higher household income
- Larger share in urban areas

Focus on full customer journey



Share of Swedish mortgage market 2022

- Market share 3.6%

¹- Finansinspektionen, The Swedish Mortgage Market, 2021

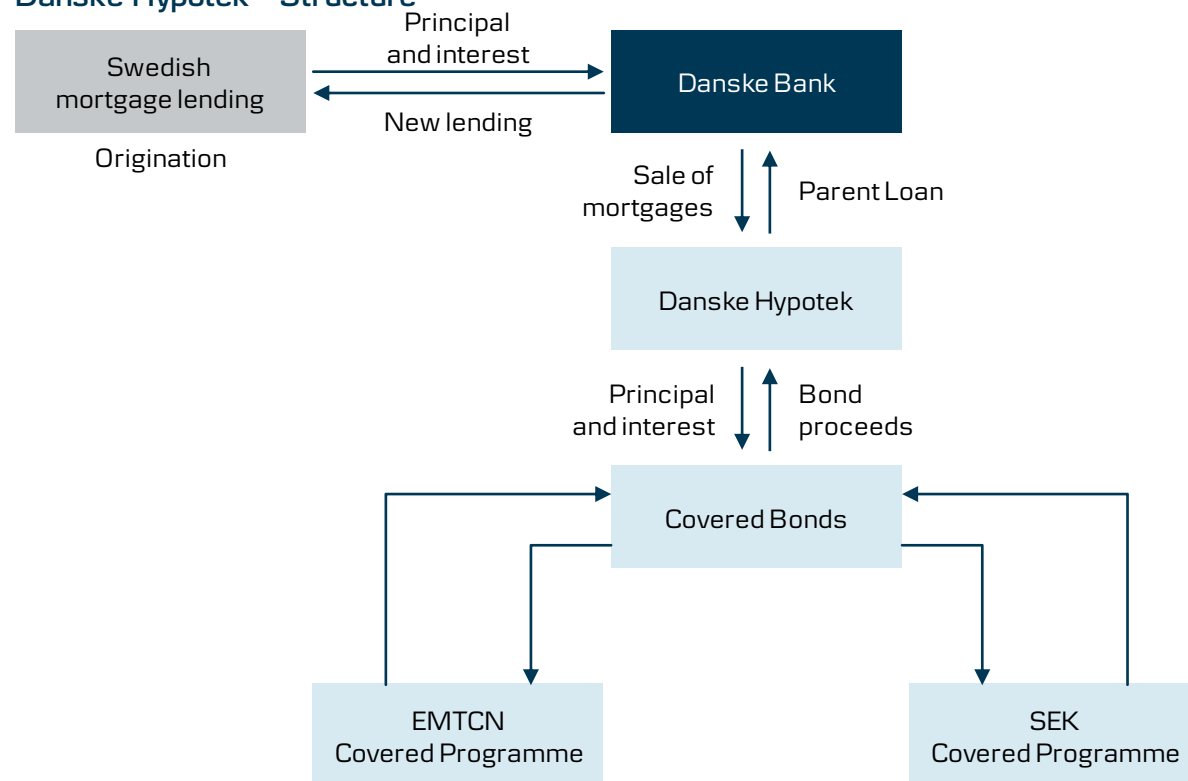
Danske Hypotek – Structure and expected development

Purpose and structure

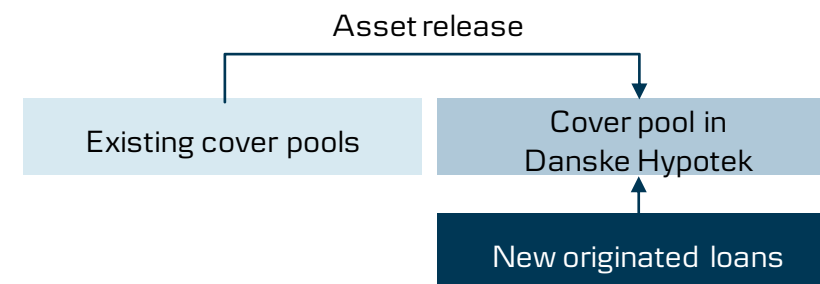
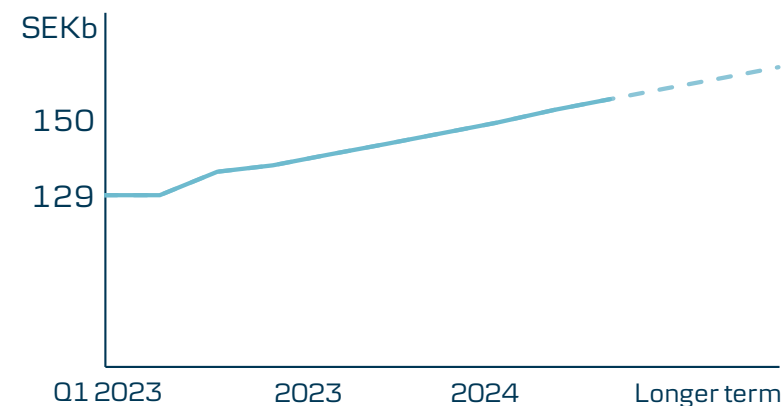
Danske Bank Group has a strong commitment to the Swedish mortgage market

