



Nykredit

Investor presentation: SEK Covered Bonds

February 2025

Nykredit

Term sheet for long 3 yr SEK Covered Bond

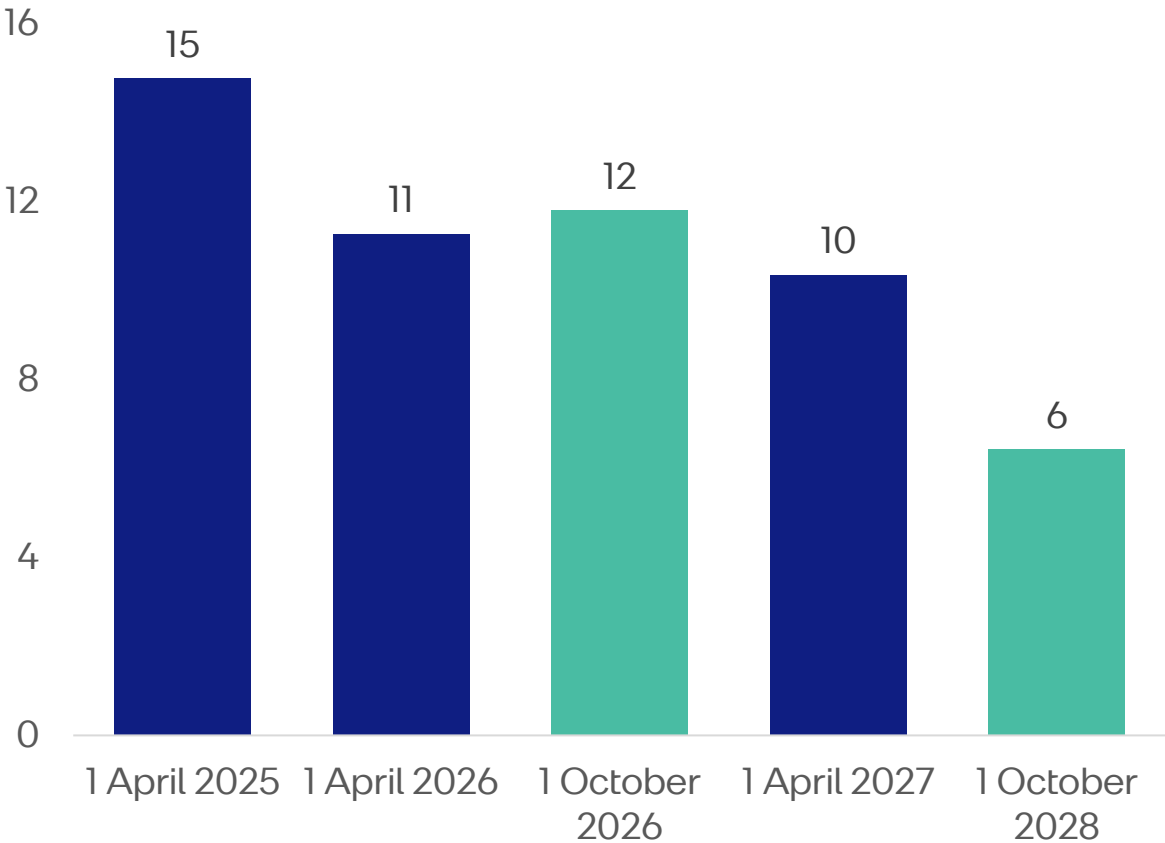
Issuer	Nykredit Realkredit A/S, Capital Centre H
Instrument	European Covered Bond (Premium) ISIN DK0009548612
Maturity date	1 st of April 2028
Rating	AAA (Standard & Poors)
Currency	SEK
Expected size	SEK ~8bn
Coupon and interest rate floor	FRN 3M Stibor + 0.50%, floored at 0.00%
Listing	NASDAQ Copenhagen
Clearing	Euroclear
Repo-eligibility with Riksbanken	Yes – out of Euroclear
HQLA	Level 1b
Statutory refinancing	Yes, failed refinancing trigger



Maturity profile for Nykredit's SEK covered bonds

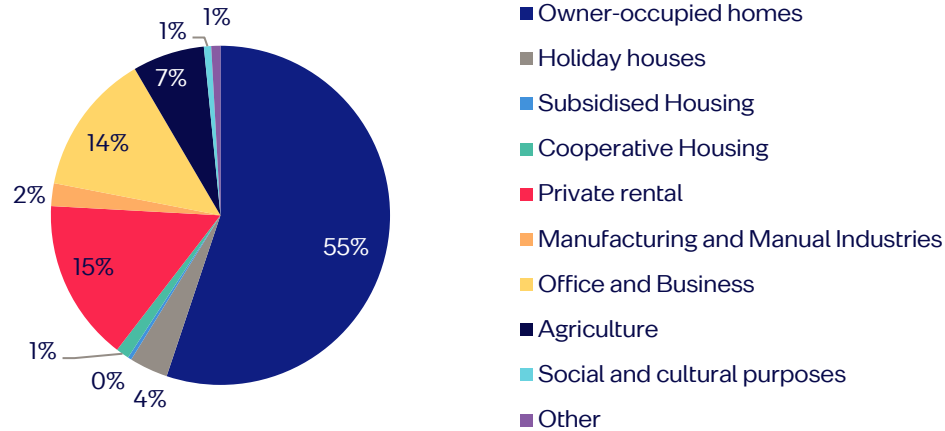
- Nykredit uses syndication for refinancing of bonds in Swedish kroner
- Mortgage loans in Swedish kroner are primarily provided to large corporates and real estate companies
- Typical loan size SEK 100m
- Approx 29% of lending qualifies for green lending
- The maturity of the loan is typically longer than the funding
- New bonds are typically between 3 and 4 years and the funding profile aims for one or two annual redemptions
- New bonds are used for tap issuance

