

Nordea



Half-year Financial Report 2024
Nordea Hypotek AB (publ)

Alternative Performance Measures

Definitions are available on page 26 of this report.

	2024 Jan-Jun	2023 Jan-Jun	2023 Full year	2022 Full year
Return on average shareholders equity, %	4,5	3,1	3,6	6,3
Cost/income ratio, %	58,5	75,3	65,8	65,8
Loan loss ratio, basis points ¹	1,2	0,8	0,9	1,7
- of which stage 1	0,0	-0,3	-0,3	0,5
- of which stage 2	0,4	0,6	0,5	0,8
- of which stage 3	0,8	0,5	0,7	0,5
Impairment rate (stage 3), gross, bps ¹	12,4	7,7	10,6	5,8
Impairment rate (stage 3), net, bps ¹	10,5	6,5	9,1	4,8
Total allowance ratio (stage 1, 2 and 3), bps ¹	4,9	3,9	4,4	3,5
Allowances in relation to credit impaired loans (stage 3), % ¹	15,6	15,4	15,0	16,6
Common Equity Tier 1 capital ratio, % ²	18,5	17,3	17,3	17,7
Tier 1 capital ratio, % ²	18,5	17,3	17,3	17,7
Total capital ratio, % ²	19,5	18,3	18,3	18,7

1) Based on IFRS 9.

2) Including profit for the year for the full years. For the half-year periods, the calculation has been made excluding the profit for the period.

Half-year Financial Report

January – June 2024

Operations

The Company operates on the Swedish market and grants loans, primarily of a long-term nature, to households, sole business proprietors, municipalities and other legal entities through the distribution network of the parent bank's Swedish branch. The main purpose of the lending is to finance properties, tenant-owned apartments, condominiums, agriculture and forestry, and municipal operations. The key emphasis is on financing homes. Collateral consists mainly of liens on residential properties and tenant-owned apartments, or municipal guarantees.

The housing market in Sweden

In the first six months, the price index for private homes in Sweden, HOXSWE, gained 6%. The price index is now up 2% since June last year. The price progression for apartments in the same period was 1.1% and 2.5% for houses as a national average. Price progression was positive in the second quarter (HOXSWE 1.2%), with a total increase in transaction volumes for both houses and apartments, compared with the same period of the prior year.

Results

Operating profit was SEK 938m (614), an increase of 53% compared to the first half of 2023.

The outcome has mainly been affected by the following factors compared to the same period of the previous year:

- Net interest income deteriorated by SEK -183m to SEK 2,363m, a drop of 7%. The change is mainly driven by higher funding costs and lower average margins, offset on the upside by higher lending volumes.
- Net fee and commission income declined by SEK -41m to SEK -106m due to increased costs for liquidity assistance from Nordea Bank Abp.
- Net result from financial items at fair value declined, amounting to SEK 104m (SEK 123m). This is chiefly attributable to realised and unrealised value changes for financial instruments under hedge accounting and gains on repurchases of issued bonds.
- Net interest income amounted to SEK -1,381m (-1,960); a decline of SEK 579m. The decrease is mainly due to lower distribution costs for Nordea Bank Abp.
- Regulatory fees amounted to SEK -368m (SEK -353m), an increase of SEK -15m, and are driven by higher risk tax and resolution fee.

Lending volumes

At the end of the period, lending to the public was at SEK 723,060m (716,540), exceeding the year-end volume by 0.9%. Lending to the retail market rose by 0.6%, and to legal entities by 2.5%, compared with the end of the year, amounting at the close of the period to SEK 585,650m and 137,410 respectively.

Nordea's market share for mortgages grew somewhat in the first half of the year, amounting at 30 June 2024 to 13.84% (13.82% at the turn of 2023-12) according to data published by Statistics Sweden on loans to Swedish households collateralised by a home.

Impaired loans and loan losses

The credit quality of Nordea Hypotek's loan portfolio remains strong even though there has been a certain increase in retail customers with late payments. Net loan losses remain at low levels, amounting to SEK -42m during the period, or 1.2bps (SEK -29m in the same period last year). This is mainly due to the model-based loan provisions which, in the first half of 2024, increased by SEK -38m, mainly driven by the increase in estimated loan losses in stages 2 and 3. Realised loan losses remained at a low level and amounted to SEK -5m in the first half of 2024 (-SEK 1m).

In the first half of 2024, the weightings in the three macroeconomic scenarios that form the basis for calculating expected loan losses were unchanged compared to the end of the year as follows: 50% base scenario, 40% adverse scenario and 10% favourable scenario. This is to take account of the expected effect on collective loan losses from the current macroeconomic climate. Impaired loans (gross) amounted to SEK 905m (compared with SEK 775m at the end of the year). For more information, see Note 6 Loans and impairment.

Hypotek has entered into a guarantee contract with Nordea Bank Abp containing credit cover for a benchmark portfolio of mortgages in an initial nominal amount of SEK 56bn.

Provisions as judged by management

In the first half of 2024, Nordea Hypotek has held provisions as judged by management unchanged. The cyclical reserve has the purpose of allowing for expected loan losses ensuing from rating downgrades not yet captured by the IFRS 9 model. Besides, there is a structural reserve, which has the purpose of covering the identified development need in the IFRS 9 model.

Total loan provisions (including provisions for loan commitments) were SEK 360.4m on 30 June (320.1m at the end of the year). Management is of the opinion that the Company has a stable reserve for covering expected loan losses from the currently strained macroeconomic climate, and also planned improvements to provisioning models and processes.

Funding

Long-term funding is mainly secured by means of covered bonds issued on the Swedish market. A covered bond is a funding instrument, regulated under the Covered Bonds (Issuance) Act (SFS 2003:1223), which gives investors special precedence in the event of the borrower's bankruptcy. Covered bonds may only be issued following special permission from the Financial Supervisory Authority and on the basis of high-quality assets. Covered bonds and assigned credit ratings

provide the Company with access to a broader base of funding sources.