- 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



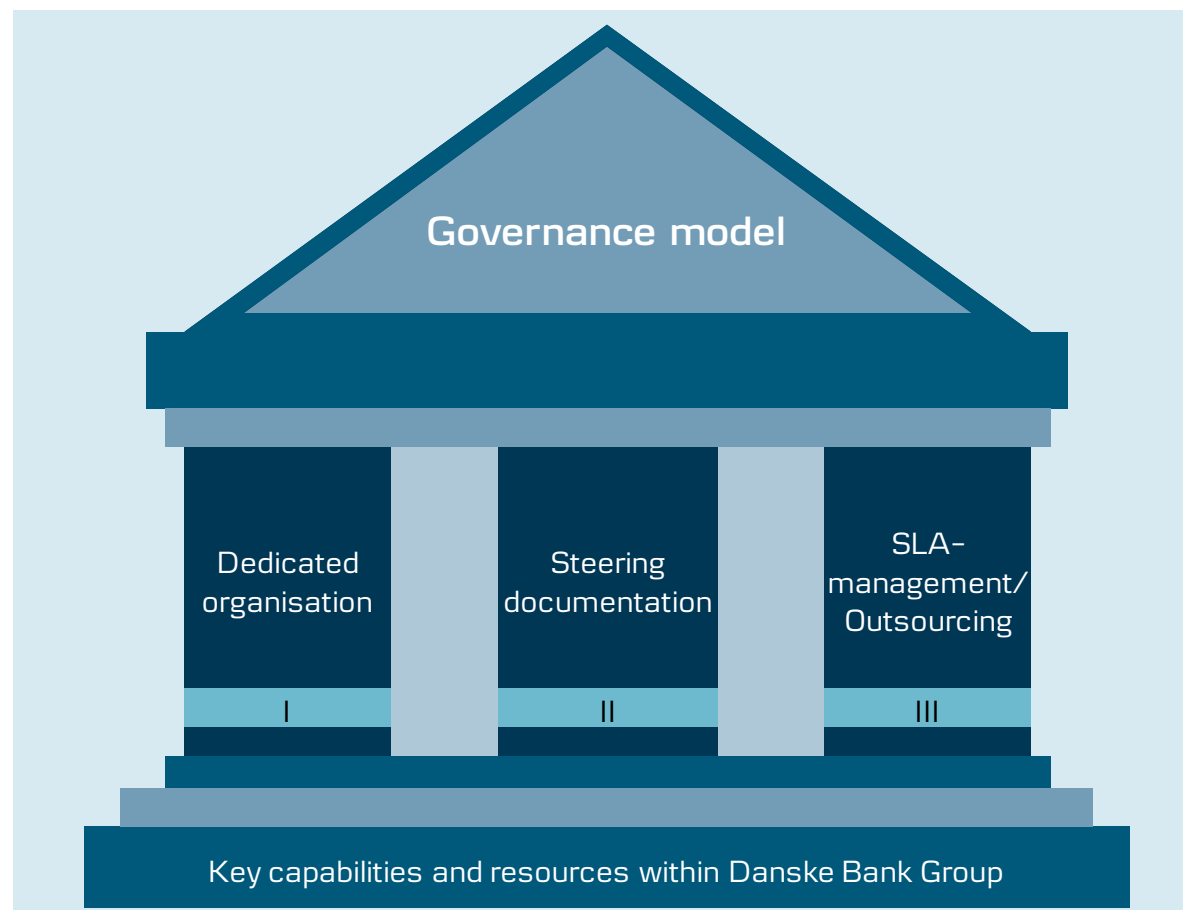
Danske Hypotek cover pool (incl. indicative future transfer capacity)