Maturity profile for covered bonds in SEK, SEKbn



Mortgage cover pool composition – Cover pool H

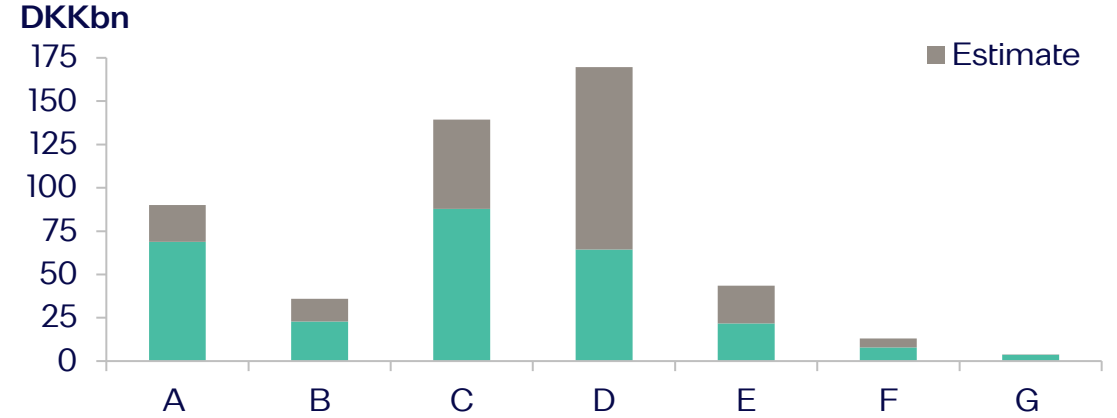
Mortgage loans in Cover pool H



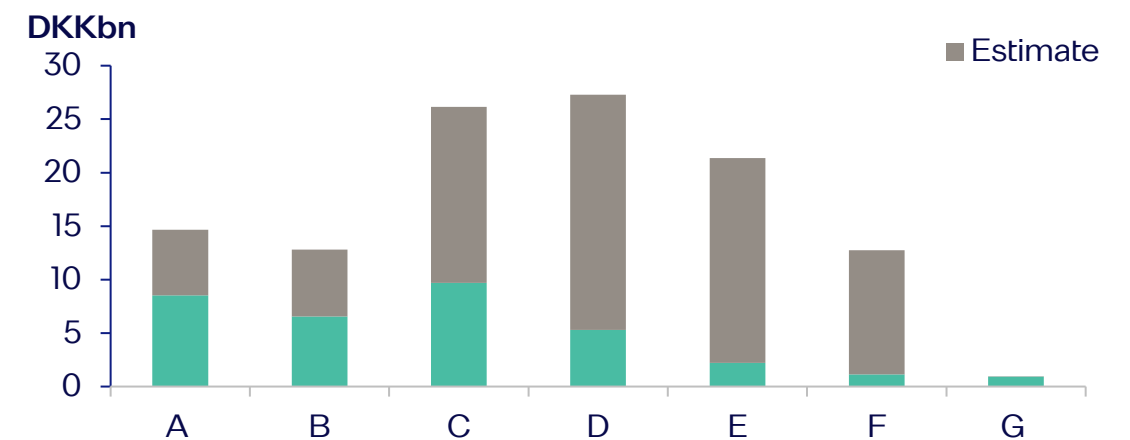
Cover pool H – European covered bonds (Premium)

Nominal value of outstanding CBs	DKK 751.8 bn
Actual over collateralisation	3.5%
Interest rate profile	
▪ Fixed coupon	0.0%
▪ Floating coupon	95.8%
▪ Other	4.2%
Currency denomination profile	
▪ DKK	90.9%
▪ EUR	4.4%
▪ SEK	4.7%
WAL assets/liabilities (years)	26.9/4.6
CRR/CBD compliance	Yes/Yes
Average LTV	54.5

Energy Performance Certificate – Residential cover pool H



Energy Performance Certificate – Commercial cover pool H



Nykredit Group key highlights

Denmark's largest lender

- AAA country with strong fiscal balances and low unemployment
- 45% market share on mortgage lending

Resilient, low-risk business model

- Main focus is lending to homeowners/SME's as well as wealth management
- 93% of the loan book is prime mortgage loans – of which 81% residential

Strong distribution network

- 580 branches across partners and Nykredit
- Risk sharing via 41 partner banks

Mutual ownership provides competitive edge

- Customer association owning 80% of the Group
- The association supports the business with capital and customer benefits

Robust funding model

- Mortgage lending funded entirely by covered bonds
- ~75% of issued bonds placed domestically

Group structure



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

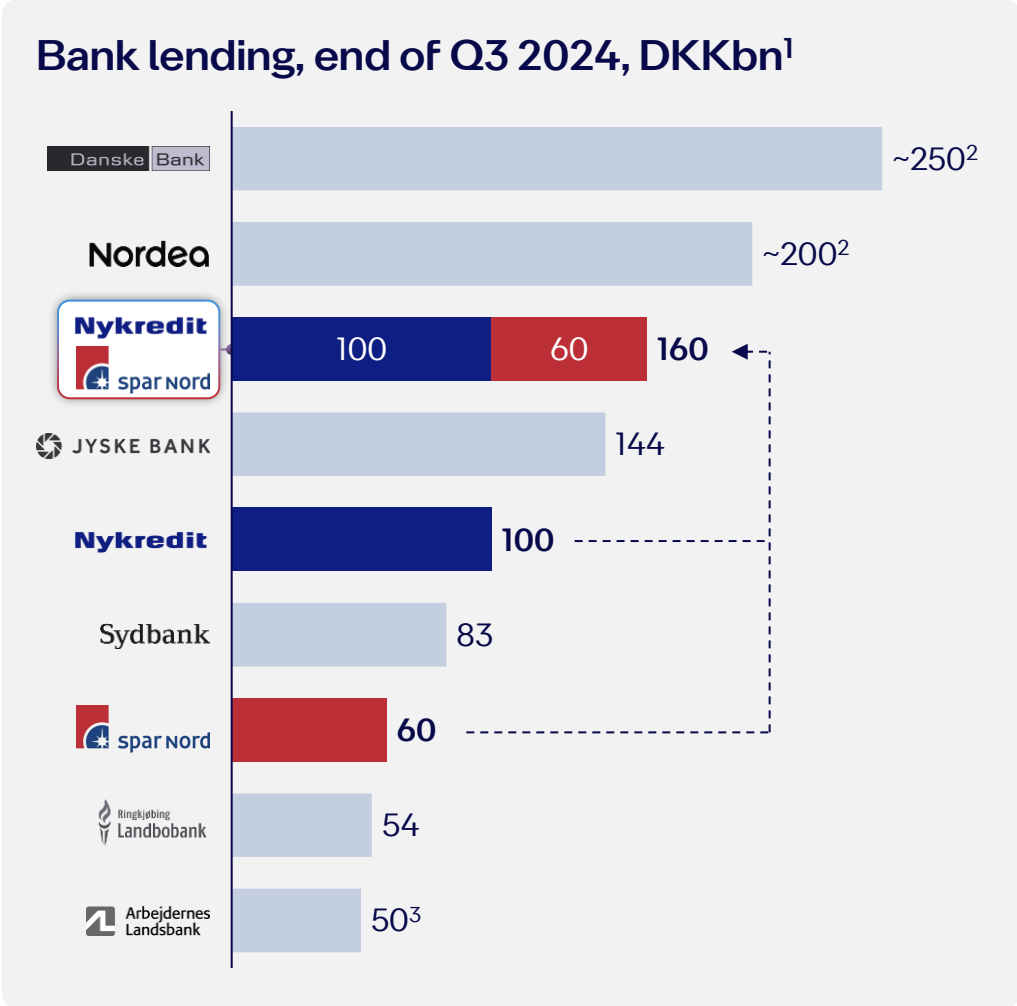


Nykredit will delist Spar Nord Bank A/S and complete compulsory acquisition of remaining shares as soon as possible

Indicative timeline

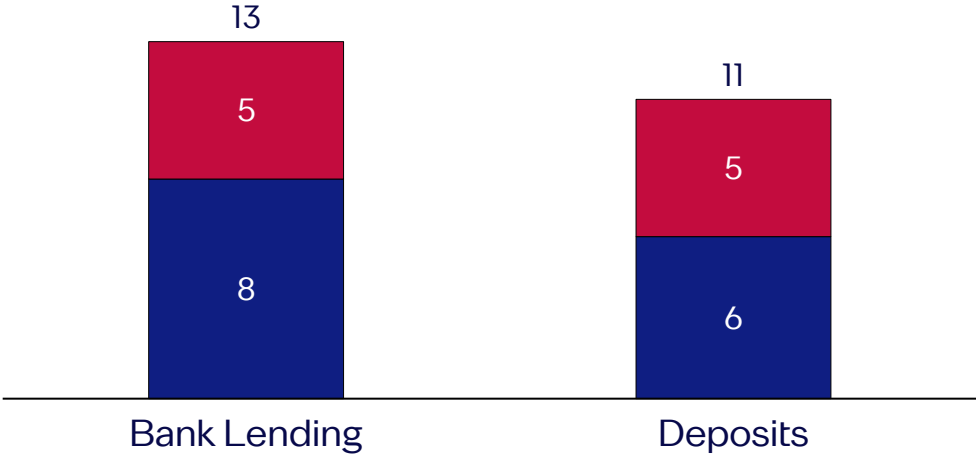
- 10 December 2024**
Announcement of intention to acquire Spar Nord
- 8 January 2025**
Launch of tender offer after approval by the Danish FSA
- 19 & 20 February 2025**
Expected expiry of the offer period and publication of preliminary results of the offer
- 24 February 2025**
Latest expected announcement 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

After the merger with Spar Nord, Nykredit will be the third largest bank in Denmark...