In the first half of 2024 bonds equalling SEK 60bn were issued in total, compared with SEK 57bn in the first half of 2023. The outstanding volume of bonds at 30 June 2024 was SEK 401bn (382bn at the end of 2023), of which SEK 5bn (30bn at the end of 2023) was issued in currencies other than SEK.

At 30 June 2024, Nordea Hypotek had outstanding dated debenture loans from the Parent Company totalling SEK 1.65bn (1.65) and MREL-eligible loans of SEK 28bn.

Besides long-term funding as above, the Company regularly arranged funding with the Parent Company during the period. At 30 June 2024 the outstanding amount from such funding was SEK 289bn.

Rating

Since June 2006, Nordea Hypotek has been rated Aaa by Moody's Investor Service for the covered bonds that make up the Company's main long-term funding.

Capital adequacy

Nordea Hypotek uses the Internal Ratings-based (IRB) approach (internal risk classification) for calculating credit risk in the exposure classes corporate, institution and household.

At the end of June, the Company's RWA amounted to SEK 175,288m (SEK 186 679m), with common equity tier 1 (CET1) capital of SEK 32,354m and own funds of SEK 34,143m. The calculated common equity tier 1 (CET1) capital ratio was 18.5% and the capital ratio was 19.5%, which can be compared with 17.3% and 18.3% at the beginning of 2024.

The change in capital adequacy through reduced REA and increased capital ratios has been affected mainly by the aforementioned guarantee agreement with Nordea Bank Abp containing credit cover for a subset of the loan portfolio and a change in the REA calculation for loan commitments. These measures combined reduce the Company's risk-weighted assets by an amount equalling SEK 13,000m.

Changes in management and the Board of Directors

As of 18 January 2024, the Compliance Officer is no longer a member of the executive management and Johan Widholm resigned from his position of Legal Counsel on 1 March. On 15 May 2024 Malin Fransson took over as Head of Credit, succeeding Johan Sandgärde. She also remains as Acting Business Risk Manager until further notice.

Material events after the balance sheet date

No material events have occurred since the balance sheet date.

Income statement

SEK (000s)	Note	2024 Jan-Jun	2023 Jan-Jun	2023 Full year
Operating income				
Interest income calculated using the effective interest method		17 344 975	13 536 262	30 354 458
Other interest income		219 340	166 583	405 837
Interest expense		-15 201 457	-11 157 122	-26 262 549
Net interest income		2 362 858	2 545 723	4 497 746
Fee and commission income		14 606	13 504	27 436
Fee and commission expense		-120 626	-78 642	-168 885
Net fee and commission income		-106 020	-65 138	-141 449
Net result from items at fair value		103 967	122 860	58 776
Total operating income		2 360 805	2 603 445	4 415 073
Operating expenses				
<i>General administrative expenses:</i>				
Staff costs		-23 590	-33 762	-35 044
Other expenses	3	-989 725	-1 573 749	-2 408 714
Regulatory fees	4	-367 661	-352 871	-461 126
Total operating expenses		-1 380 976	-1 960 382	-2 904 884
Profit before loan losses		979 829	643 063	1 510 189
Net loan losses	5	-41 837	-28 904	-64 995
Impairment of securities held as financial non-current assets				
Operating profit		937 992	614 159	1 445 194
Income tax expense		-202 465	-133 156	-267 129
Net profit for the period		735 527	481 003	1 178 065

Statement of comprehensive income

SEK (000s)	2024 Jan-Jun	2023 Jan-Jun	2023 Full year
Net profit for the period	735 527	481 003	1 178 065
Items that may be reclassified subsequently to the income statement			
<i>Cash flow hedges:</i>			
Valuation gains/losses, net of tax	107 535	1 797 417	55 620
Transferred to the income statement, net of tax	-107 661	-1 807 894	-66 097
<i>Available for sale investments¹</i>			
Valuation gains/losses, net of tax	13 925	-3 504	6 857
Other comprehensive income, net of tax	13 799	-13 981	-3 620
Total comprehensive income	749 326	467 022	1 174 445

1) Valuation gains/losses related to hedged risks under fair value hedge accounting are accounted for directly in the income statement.

Balance sheet

SEK (000s)	Note	2024 30 Jun	2023 31 Dec	2023 30 Jun
Assets				
Loans to credit institutions	6	6 904 987	10 787 701	9 199 588
Loans to the public	6	723 059 911	716 539 960	708 474 881
Interest-bearing securities		19 918 333	19 857 947	19 543 401
Derivatives		7 860 081	10 598 968	14 318 817
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-2 206 849	-3 673 860	-9 321 378
Deferred tax assets		-	-	-
Current tax assets		67 476	1 985	2 021
Other assets		2 750 223	2 027 805	1 396 701
Prepaid expenses and accrued income		16 833	20 031	36 978
Total assets		758 370 995	756 160 537	743 651 009
Liabilities				
Deposits by credit institutions		288 734 803	293 903 917	289 497 481
Debt securities in issue		425 346 727	416 109 286	403 975 258
Derivatives		5 863 981	8 081 970	14 213 142
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-	-	-
Current tax liabilities		241 846	35 769	51 186
Other liabilities		3 139 221	3 210 116	858 323
Accrued expenses and prepaid income		256 868	492 921	528 558
Deferred tax liabilities		367	400	400
Retirement benefit obligations		-	-	13 242
Provisions		5 461	4 486	7 212
Subordinated liabilities		1 650 703	1 650 747	1 650 243
Total liabilities		725 239 977	723 489 612	710 795 045
Equity				
Share capital		110 000	110 000	110 000
Fair value reserves		30 039	16 240	5 880
Retained earnings		32 255 452	31 366 620	32 259 081
Net profit for the year		735 527	1 178 065	481 003
Total equity		33 131 018	32 670 925	32 855 964
Total liabilities and equity		758 370 995	756 160 537	743 651 009