Governance model

Funding, Hedging, Liquidity and Capitalization

Governance model



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

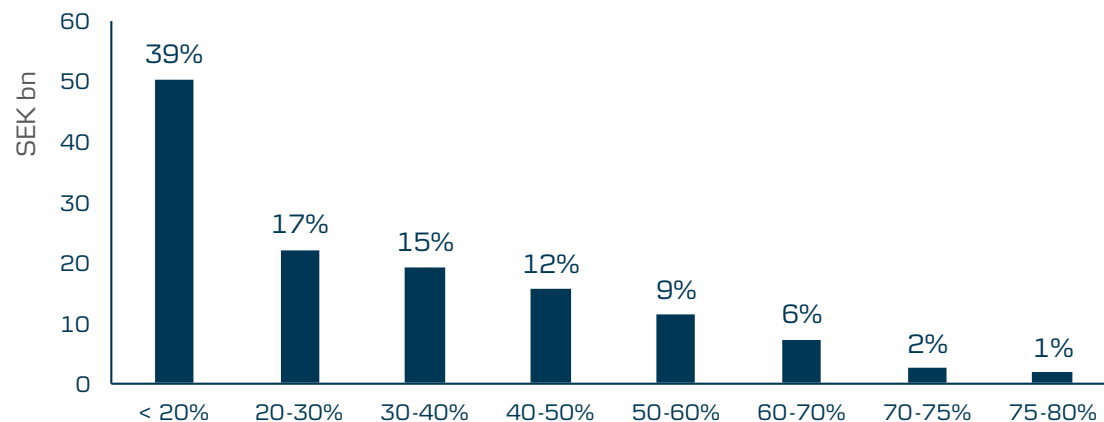
Liquidity and capitalisation

- 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

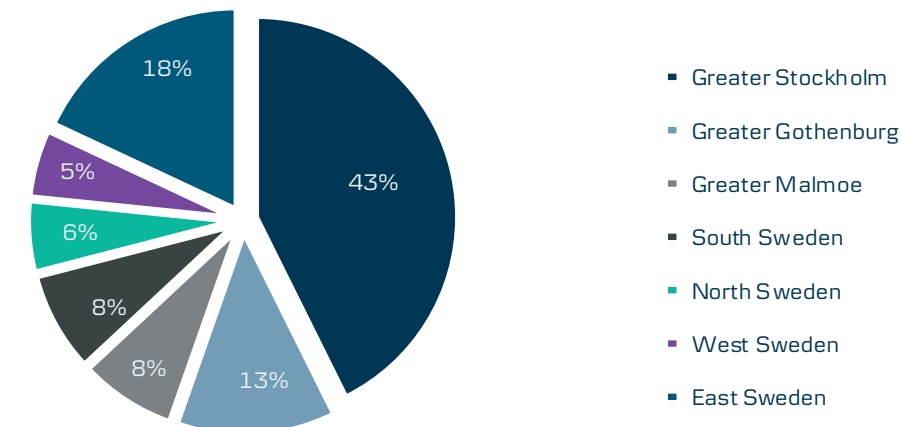
Cover pool characteristics – Q1 2023

Characteristics	Assets
Collateral type	Swedish residential mortgages
Loans in cover pool	SEK 129bn
Number of Loans	120 017
Number of Borrowers	55 787
Number of Properties	57 269
Average Loan Size	SEK 1.078m
Property Type	39.4% Tenant Owner Rights, 57.1% Single-Family Housing, 3.3 Multi-family housing, 0.2% Commercial.
WALTV	58.8% ¹
WA Seasoning	5.0 years
Rate type	41% Floating rate, 59% Fixed rate
Repayment type	74% Amortizing, 26% Interest Only
Issuance notional	SEK 107bn
OC	19.4%
Geographical location	100% Sweden
Pool type	Dynamic
Pool Cut Date	31 March 2023