Market shares^{1,4}, %

■ Spar Nord ■ Nykredit



We gain scale to increase competition against large listed competitors, in a changing Danish bank market

Nykredit Notes: 1) All consolidated figures are pro-forma, 2) High-level estimate based on Nykredit analysis. Danske Bank and Nordea do not publish bank lending volumes for Denmark, 3) Based on H1 2024 financial report, as Arbejdernes Landsbank does not publish quarterly financial results, 4) Nykredit analysis based on Danmarks Nationalbank's MFI-statistics

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

Very satisfactory results for FY 2024

ROE of 11.7%

DKKm	2022	2023	2024
Core income ¹	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 ²	-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%

¹ NII, NFI and Wealth Management income

² A negative number indicates a gain

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

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




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

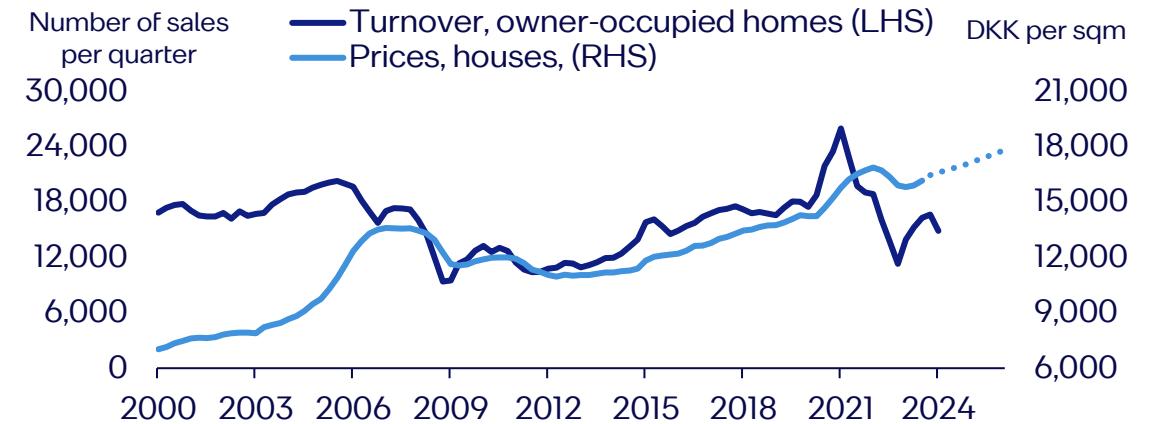
	Volume growth 2024 vs 2023	Market share 2024 vs 2023
 Mortgage lending	+3.0% +44bn ↑	45.3% +0.7% ↑
 Bank lending	+9.4% +9bn ↑	8.1% +0.2% ↑
 Assets under Management	+9.5% +43bn ↑	18.8%* +0.3% ↑

* Retail mutual funds.

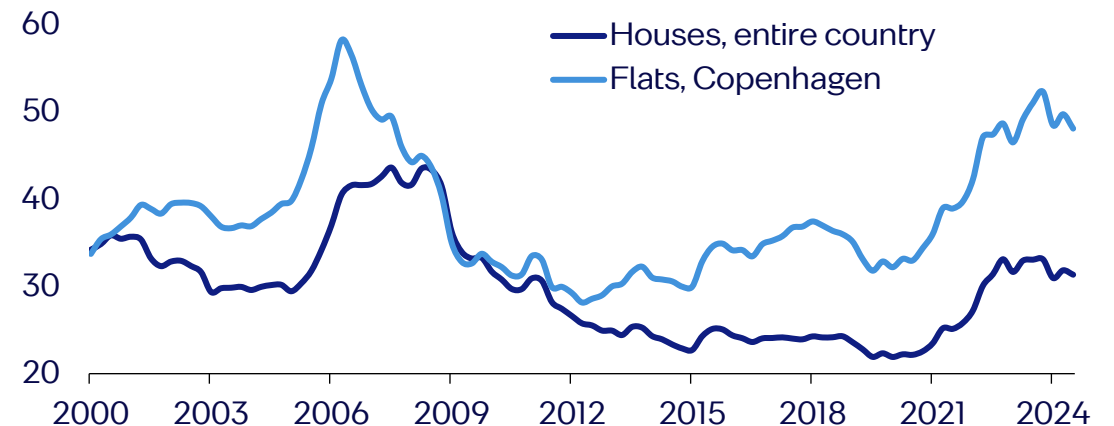
Sound Danish housing market

- Danish house prices increased in H1 2024
- House prices are up 7% compared to end-2022
- Sales activity has improved and is back at pre-covid levels
- Nykredit expects national house prices to increase in the coming years, with around 3-4% in both 2024 and 2025
 - Nykredit expects national owner-occupied flat prices to decrease with approx 1% in 2024 due to the new housing taxes
- Despite higher household income, increasing interest rates have made it considerably more expensive to buy a home