Notes

- Note 1 Accounting policies
- Note 2 Segment reporting
- Note 3 Other expenses
- Note 4 Regulatory fees
- Note 5 Net loan losses
- Note 6 Loans and impairment
- Note 7 Classification of financial instruments
- Note 8 Fair value of financial assets and liabilities
- Note 9 Commitments
- Note 10 Capital adequacy
- Note 11 Related party transactions
- Note 12 Risks and uncertainties

Statement of changes in equity

30 Jun 2024	Restricted equity		Unrestricted equity			Total equity
	Share capital ¹	Cash flow hedges	Fair value through other comprehensive income	Retained earnings		
SEK (000s)						
Balance at 1 Jan 2024	110 000	1 542	14 699	32 544 685	32 670 926	
Net profit for the period	-	-	-	735 527	735 527	
Items that may be reclassified subsequently to the income statement	-	-	-	-	-	
<i>Fair value through other comprehensive income:</i>						
Valuation gains/losses, net of tax	-	-	13 925	-	13 925	
<i>Cash flow hedges:</i>						
Valuation gains/losses, net of tax	-	107 535	-	-	107 535	
Transferred to the income statement	-	-135 594	-	-	-135 594	
Tax on transfers to the income statement	-	27 933	-	-	27 933	
Other comprehensive income, net of tax	-	-126	13 925	-	13 799	
Total comprehensive income	-	-126	13 925	735 527	749 326	
Shareholders' contribution received	-	-	-	-	-	
Share-based payments	-	-	-	-	-	
Dividend	-	-	-	-289 234	-289 234	
Balance at 30 Jun 2024	110 000	1 416	28 624	32 990 978	33 131 018	

1) Total number of shares registered were 100,000.

31 Dec 2023	Restricted equity		Unrestricted equity			Total equity
	Share capital ¹	Cash flow hedges	Fair value through other comprehensive income	Retained earnings		
SEK (000s)						
Balance at 1 Jan 2023	110 000	12 018	7 842	32 259 641	32 389 501	
Net profit for the year	-	-	-	1 178 065	1 178 065	
<i>Fair value through other comprehensive income:</i>						
Valuation gains/losses, net of tax	-	-	8 636	-	8 636	
Tax on valuation gains/losses	-	-	-1 779	-	-1 779	
<i>Cash flow hedges:</i>						
Valuation gains/losses, net of tax	-	70 050	-	-	70 050	
Tax on valuation gains/losses	-	-14 430	-	-	-14 430	
Transferred to the income statement	-	-83246	-	-	-83 246	
Tax on transfers to the income statement	-	17 149	-	-	17 149	
Other comprehensive income, net of tax	-	-10 477	6 857	-	-3 620	
Total comprehensive income	-	-10 477	6 857	1 178 065	1 174 445	
Group contribution paid	-	-	-	-1 124 006	-1 124 006	
Tax on Group contribution paid	-	-	-	231 545	231 545	
Share-based payments	-	-	-	-560	-560	
Balance at 31 Dec 2023	110 000	1 541	14 699	32 544 685	32 670 925	

1) Total number of shares registered were 100,000.

Statement of changes in equity, continued

30 Jun 2023	Restricted equity	Unrestricted equity			Total equity
	Share capital ¹	Cash flow hedges	Fair value through other comprehensive	Retained earnings	
SEK (000s)					
Balance at 1 Jan 2023	110 000	12 018	7 842	32 259 641	32 389 501
Net profit for the period	-	-	-	481 003	481 003
Items that may be reclassified subsequently to the income statement	-	-	-	-	-
<i>Fair value through other comprehensive income:</i>					
Valuation gains/losses, net of tax	-	-	-3 504	-	-3 504
<i>Cash flow hedges:</i>					
Valuation gains/losses, net of tax	-	1 797 418	-	-	1 797 418
Transferred to the income statement	-	-2 276 946	-	-	-2 276 946
Tax on transfers to the income statement	-	469 051	-	-	469 051
Other comprehensive income, net of tax	-	-10 477	-3 504	-	-13 981
Total comprehensive income	-	-10 477	-3 504	481 003	467 022
Shareholders' contribution received	-	-	-	-	-
Share-based payments	-	-	-	-559	-559
Balance at 30 Jun 2023	110 000	1 542	4 338	32 740 084	32 855 964

1) Total number of shares registered were 100,000.

Cash Flow statement

	2024	2023	2023
	Jan-Jun	Jan-Jun	Full year
SEK (000s)			
Operating activities			
Operating profit	939 546	614 160	1 445 194
Adjustment for items not included in cash flow	1 816 700	-355 938	4 244 064
Income taxes paid	-61 877	-67 157	15 035
Cash flow from operating activities before changes in operating assets and liabilities	2 694 369	191 065	5 704 293
Changes in operating assets			
Change in treasury bills	224 696	1 681 524	-3 201 395
Change in loans to the public	-6 534 539	-8 030 664	-16 328 260
Change in interest-bearing securities	-68 022	453 862	159 367
Change in derivatives, net	283 259	-1 422 455	967 718
Change in other assets	-722 418	-16 309	-647 414
Change in operating liabilities			
Change in deposits by credit institutions	-4 975 001	-5 767 426	-1 454 345
Change in debt securities in issue	5 407 788	20 465 540	22 937 714
Change in other liabilities	-70 894	-2 881 873	-1 654 086
Cash flow from operating activities	-6 455 131	4 482 199	779 298
Financing activities			
Paid dividend	-289 234	-	-
Cash flow from financing activities	-289 234	-	-
Cash flow for the period	-4 049 996	4 673 264	6 483 591
Cash and cash equivalents at beginning of period	10 787 701	4 304 109	4 304 109
Cash and cash equivalents at end of period	6 737 705	8 977 373	10 787 701
Change	-4 049 996	4 673 264	6 483 592

Notes to the financial statements

Note 1. Accounting policies

The Half-year Financial Report for Nordea Hypotek AB (publ) are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments), IAS 34 "Interim Financial Reporting" and the accounting recommendation RFR 2 Accounting for legal entities issued by the Swedish Financial Reporting Board. This means that Nordea Hypotek AB (publ) applies International Financial Reporting Standards (IFRS) as endorsed by the European Commission to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation.