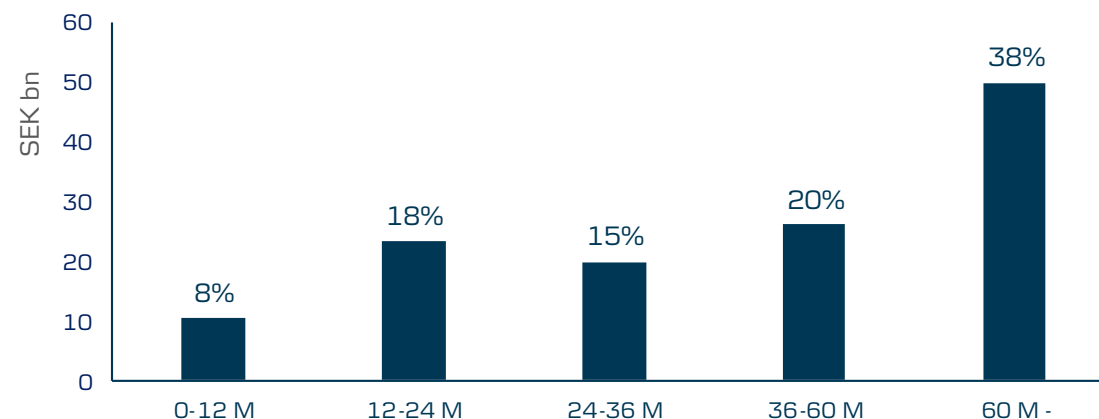
Loan volumes in LTV buckets



Loan volumes by region, %



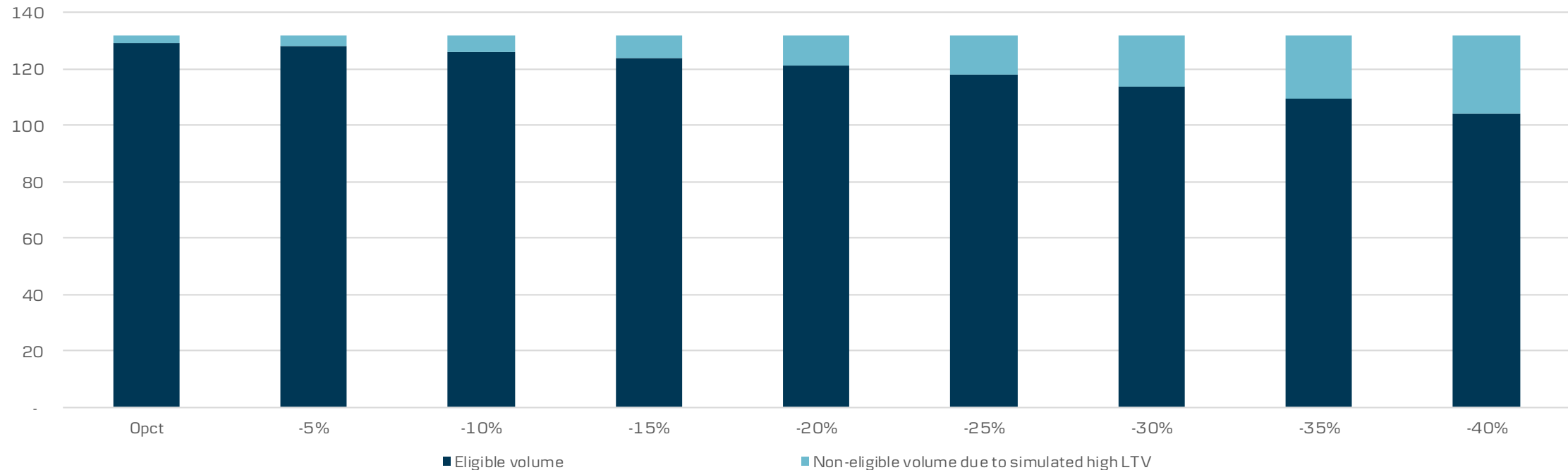
Volumes by seasoning, month



¹- 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 31 March 2023); SEK bn



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

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

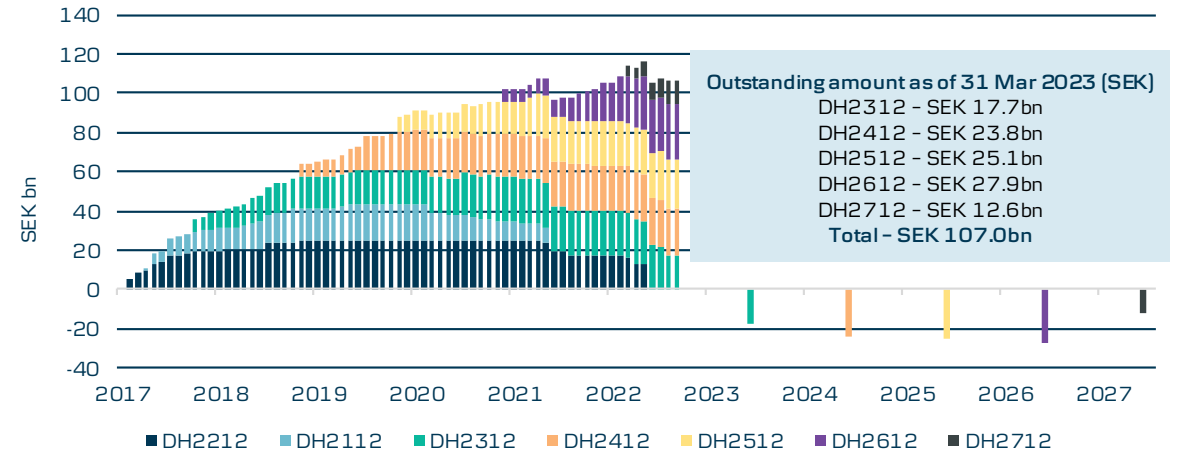


- Continue to build liquid benchmark curve during the coming years. This will take priority over private placements in other formats
- All benchmark bonds to be LCR level 1 at launch
- Continue to approach the market in a consistent, transparent and predictable manner