Home sales per quarter and price development



Housing burden, % of disposable income



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%



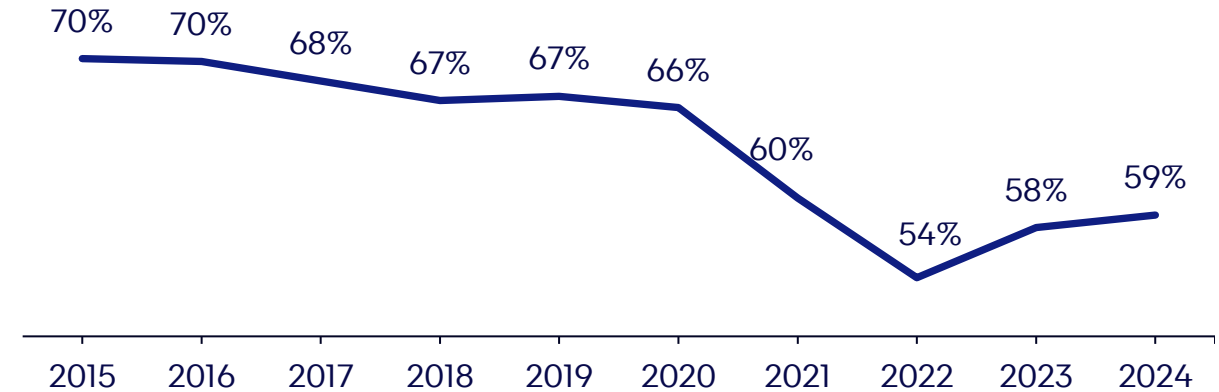
Unemployment remains very low at 2.9%

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

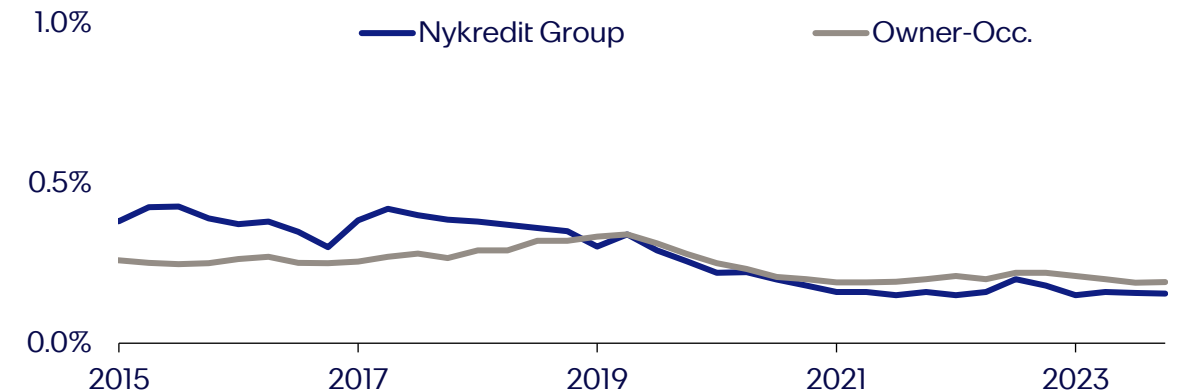


Interest rates has started to decline which reduce the burden of housing costs

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

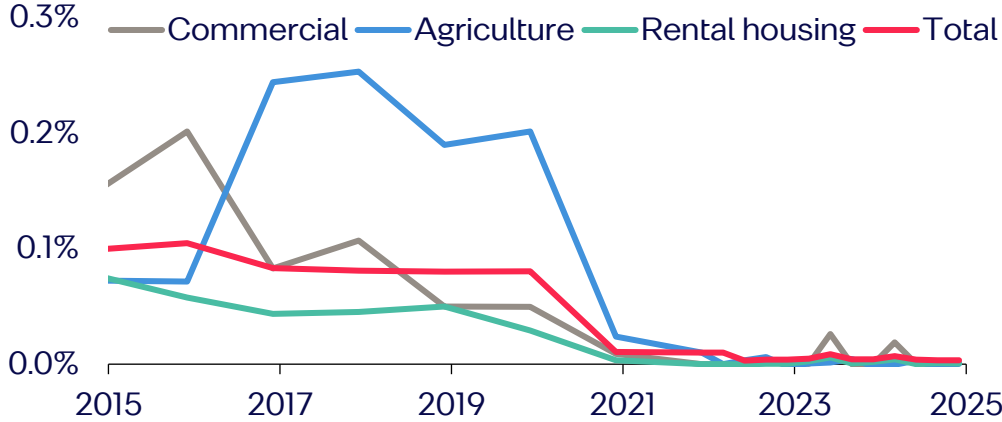


Attention to sectors within construction and manufacturing as well as hotels and restaurants. However, the exposure is limited. 3% of total lending is within these sectors – of which 50% is secured by mortgages

Average business sector LTVs

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

Incurred losses on mortgage lending as a % of debt

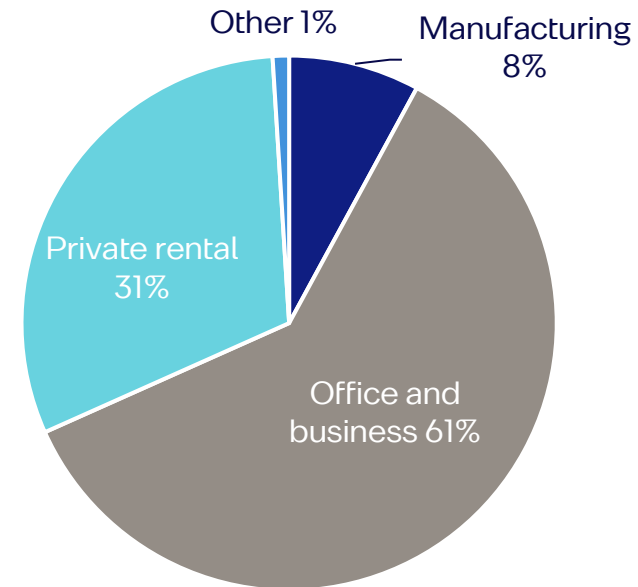


Outlook for the Swedish real estate market has improved

In recent years, Nykredit has sharpened its focus and approach to financing in Sweden:

- Virtually all exposures are mortgage lending secured by real estate
- Geographical concentration around the three largest cities
- Credit quality remains strong despite deteriorating property market and macroeconomic outlook
- Nykredit is focused on mitigating refinancing risks
- Nykredit has been active in Sweden for more than 20 years and never experienced any loan losses

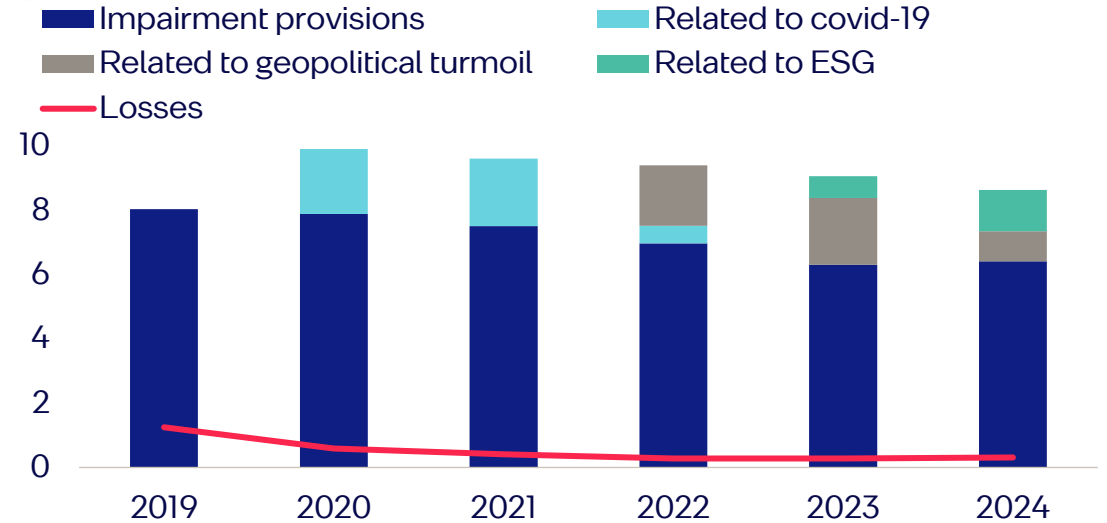
Swedish mortgage loan portfolio



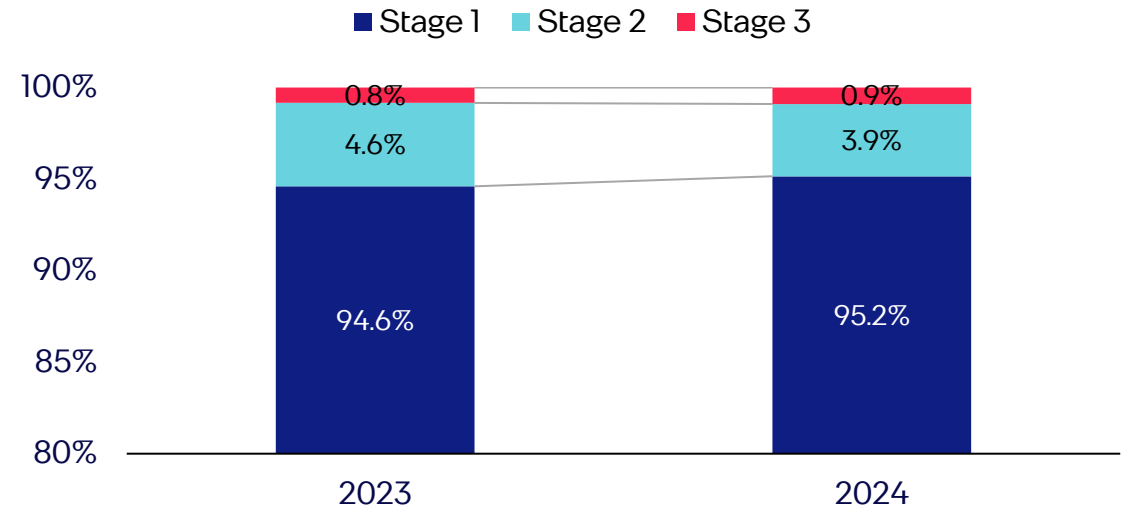
Strong buffer for potential headwind

- 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 recent years high interest rates and inflation 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 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