The disclosures, required in the standards and legislation above, have been included in the notes or in other parts of the Half-year Financial Report.

The report includes a condensed set of financial statements and is to be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2023. The accounting policies and methods of computation are unchanged from the 2023 Annual Report, except for those relating to the items presented in the section "Changed accounting policies and presentation" below. For more information, see the accounting policies in the 2023 Annual Report.

Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea on 1 January 2024.

Other amendments

The following amended standards issued by the IASB were implemented by Nordea on 1 January 2024 but have not had any significant impact on its financial statements.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current as well as Classification of Liabilities as Current or Non-current – Deferral of Effective Date; and Non-current Liabilities with Covenants.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

Changes in IFRSs not yet applied

IFRS 18 Presentation and Disclosures in Financial Statements

In April 2024 the IASB published the new standard IFRS 18 Presentation and Disclosure in Financial Statements which will replace IAS 1 Presentation of Financial Statements. IFRS 18 sets out the requirements for presentation and disclosures in financial statements with focus on the income statement and reporting of financial performance.

The new standard is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The standard is not yet endorsed by the EU.

It is not yet possible to conclude how IFRS 18 will impact the presentation of Nordea's income statement and disclosures of management-defined performance measures. As IFRS 18 will not change Nordea's recognition and measurement it is not expected to have any significant impact on other financial statements or capital adequacy in the period of initial application.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024 the IASB published Amendments to the Classification and Measurement of Financial instruments (Amendments to IFRS 9 and IFRS 7).

The amendments clarify whether the contractual cash flows of financial assets with contingent features, e.g. ESG-linked features, represent Solely Payment of Principal and Interest (SPPI), which is a condition for measurement at amortised cost. Under the amendments certain financial assets, including those with ESG-linked features, can meet the SPPI criterion at initial recognition, provided that their cash flows are not significantly different from identical financial assets without such features. Additional disclosures on financial assets and financial liabilities with contingent features will also be required. The new requirements are expected to support Nordea's current accounting treatment of loans with ESG-

linked features and are consequently not expected to have any significant impact on Nordea's financial statements or capital adequacy in the period of initial application, other than disclosures.

The amendments also clarify the characteristics of contractually-linked instruments and non-recourse features. The current assessment is that this clarifications will not significantly impact the current classification of financial assets or capital adequacy in the period of initial application, but this remains subject to further analysis and is naturally dependent on the instruments on Nordea's balance sheet at the time of transition.

The amendments address the recognition and derecognition of financial assets and financial liabilities, including an exception, as an option, relating to the derecognition of financial liabilities that are settled using an electronic payment system. The current assessment is that this amendment will not significantly impact Nordea's financial statements or capital adequacy in the period of initial application, but this remains subject to further analysis.

The new standard is effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The standard is not yet endorsed by the EU. Nordea does not currently intend to adopt these amendments before the effective date.

Other amendments

The following changes in IFRSs not yet applied by Nordea are not assessed to have any significant impact on its financial statements or capital adequacy in the period of their initial application.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

Critical judgements affected by higher energy and raw material prices and reduced consumer spending

Nordea applied critical judgements in the preparation of this interim report due to the uncertainty concerning the potential long-term impact of higher energy and raw material prices and reduced consumer spending in various economic sectors on Nordea's financial statements. Information on where critical judgements are generally applied and where estimation uncertainty exists can be found in Note 1 "Accounting policies" in the 2023 Annual Report.

Critical judgement was also applied in the assessment of when loans experienced a significant increase in credit risk (staging) and in the application of macro scenarios when estimating the increase in expected credit losses. When calculating allowances for individually significant impaired loans, critical judgement was exercised to estimate the amount and timing of the expected cash flows to be received from customers under different scenarios, and to value any collateral received. Critical judgement was further applied when assigning the likelihood of the different scenarios occurring. More information on the impairment testing of loans to the public/credit institutions can be found in Note 6 "Loans and impairment." Information on sensitivities to rating and scoring migrations can be found in the section "Sensitivities" in Note 6.

Note 2. Segment reporting

Operating segments

	Personal Banking		Business Banking		Group Treasury & Asset & Liability management		Other operating segments		Total operating segments		Reconciliation		Total	
	Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
SEKm														
Total operating income	11 039	7 697	2 643	2 095	-11 928	-7 462	541	239	2 295	2 569	66	34	2 361	2 603
Operating profit	10 296	6 536	2 442	1 769	-11 928	-7 462	62	-263	872	580	66	34	938	614
Loans to the public	553 953	530 606	137 135	147 546	-	-	31 972	30 323	723 060	708 475	-	-	723 060	708 475

Reconciliation between total operating segments and financial statements

	Jan-jun 2024		Jan-jun 2023	
	Operating profit	Loans to the public	Operating profit	Loans to the public
SEKm				
Total operating segments	872	723 060	580	708 475
Group functions and unallocated items	66	-	34	-
Total	938	723 060	614	708 475

Note 3. Other expenses

	2024 Jan-Jun	2023 Jan-Jun	2023 Full year
SEK (000s)			
Postage, telephone and office expenses	-205	-165	-373
Distribution costs to Nordea	-965 671	-1 546 457	-2 355 536
Professional services ¹	-2 207	-2 929	-4 629
Market data services	-11 906	-11 310	-23 832
Other	-9 736	-12 888	-24 344
Total	-989 725	-1 573 749	-2 408 714

¹) Including fees and remuneration to auditors.