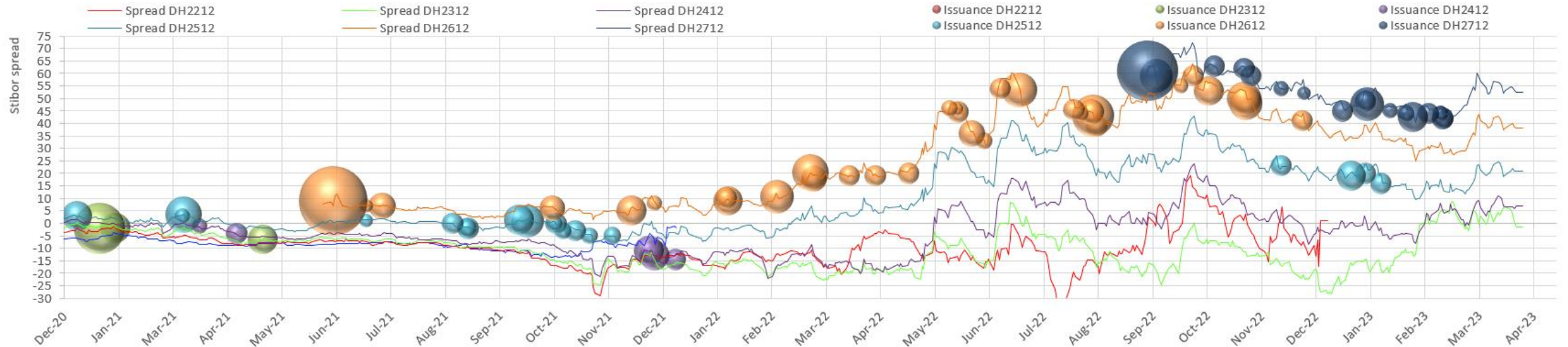
Long-term commitment to the Swedish market

Covered bond funding in Sweden – Based on tap issuance

- As of 31 March 2023
 - Cover pool asset volume amounted to SEK 129bn
 - Total outstanding covered bonds of SEK 107bn
- Established benchmark curve – currently five covered bonds outstanding
- The new covered bond directive was implemented during 2022 and Danske Hypotek's first soft-bullet covered bond, DH2712, was launched on 9 September 2022
- All bonds rated 'AAA' by S&P and NCR
 - Two bonds have matured – the last one on 21 December 2022 (DH2212)
- Buy-backs of tot SEK 5bn in DH2312 during Q1 2023
- Prices are quoted daily and there are ongoing tap issuances