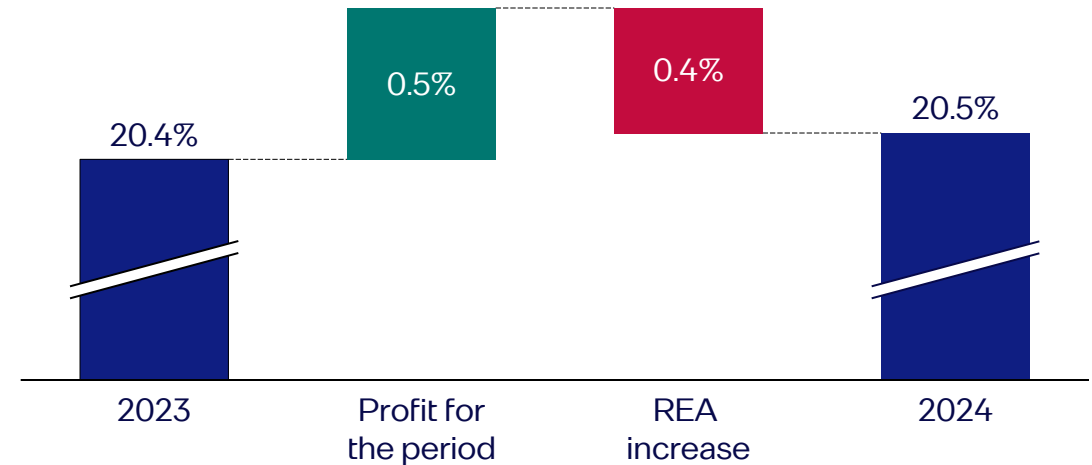
Nykredit Group's loan portfolio by stages



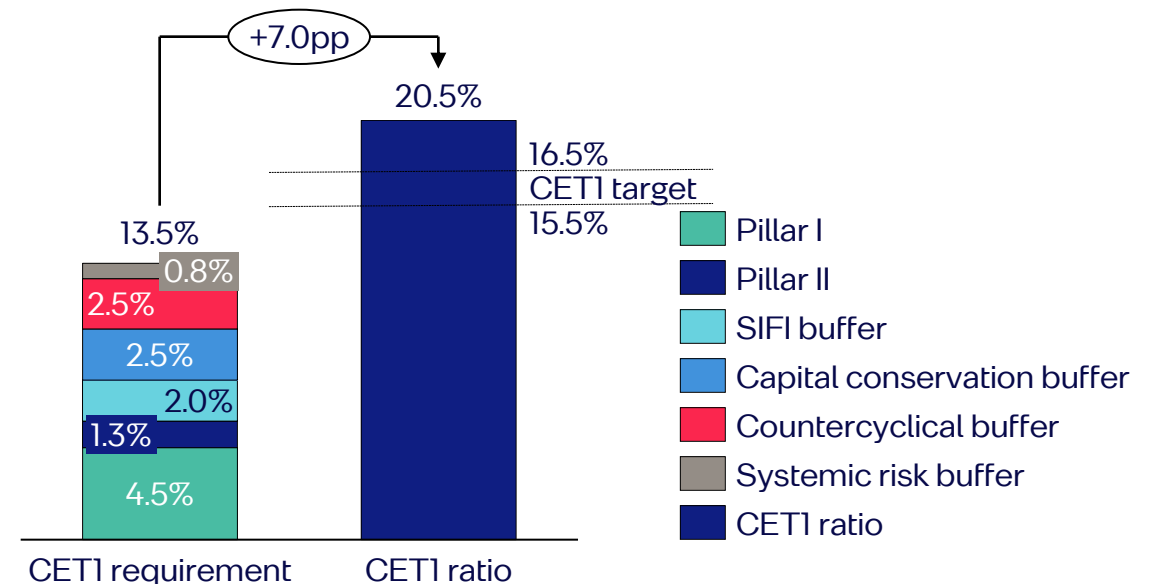
Strong capitalisation and no dividends for 2024

- 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 utilized
- 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

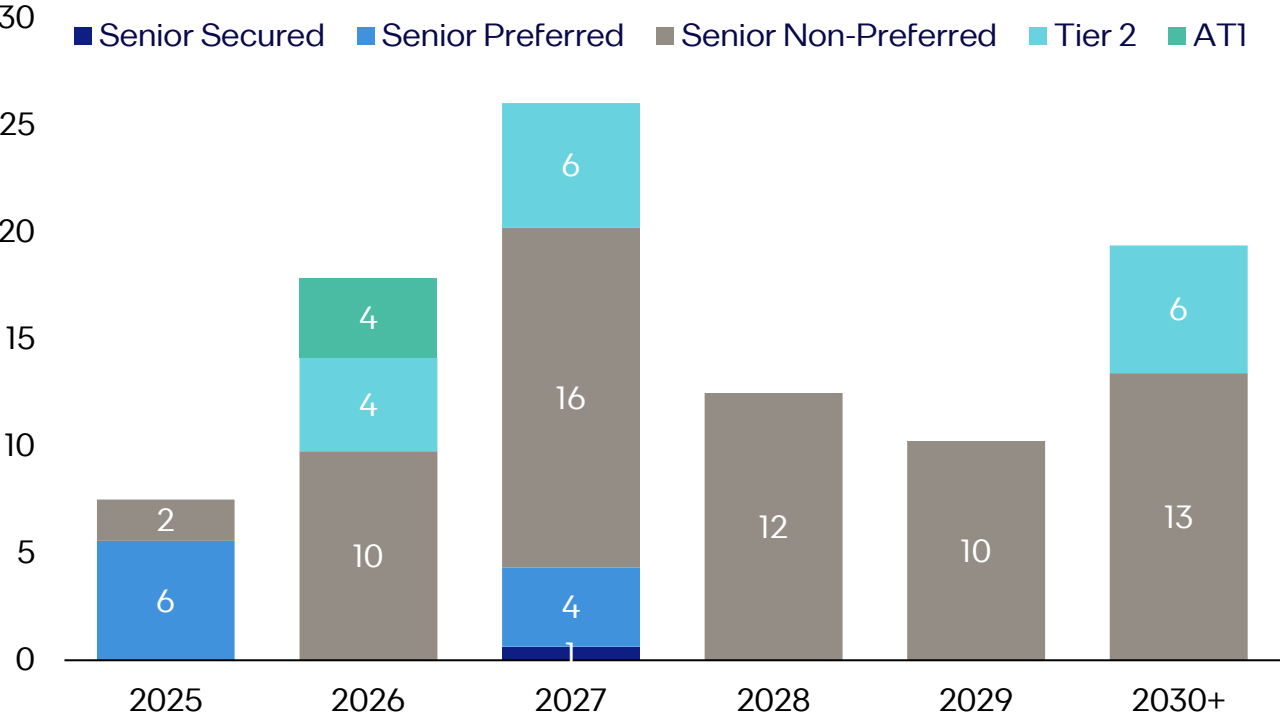


CET1 capital requirement and ratio



Funding of the Spar Nord transaction entailed additional issuance

Refinancing needs for outstanding debt and capital instruments¹, DKKbn



Funding plan

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

- 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)




¹) For AT1 and Tier 2: First call dates.