Note 4. Regulatory fees

	2024 Jan-Jun	2023 Jan-Jun	2023 Full year
SEK (000s)			
Resolution fees	-254 456	-244 619	-244 619
Bank tax	-113 206	-108 252	-216 507
Total	-367 661	-352 871	-461 126

Note 5. Net loan losses

	2024 Jan-Jun	2023 Jan-Jun	2023 Full year
SEK (000s)			
Net loan losses, stage 1	1 733	9 379	20 017
Net loan losses, stage 2	-14 141	-20 103	-37 453
Net loan losses, non-defaulted	-12 408	-10 724	-17 436
Stage 3, defaulted			
Net loan losses, individually assessed, collectively calculated	-25 899	-17 269	-44 897
Realised loan losses	-5 114	-1 098	-5 388
Decrease of provisions to cover realised loan losses	2 289	-	-
Recoveries on previously realised loan losses	497	187	5 727
Reimbursement right	70	-	-
Increase in provisions	-1 983	-	-3 000
Reversals of provisions	711	-	-
Net loan losses, defaulted	-29 429	-18 180	-47 558
Net loan losses	-41 837	-28 904	-64 994

	2024 Jan-Jun	2023 Jan-Jun	2023 Full year
Key ratios			
Loan loss ratio, basis points ¹	1,2	0,8	0,9
-of which stage 1	0,0	-0,3	-0,3
-of which stage 2	0,4	0,6	0,5
-of which stage 3	0,8	0,5	0,7

1) Based on IFRS 9.

Note 6. Loans and impairment

	2024	2023	2023
	30 Jun	31 Dec	30 Jun
SEKm			
Loans measured to amortised cost, not impaired (stage 1 and 2)	729 415	726 871	717 399
Impaired loans (stage 3)	905	775	553
- of which servicing	153	179	101
- of which non-servicing	752	596	452
Loans before allowances	730 320	727 646	717 952
-of which credit institutions	6 905	10 788	9 200
Allowances for individually assessed loans (stage 3)	-141	-116	-85
- of which servicing	-46	-36	-17
- of which non-servicing	-95	-80	-68
Allowances for collectively assessed loans (stage 1 and 2)	-214	-202	-193
Allowances	-355	-318	-278
Loans carrying amount	729 965	727 328	717 674

Carrying amount of loans measured at amortised cost, before allowances

	30 Jun 2024		
SEKm	Stage 1	Stage 2	Stage 3
Loans to the public	705 019	24 396	905
Interest-bearing securities	19 037	-9 519	-
Total	724 056	14 877	905

	31 Dec 2023		
SEKm	Stage 1	Stage 2	Stage 3
Loans to the public	703 984	13 416	553
Interest-bearing securities	9 386	-	-
Total	713 370	13 416	553

Allowances and provisions

	30 Jun 2024		
SEKm	Stage 1	Stage 2	Stage 3
Loans to the public	-49	-164	-141
Interest-bearing securities	-	-	-
Provisions for off-balance sheet items	-5	-	-
Total	-54	-164	-141

	30 Jun 2023		
SEKm	Stage 1	Stage 2	Stage 3
Loans to the public	-60	-133	-85
Interest-bearing securities	-	-	-
Provisions for off-balance sheet items	-7	-	-
Total	-67	-133	-85

Note 6. Continued

Movement of allowance accounts for loans measured at amortised cost

SEKm	Stage 1	Stage 2	Stage 3	Total
Balance at 1 Jan 2024	-69	-113	-68	-250
Changes due to origination and acquisition	-12	-8	-1	-21
Changes due to transfers from stage 1 to stage 2	5	-66	-	-61
Changes due to transfers from stage 1 to stage 3	-	-	-8	-8
Changes due to transfers from stage 2 to stage 1	-2	39	-	37
Changes due to transfers from stage 2 to stage 3	-	5	-29	-24
Changes due to transfers from stage 3 to stage 1	-	-	-	-
Changes due to transfers from stage 3 to stage 2	-	-2	18	16
Changes due to credit risk without stage transfer	23	-37	-78	-92
Changes due to repayments and disposals	6	17	23	46
Write-off through decrease in allowance account	-	-	2	2
Closing balance at 30 Jun 2024	-49	-165	-141	-355

SEKm	Stage 1	Stage 2	Stage 3	Total
Balance at 1 Jan 2023	-69	-113	-68	-250
Changes due to origination and acquisition	-14	-6	-2	-22
Changes due to transfers from stage 1 to stage 2	6	-64	-	-58
Changes due to transfers from stage 1 to stage 3	-	-	-13	-13
Changes due to transfers from stage 2 to stage 1	-2	36	-	34
Changes due to transfers from stage 2 to stage 3	-	3	-13	-10
Changes due to transfers from stage 3 to stage 1	-	-	4	4
Changes due to transfers from stage 3 to stage 2	-	-1	6	5
Changes due to credit risk without stage transfer	13	2	-10	5
Changes due to repayments and disposals	6	10	11	27
Closing balance at 30 Jun 2023	-60	-133	-85	-278

Key ratios	2024	2023	2023
	30 Jun	30 Jun	31 Dec
Impairment rate, (stage 3), gross ¹ , basis points	12	8	11
Impairment rate, (stage 3), net ² , basis points	11	7	9
Total allowance rate (stage 1, 2 and 3) ³ , basis points	5	4	4
Allowances in relation to impaired loans (stage 3) ⁴ , %	16	15	15
Allowances in relation to loans stage 1 and 2 ⁵ , basis points	3	3	3

1) Impaired loans (stage 3) before allowances divided by total loans, measured at amortised cost, before allowances.

2) Impaired loans (stage 3) after allowances divided by total loans, measured at amortised cost, before allowances.

3) Total allowances divided by total loans, measured at amortised cost, before allowances.

4) Allowances for impaired loans (stage 3) divided by impaired loans measured at amortised cost (stage 3), before allowances.

5) Allowances for not impaired loans (stage 1 and 2) divided by not impaired loans measured at amortised cost (stage 1 and 2) before allowances.

Note 6. Continued

Sensitivities

The provisions are sensitive to rating migration even if staging triggers are not reached. The table below shows the impact on provisions of a one-notch downgrade of all exposures in the bank. It includes both the impact of the higher risk for all exposures and the impact of transferring exposures that reach the trigger from stage 1 to stage 2.