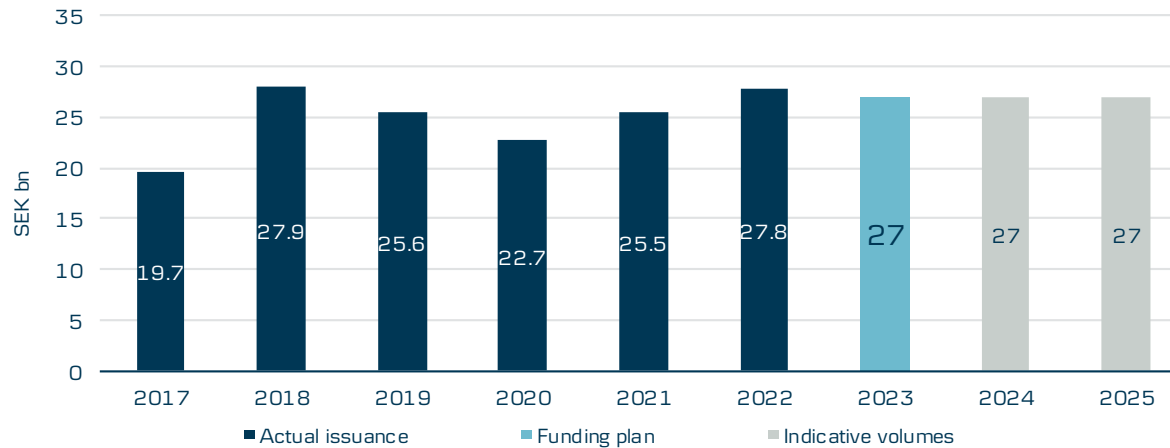
Spreads and bond issuance



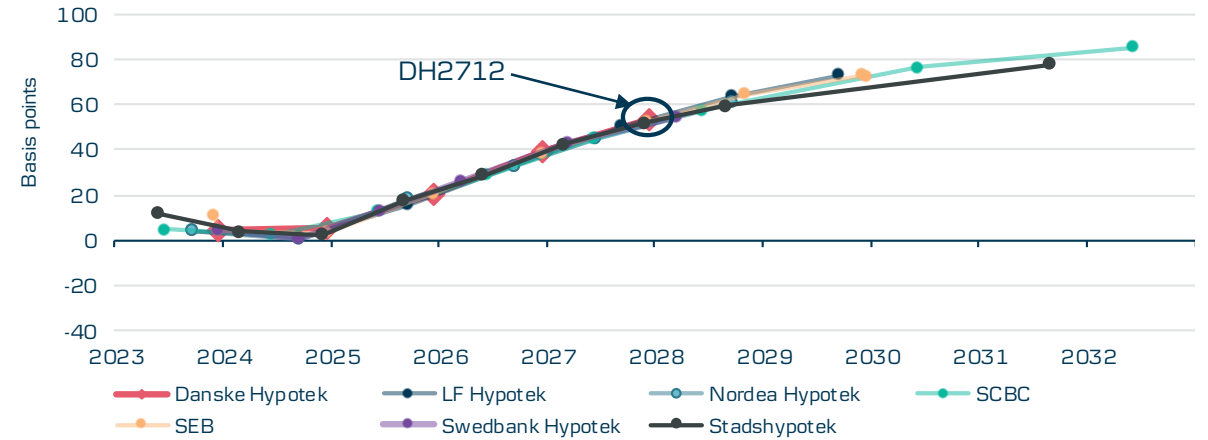
2023 and beyond – More of the same

- Focus to continue maintain liquidity in outstanding bonds with daily quotes via five market makers
- High inflation has continued to be the main focus and the market has been volatile during the beginning of 2023 – Danske Hypotek's market access has however remained solid with SEK 7bn issued by end March 2023
- Target funding volume of SEK 27bn during 2023
- Intention is to issue 1-2 benchmark bonds per year in the coming years
- Aim to add SEK 10bn of multi-family property mortgage assets during 2023
- Intention to increase loan portfolio to about SEK 140bn in the loan portfolio by YE-2023

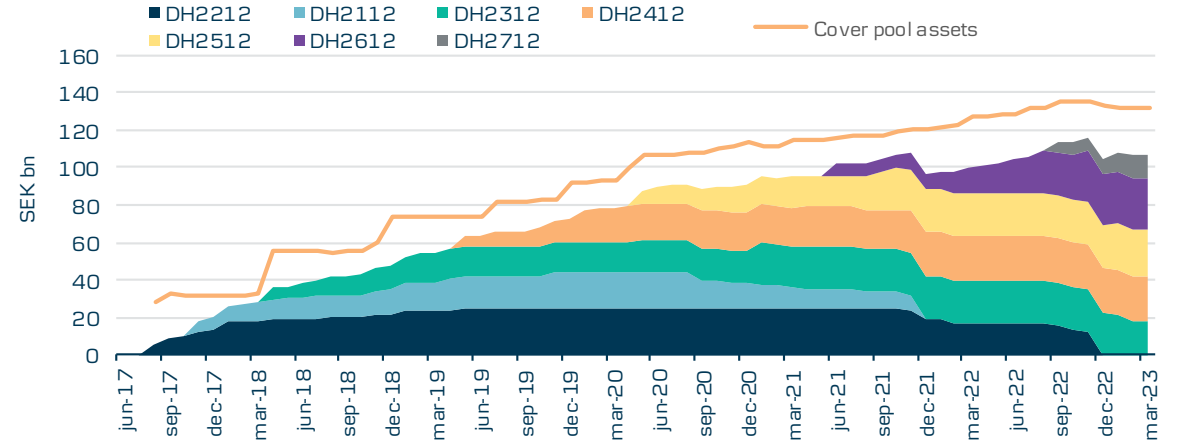
Funding plan 2023 and indicative volumes



The Swedish benchmark curve



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



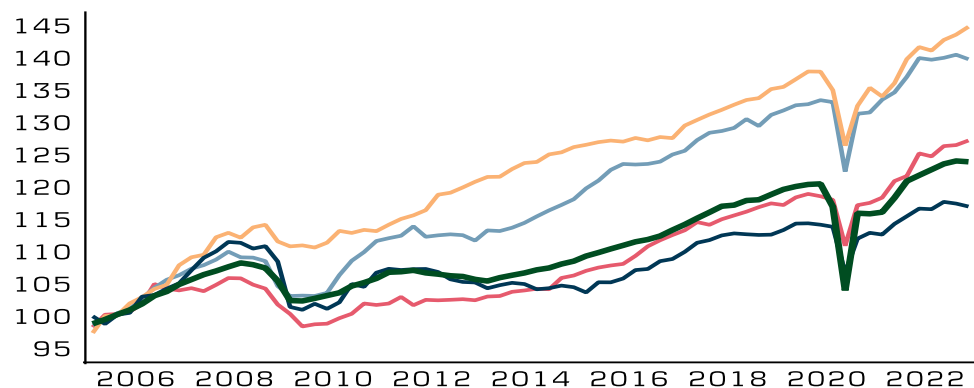
Seven benchmark bonds issued since 2017; SEK 107bn outstanding as of 31 March 2023 (DH2112 and DH2212 have matured)