Nykredit's ratings

Nykredit's credit ratings

	S&P Global	Fitch Ratings
Covered bonds	AAA	-
Senior preferred debt	A+	A+
Short-term debt	A-1	F1
Issuer rating	A+	A
Outlook	Stable	Stable
Senior non-preferred	BBB+	A
Tier 2	BBB	BBB+
Additional Tier 1	BB+	BBB-

Nykredit's ESG ratings

	Score	Range
	AAA	CCC-AAA
	10.7	100 - 0
	B	D- to A+



Source: Nykredit company reports

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

Creating Denmark's mutually owned bank – a leading bank with the competitive power to compete with the large listed competitors



Nykredit



Third largest bank in Denmark with ~100 branches



Delisting of Spar Nord and merger to create scale and avoid getting "stuck in the middle"



Increase ability to compete with large, listed competitors



Diverse customer composition




A mutually-owned alternative with ForeningsFordele




For the benefit of customers, owners and debt investors


Spar Nord today

Introduction to Spar Nord

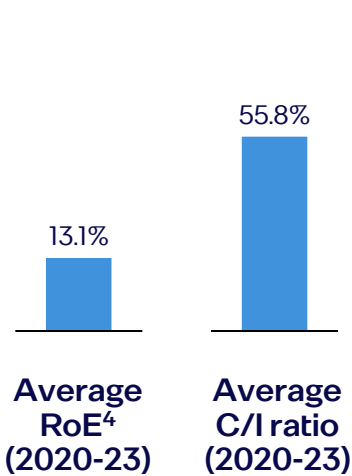
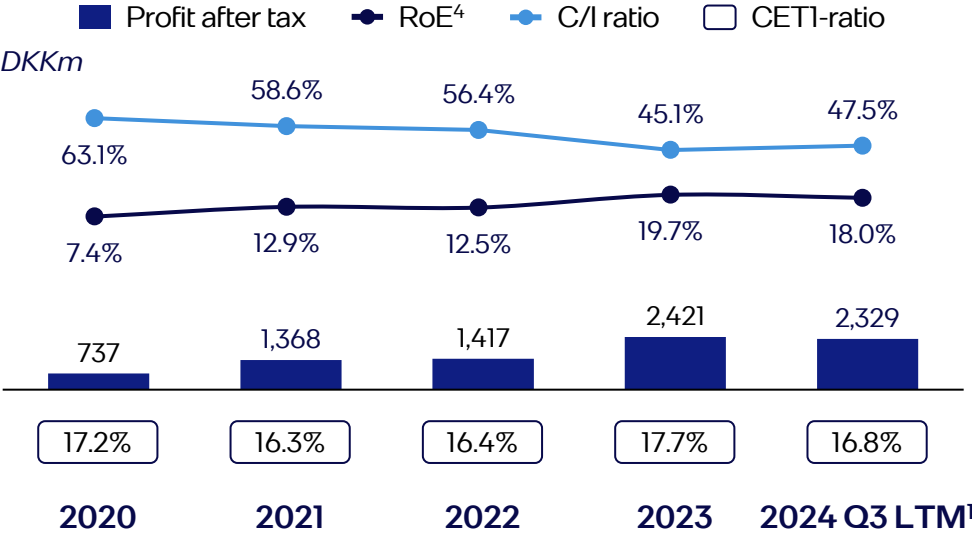
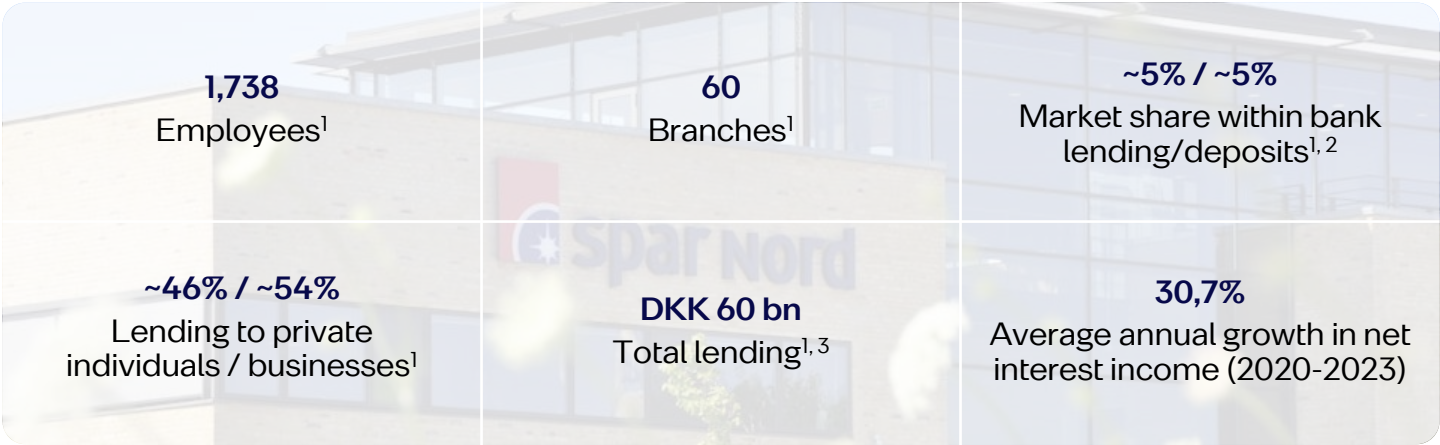
 Locally anchored bank with strong emphasis on personal customer experience