SEKm	30 Jun 2024		31 Dec 2023	
	Recognised provisions	Provisions if one notch downgrade	Recognised provisions	Provisions if one notch downgrade
Personal Banking	184	281	142	237
Business Banking	14	24	23	39
Large Corporates & Institutions	0	0	0	0
Other	18	27	17	27
Total	216	332	182	303

Forward-looking information

Forward-looking information is used for both assessing significant increases in credit risk and calculating expected credit losses. Nordea Hypotek uses three macroeconomic scenarios: a baseline scenario, a favourable scenario and an adverse scenario. For the second quarter of 2024, the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 50%, adverse 40% and favourable 10% (baseline 50%, adverse 40% and favourable 10% at the end of the first quarter of 2024). The weight of the adverse scenario was kept at an elevated level, reflecting continued uncertainty about the macroeconomic outlook.

The macroeconomic scenarios are provided by Group Risk in Nordea, based on the Oxford Economics Model. The forecast is a combination of modelling and expert judgement, subject to thorough checks and quality control processes. The model has been built to give a good description of the historical relationships between economic variables and to capture the key linkages between those variables. The forecast period in the model is ten years. For periods beyond, a long-term average is used in the ECL calculations.

The macroeconomic scenarios reflect Nordea Hypotek's view of how the Nordic economies might develop in light of the conflict in the Middle East and the war in Ukraine. This includes consideration of continued high inflation, reinforced by a renewed surge in energy prices, and how high interest rates impact financial markets and economic activity. When developing the scenarios and determining the relative weighting between them, Nordea Hypotek took into account projections made by Nordic central banks, Nordea Research and the European Central Bank.

The baseline scenario foresees soft landings in the Nordic economies and slightly higher unemployment in the coming years as the pass-through of higher rates and elevated inflation continue to weigh on economic activity. In 2024 growth in Sweden remain weak or negative, while relatively high growth is expected for the Danish economy driven by the pharmaceutical sector and a reopening of gas extraction from the North Sea. Over the next few years, growth is projected to pick up in Sweden, as inflation falls and central banks lower interest rates. A modest recovery in home prices is expected in 2024 and beyond supported by rising household purchasing power. The risks around the baseline forecast are tilted to the downside.

Nordea Hypotek's two alternative macroeconomic scenarios cover a range of plausible risk factors which may cause growth to deviate from the baseline scenario. Persistent and high inflation, reinforced by higher energy prices, may lead central banks to adopt a higher for longer strategy, triggering a deeper recession due to falling private consumption and investments. In addition, home prices may see an even larger decline due to higher interest rates, a squeeze in household purchasing power and weak confidence. Normalising inflation and lower interest rates, on the other hand, may lead to a stronger recovery than assumed in the baseline scenario.

At the end of the second quarter of 2024 adjustments to model-based allowances/provisions amounted to SEK 145m, including management judgements. The management judgement allowances cover expected credit losses not yet adequately captured by the IFRS 9 modelled outcomes. During the quarter, management judgement allowance levels were kept unchanged.

Note 6. Continued

Scenarios and provisions

30 Jun 2024

		2024	2025	2026	Un-weighted ECL SEKm	Probability weight	Model based provisions SEKm	Individual provisions SEKm	Total provisions SEKm
Favourable scenario	GDP growth, %	1,2	3,2	2,2					
	Unemployment, %	8,1	7,7	7,6	197	10%			
	Change in household consumption, %	2,2	3,2	3,0					
	Change in house prices, %	1,4	3,3	3,4					
Base scenario	GDP growth, %	0,3	2,1	2,2					
	Unemployment, %	8,3	8,2	8,0	203	50%	215,4	145,0	360,4
	Change in household consumption, %	2,0	2,7	2,6					
	Change in house prices, %	0,5	2,5	3,3					
Adverse scenario	GDP growth, %	-1,5	-0,6	1,6					
	Unemployment, %	9,6	10,6	10,4	236	40%			
	Change in household consumption, %	1,1	0,7	0,3					
	Change in house prices, %	-2,2	-2,4	1,7					

Scenarios and provisions

31 Dec 2023

		2024	2025	2026	Un-weighted ECL SEKm	Probability weight	Model based provisions SEKm	Individual provisions SEKm	Total provisions SEKm
Favourable scenario	GDP growth, %	1,1	2,4	2,6					
	Unemployment, %	8,0	7,9	7,9					
	Change in household consumption, %	1,7	2,2	2,7	171,5	10%			
	Change in house prices, %	1,7	3,9	3,4					
Base scenario	GDP growth, %	-0,1	2,1	2,3					
	Unemployment, %	8,3	8,3	8,3					
	Change in household consumption, %	0,8	1,9	2,1	176,4	50%	181,1	139,0	320,1
	Change in house prices, %	0,0	2,6	3,8					
Adverse scenario	GDP growth, %	-1,5	1,0	1,3					
	Unemployment, %	8,9	9,2	9,3					
	Change in household consumption, %	0,0	0,7	0,1	189,5	40%			
	Change in house prices, %	-1,2	1,0	0,4					

Note 7. Classification of financial instruments

SEKm	Financial assets at fair value through profit or loss (FVPL)		Fair value through other comprehensive income (FVOCI)	Non-financial assets	Total
	Amortised cost (AC)	Mandatorily			
Assets					
Loans to credit institutions	6 905	-	-	-	6 905
Loans to the public	723 060	-	-	-	723 060
Interest-bearing securities	-	10 400	9 518	-	19 918
Derivatives	-	7 860	-	-	7 860
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-2 207	-	-	-	-2 207
Deferred tax assets	-	-	-	-	-
Current tax assets	-	-	-	67	67
Other assets	2 749	-	-	2	2 751
Prepaid expenses and accrued income	17	-	-	-	17
Total 30 Jun 2024	730 524	18 260	9 518	69	758 371
Total 31 Dec 2023	725 702	20 955	9 502	2	756 161