Appendix – Nordic macro

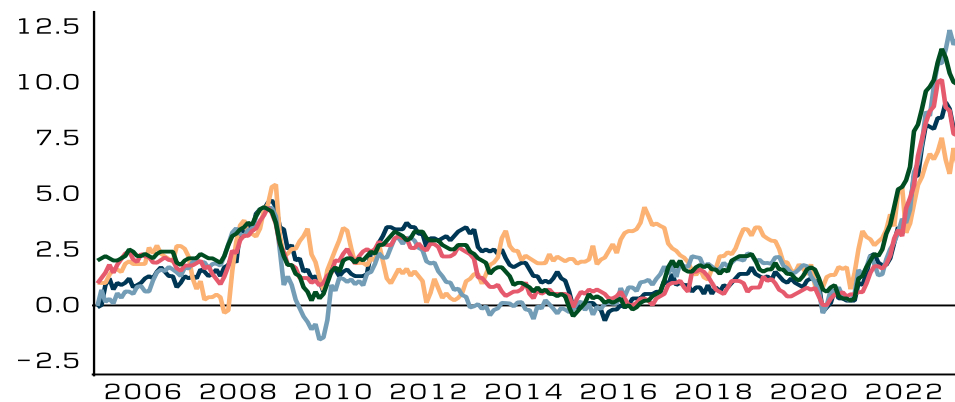
Nordic macroeconomics

Denmark
Sweden
Norway
Finland
EU

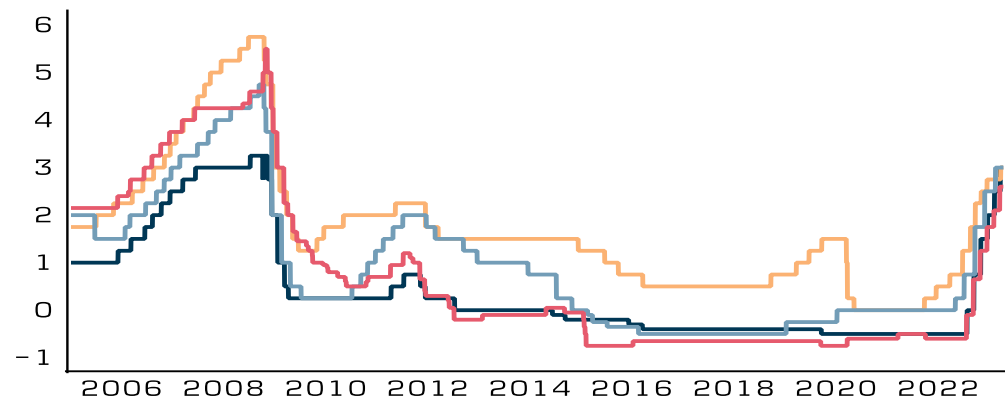
Real GDP; constant prices (index 2005 = 100)