 High customer satisfaction and brand recognition

 Diversified lending portfolio with robust credit quality

 Well capitalised

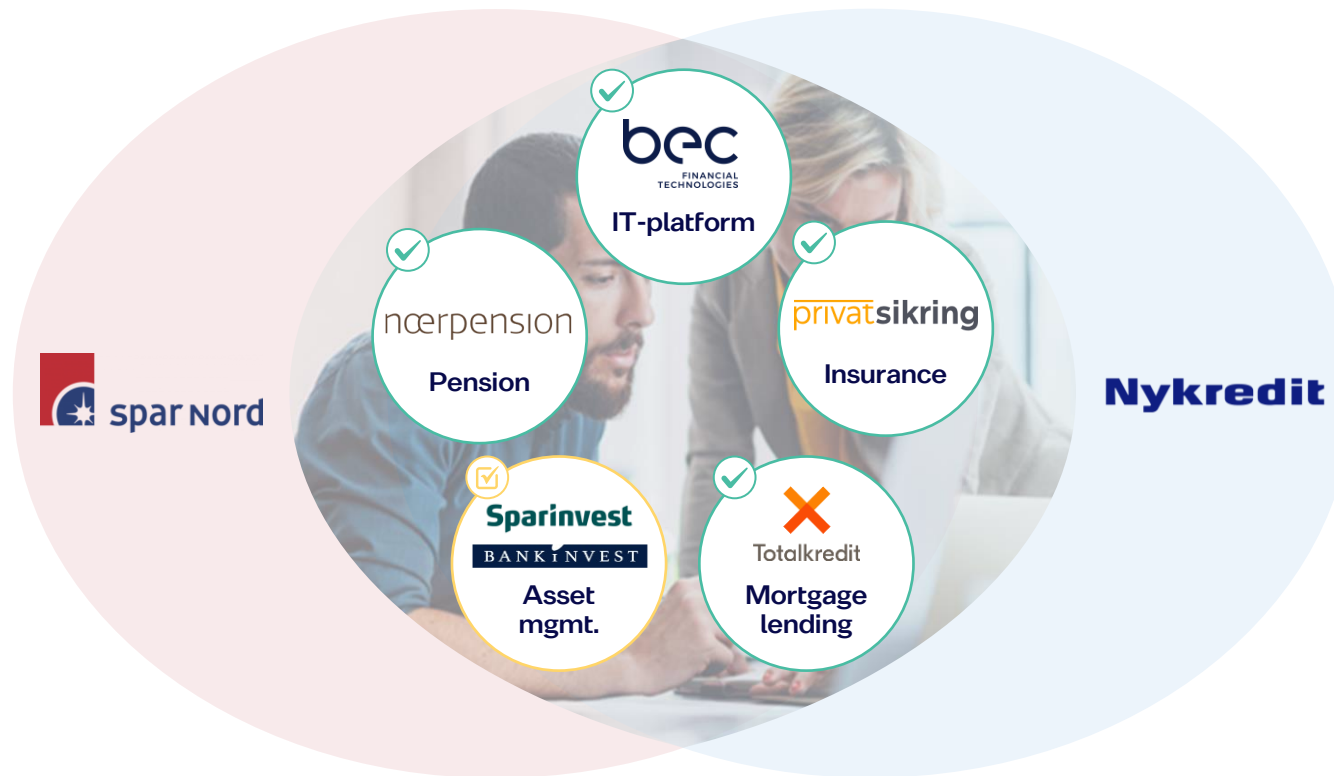
 Strong historical financial results



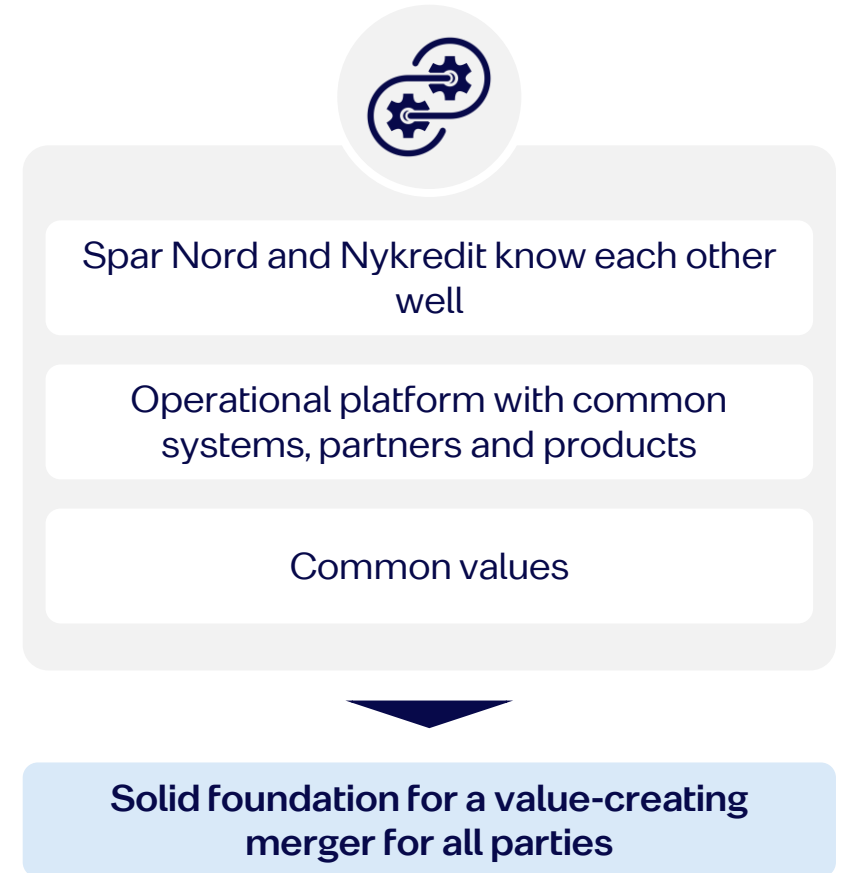
Nykredit Notes: 1) Q3 2024, 2) Nykredit analysis based on Danmarks Nationalbank's MFI-statistics, 3) Defined as bank lending and leasing excluding reverse repurchase lending as of Q3 2024, 4) Based on calculation principles as applied in Spar Nord's financial reports

Nykredit and Spar Nord operate on a common operating platform with the same products, providing for a smooth integration process

Common operating platform and products

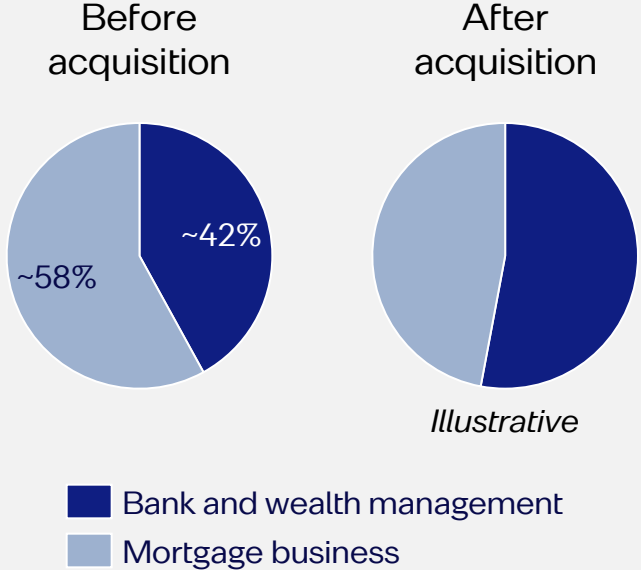


We will continue to be an active and engaged partner in all operational partnerships

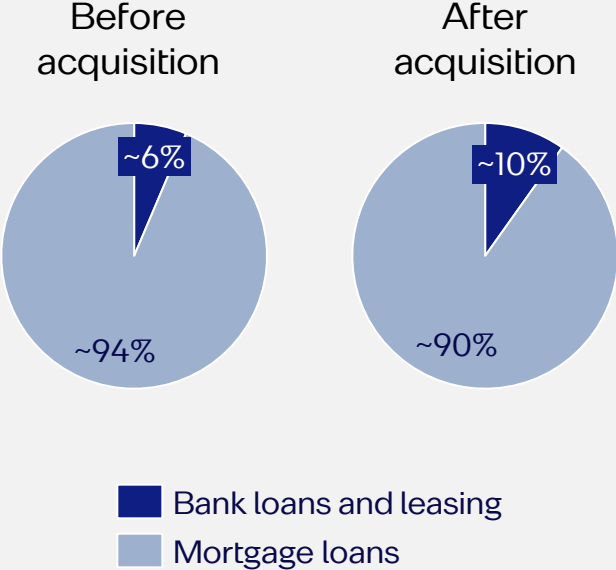


Nykredit will have a more diverse loan portfolio and revenue composition after acquiring Spar Nord

Approx. effect on Nykredit's revenue composition



Approx. effect on Nykredit's lending portfolio



As a result, bank revenue is expected to increase whereas revenue from mortgages is not expected to change significantly

Bank lending and leasing activities will increase significantly as a result of the acquisition

The acquisition will not significantly change mortgage lending, as Spar Nord is already a Totalcredit partner

Underlying geographic diversification of lending portfolio is expected to increase, with Spar Nord being particularly strong in Northern Jutland

Conservative approach to realising synergies to ensure customer retention and a smooth integration