SEKm	Financial liabilities at fair value through profit or loss (FVPL)		Non-financial liabilities	Total
	Amortised cost (AC)	Mandatorily		
Liabilities				
Deposits by credit institutions	288 735	-	-	288 735
Debt securities in issue	425 347	-	-	425 347
Derivatives	-	5 864	-	5 864
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-
Current tax liabilities	-	-	242	242
Other liabilities	2 882	-	257	3 139
Accrued expenses and prepaid income	1	-	256	257
Deferred tax liabilities	-	-	-	-
Provisions	5	-	-	5
Retirement benefit obligations	-	-	-	-
Subordinated liabilities	1 651	-	-	1 651
Total 30 Jun 2024	718 621	5 864	755	725 240
Total 31 Dec 2023	715 125	8 082	283	723 490

Enforceable master netting agreements and similar arrangements

The fact that financial instruments are being accounted for on a gross basis on the balance sheet, would not imply that the financial instruments are not subject to master netting agreements or similar arrangements. Generally financial instruments (derivatives and repos), would be subject to master netting agreements, and as a consequence Nordea Hypotek would be allowed to benefit from netting both in the ordinary course of business and in the case of default towards its counter parties, in any calculations involving counterparty credit risk.

Note 8. Fair value of financial assets and liabilities

SEKm	30 Jun 2024		31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans	727 758	738 193	723 654	738 428
Interest-bearing securities	19 918	19 918	19 858	19 858
Derivatives	7 860	7 860	10 599	10 599
Other assets	2 748	2 750	2 028	2 028
Prepaid expenses and accrued income	17	17	20	20
Total	758 301	768 739	756 159	770 933
Financial liabilities				
Deposits and debt instruments	715 733	716 990	711 664	711 471
Derivatives	5 864	5 864	8 082	8 082
Other liabilities	2 882	2 882	3 208	3 208
Provisions	5	5	4	4
Accrued expenses and prepaid income	1	-	249	249
Total	724 485	725 742	723 207	723 014

Fair value of financial assets that has been valued using a valuation technique - level 2 and 3 in the IFRS fair value hierarchy - amounted to SEK 27 772m (level 2) and SEK 7m (level 3) at the end of the second quarter 2024 and refers to interest bearing-securities and derivatives. Fair value of financial liabilities that has been valued using a valuation technique - level 2 and 3 in the IFRS fair value hierarchy - amounted to SEK 5 864m (level 2) and SEK 0m (level 3) at the end of the second quarter 2024 and refers to derivatives.

The determination of fair value is described in the Annual Report 2023, Note 26, "Assets and liabilities at fair value".

Note 9. Commitments

	30 Jun 2024	31 Dec 2023
SEK (000s) (Nom. amount)		
Credit commitments ¹	50 942 476	39 707 399
Other commitments	4 217 537	2 389 217
Total	55 160 013	42 096 616

1) Credit commitments consist of new credit commitments, and credit commitments that increase the customer's existing borrowings in connection with homebuying.

Note 10. Capital adequacy

These disclosures have been prepared in accordance with Part 8 of the CRR and applicable national regulations.

Key metrics

Total Own Funds in Q2 2024 was 34,143 SEKm, an increase of 79 SEKm compared to Q2 2023.

REA decreased 11 SEKm and the Leverage ratio decreased from 4.3% to 4.2% compared to Q2 2023.

	2024	2023	2023
	30 Jun	31 Dec	30 Jun
Available own funds (amounts), SEKm			
Common Equity Tier 1 (CET1) capital	32 354	32 330	32 329
Tier 1 capital, including profit	32 354	32 330	32 329
Total capital, including profit	34 143	34 093	34 064
Risk-weighted exposures amounts (REA), SEKm			
Total risk-weighted exposure amount	175 288	186 679	186 376
Capital ratios (as a percentage of risk-weighted exposure amount)			
Common Equity Tier 1 ratio (%)	18,5	17,3	17,3
Tier 1 ratio (%)	18,5	17,3	17,3
Total capital ratio (%)	19,5	18,3	18,3
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)			
Additional own funds requirements to address risks other than the risk of excessive leverage (†)	1,6	1,6	1,6
of which: to be made up of CET1 capital (percentage points)	0,9	0,9	0,9
of which: to be made up of Tier 1 capital (percentage points)	1,2	1,2	1,2
Total SREP own funds requirements (%)	9,6	9,6	9,6
Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
Capital conservation buffer (%)	2,5	2,5	2,5
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,0	0,0	2,5
Institution specific countercyclical capital buffer (%)	2,0	2,0	2,0
Systemic risk buffer (%)	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-
Other Systemically Important Institution buffer	1,0	1,0	1,0
Combined buffer requirement (%)	5,5	5,5	5,5
Overall capital requirements (%)	15,1	15,1	15,1
CET1 available after meeting the total SREP own funds requirements (%)	9,9	8,7	8,7
Leverage ratio			
Leverage ratio total exposure measure	771 281	765 672	744 922
Leverage ratio	4,2	4,2	4,3
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)			
Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-
of which: to be made up of CET1 capital (percentage points)	-	-	-
Total SREP leverage ratio requirements (%)	3,0	3,0	3,0
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
Leverage ratio buffer requirement (%)	-	-	-
Overall leverage ratio requirements (%)	3,0	3,0	3,0
Liquidity Coverage Ratio			
Total high-quality liquid assets (HQLA) (Weighted value - average)	19 343	19 285	18 981
Cash outflows - Total weighted value	4 291	3 093	4 081
Cash inflows - Total weighted value	3 218	2 320	3 061
Total net cash outflows (adjusted value)	1 073	773	1 020
Liquidity coverage ratio (%)	1 803	2 494	1 860
Net Stable Funding Ratio			
Total available stable funding	587 532	578 629	582 063
Total required stable funding	534 496	521 194	522 333
NSFR ratio (%)	110	111	111