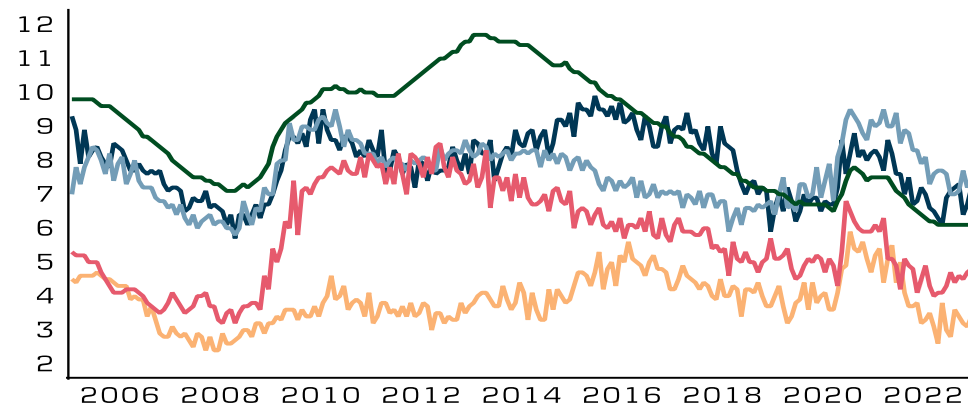
Inflation; %



Interest rates, leading; %

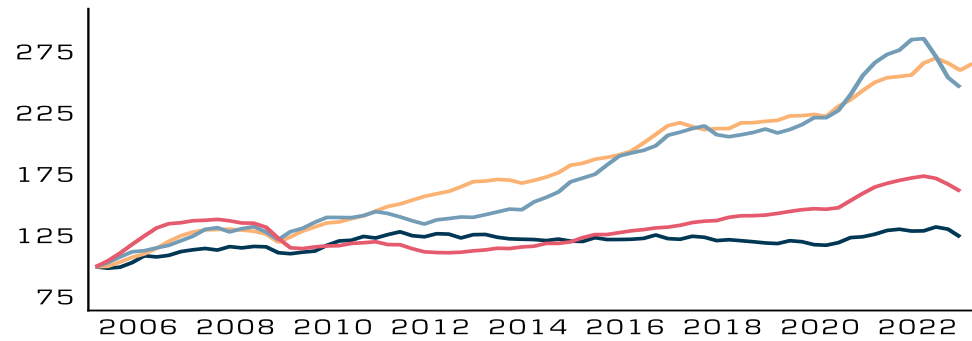


Unemployment; %

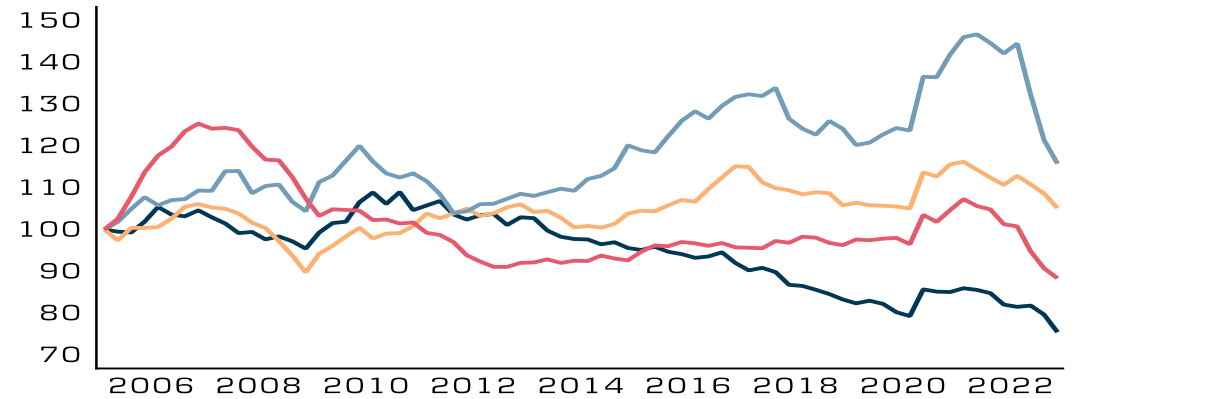


Nordic housing markets

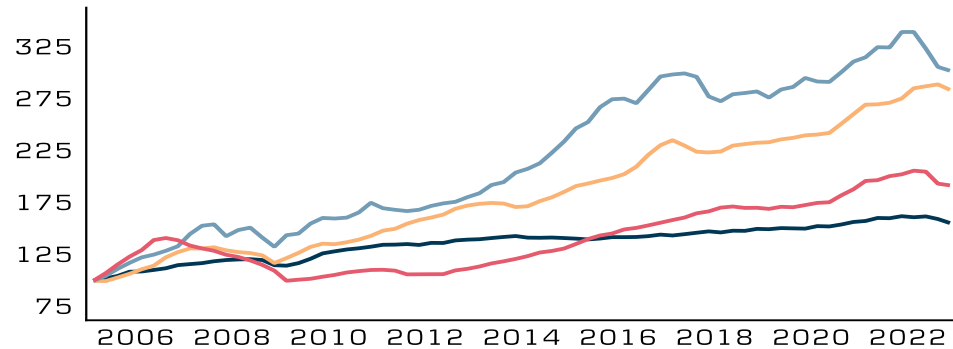
Property prices; index 2005 = 100



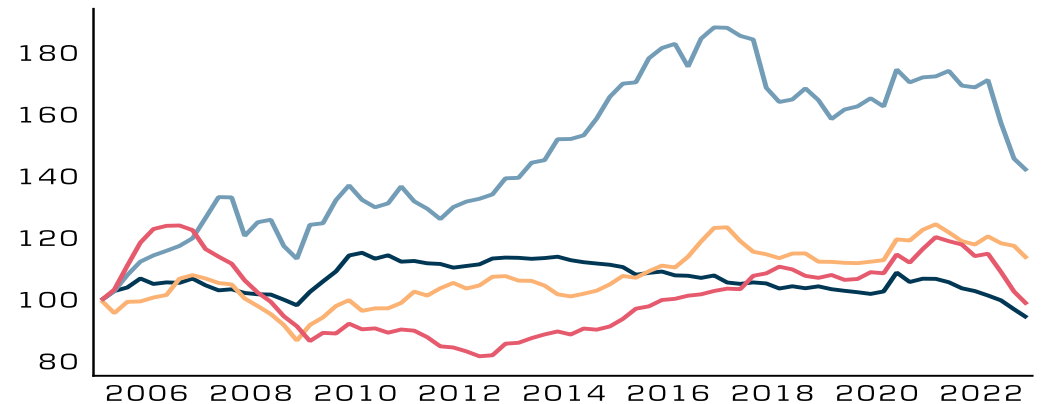
House prices/nom. GDP; index 2005 = 100



Apartment prices; index 2005 = 100



Apartment prices/nom. GDP; index 2005 = 100



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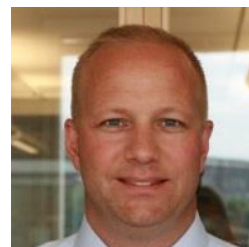
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