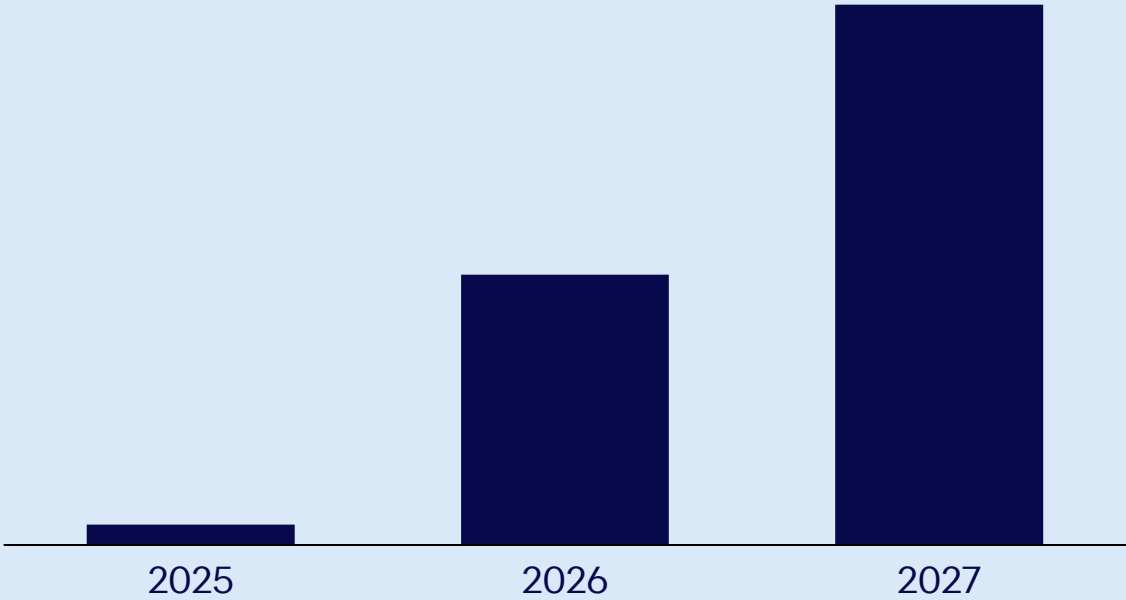
Synergies will be realised gradually towards 2027 to ensure smooth integration and customer retention

Synergies are mainly realised from overlap in group functions, operational costs and geographic overlap in branches, with limited synergies from customer facing employees

Expected IT integration in spring of 2026 enables all synergies to be realised in 2027

Synergies will be realised gradually towards 2027

Full-year effect of realised synergies, Illustrative



We want to be the customer-owned, responsible financial provider for people and businesses all over Denmark

DEVELOPMENT AND GROWTH THROUGHOUT DENMARK – AT ALL TIMES



A GREENER DENMARK



Greener owner-occupied dwellings



Greener real estate



Greener agriculture



Greener businesses



Sustainable investments

RESPONSIBLE BUSINESS PRACTICES



Responsible business conduct



Initiatives to combat financial crime



Personal data, IT security and data ethics



A greener Nykredit



Responsible procurement









People



Diversity and inclusion

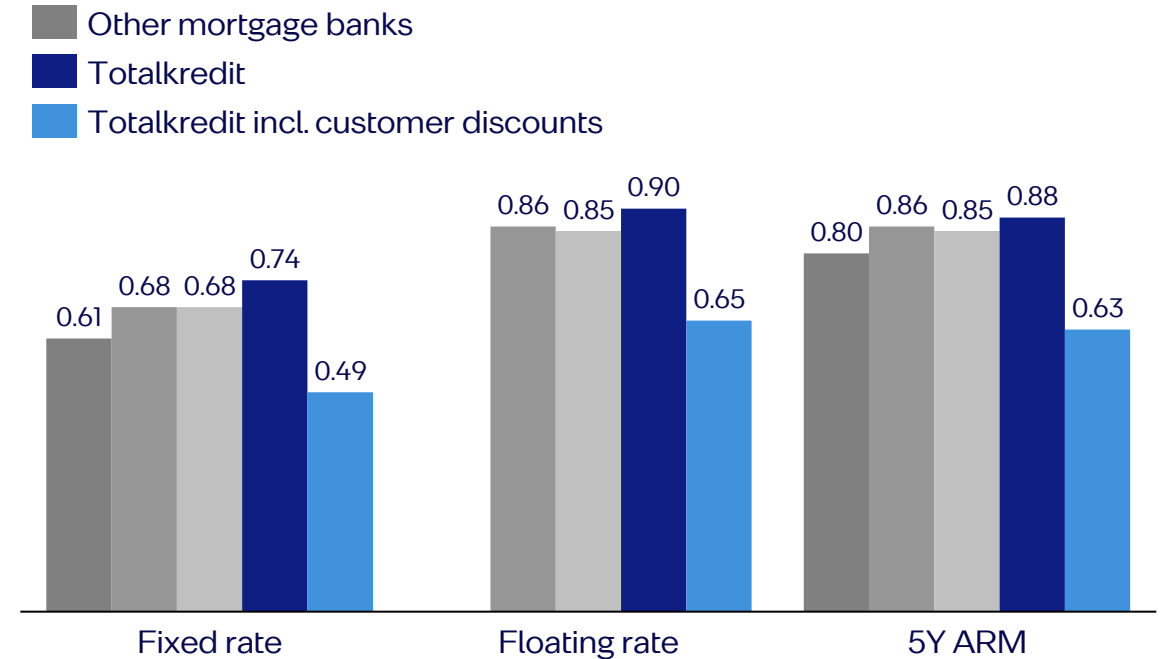
As the first Nordic bank, Nykredit achieves SBTi approval of climate targets

		Nykredit Group's climate targets							
		Net zero by 2050							
Emissions target for 2030	SBTi-approved	 <p>Owner-occupied dwellings 70% emissions reduction</p> <p>(kgCO₂e/m²/year)</p>	SBTi-approved	 <p>Real estate Housing: 70% emissions reduction Office and retail: 70% emissions reduction</p> <p>(kgCO₂e/m²/year)</p>	 <p>Agriculture 45-55% emissions reduction</p> <p>(tCO₂e/DKKm)</p>	 <p>Businesses and Energy Maintaining emissions from electricity and heat production below 10</p> <p>(kgCO₂e/MWh)</p>	 <p>Investments 60% emissions reduction</p> <p>(tCO₂e/DKKm)</p>	SBTi-approved	 <p>Own operations 85% emissions reduction</p> <p>(CO₂e)</p>
	Supporting targets	<p>Oil- and gas-fired boilers 85% of owner-occupied dwellings will have a heat source other than oil- or gas-fired boilers by 2025</p> <p>Electric cars 50% of new car loans must be for electric cars by 2023-2025</p>	<p>Transition plans</p> <p>Nykredit will set targets for the number of real estate customers and agricultural customers that must have green transition plans in place.</p>	SBTi-approved	<p>Industry and transport</p> <p>75% of emissions from large industrial and transport companies must be covered by SBTi-approved targets by 2028</p>	SBTi-approved	<p>Equities and bonds</p> <p>All investments in equities and credit bonds must be, or be about to be, in line with the 1.75°C goal by 2028</p> <p>Emissions from mortgage bonds must be reduced by 44% relative to the level in 2022 by 2028</p>	<p>Energy consumption and heating</p> <p>The total MWh consumption must be reduced by 25% relative to the 2017 level by end-2025. By 2030, no Nykredit location may be heated directly using fossil fuels.</p>	

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.

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