Note 10. Continued

Summary of items included in own funds

	2024	2023	2023
SEKm	30 Jun ²	31 Dec ²	30 Jun
Calculation of own funds	-	-	-
Equity in the consolidated situation	33 519	33 563	32 375
Group contribution, after tax	-1 124	-1 178	-
Common Equity Tier 1 capital before regulatory adjustments	32 395	32 385	32 375
Deferred tax assets	-	-	-
Intangible assets	-	-	-
IRB provisions shortfall (-)	-19	-37	-16
Pension assets in excess of related liabilities ¹	-7	-6	-16
Other items, net	-15	-12	-14
Total regulatory adjustments to Common Equity Tier 1 capital	-41	-55	-46
Common Equity Tier 1 capital (net after deduction)	32 354	32 330	32 329
Additional Tier 1 capital before regulatory adjustments	-	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-	-
Additional Tier 1 capital	-	-	-
Tier 1 capital (net after deduction)	32 354	32 330	32 329
Tier 2 capital before regulatory adjustments	1 650	1 650	1 650
IRB provisions excess (+)	139	113	85
Pension assets in excess of related liabilities	-	-	-
Other items, net	-	-	-
Total regulatory adjustments to Tier 2 capital	139	113	85
Tier 2 capital	1 789	1 763	1 735
Own funds (net after deduction)¹	34 143	34 093	34 064

1) Based on conditional FSA approval.

2) Including profit of the period.

Own Funds, excluding profit

	2024	2023	2023
SEKm	30 jun ¹	31 dec ¹	30 Jun
Common Equity Tier 1 capital, excluding current year's profit	32 354	32 330	32 315
Total Own Funds, excluding current year's profit	34 143	34 093	34 050

1) Common Equity Tier 1 capital and Total Own Funds excluding current year's profit are the same as Common Equity Tier 1 capital and Total Own Funds including current year's profit and paid group contribution

Note 10. Continued

Minimum capital requirement and REA

SEKm	30 Jun 2024		31 Dec 2023		30 Jun 2023	
	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
Credit risk	4 572	57 147	3 791	47 391	3 594	44 925
-of which counterparty credit risk	120	1 505	128	1 604	78	978
IRB	3 384	42 300	3 458	43 220	3 366	42 073
- sovereign	-	-	-	-	-	-
- corporate	1 648	20 594	1 619	20 239	1 583	19 791
- advanced	1 648	20 594	1 619	20 239	1 583	19 791
- foundation	-	-	-	-	-	-
- institutions	41	518	41	516	42	524
- retail	1 695	21 187	1 797	22 465	1 741	21 758
- secured by immovable property collateral	1 607	20 092	1 716	21 449	1 660	20 750
- other retail	88	1 094	81	1 016	81	1 008
- other	-	2	-	-	-	-
Standardised	1 188	14 847	334	4 171	228	2 852
- central governments or central banks	-	-	-	-	-	-
- regional governments or local authorities	-	-	-	-	-	-
- public sector entities	-	-	-	-	-	-
- multilateral development banks	-	-	-	-	-	-
- international organisations	-	-	-	-	-	-
- institutions	1 188	14 844	334	4 171	228	2 852
- corporate	-	-	-	-	-	-
- retail	-	-	-	-	-	-
- secured by mortgages on immovable properties	-	-	-	-	-	-
- in default	-	3	-	-	-	-
- associated with particularly high risk	-	-	-	-	-	-
- covered bonds	-	-	-	-	-	-
- institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
- collective investments undertakings (CIU)	-	-	-	-	-	-
- equity	-	-	-	-	-	-
- other items	-	-	-	-	-	-
Credit Value Adjustment Risk	-	-	-	-	-	-
Market risk	-	-	-	-	-	-
- trading book, Internal Approach	-	-	-	-	-	-
- trading book, Standardised Approach	-	-	-	-	-	-
- banking book, Standardised Approach	-	-	-	-	-	-
Operational risk	770	9 620	871	10 886	871	10 886
Standardised	770	9 620	871	10 886	871	10 886
Additional risk exposure amount related to Finnish RW floor due to Article 458 CRR	-	-	-	-	-	-
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR	8 682	108 521	10 272	128 402	10 445	130 565
Additional risk exposure amount due to Article 3 CRR	-	-	-	-	-	-
Total	14 023	175 288	14 934	186 679	14 910	186 376

Note 10. Continued

Minimum Capital Requirements, Pillar 2 Requirements & Capital Buffers

Percentage	Minimum Capital requirement	Pillar 2 requirement ²	Capital buffers				Capital Buffers total ¹	Total
			CCoB	CCyB	O-SII	SRB		
Common Equity Tier 1 capital	4,5	0,9	2,5	2,0	1,0	-	5,5	10,9
Tier 1 capital	6,0	1,2	2,5	2,0	1,0	-	5,5	12,7
Own funds	8,0	1,6	2,5	2,0	1,0	-	5,5	15,1
SEKm								
Common Equity Tier 1 capital	7 888	1 578	4 382	3 499	1 753	-	9 634	19 099
Tier 1 capital	10 517	2 103	4 382	3 499	1 753	-	9 634	22 255
Own funds	14 023	2 805	4 382	3 499	1 753	-	9 634	26 462

1. Nordea Hypotek AB is not subject to any SRB or SII capital buffers requirements.

2. In the 2022 SREP, the supervisor has informed Nordea Hypotek AB (publ) of its supervisory capital assessment where Pillar 2 is 1.6% in own funds requirement and 0.9% in CET1 requirement.

Common Equity Tier 1 available to meet Capital Buffers

Percentage points of REA	30 Jun 2024	31 Dec 2023	30 Jun 2023
Common Equity Tier 1 capital	11,5	10,3	10,3

Capital ratios	30 Jun 2024	31 Dec 2023	30 Jun 2023
Common Equity Tier 1 capital ratio, including profit	18,5	17,3	17,3
Tier 1 capital ratio, including profit	18,5	17,3	17,3
Total capital ratio, including profit	19,5	18,3	18,3
Common Equity Tier 1 capital ratio, excluding profit	18,5	17,3	17,3
Tier 1 capital ratio, excluding profit	18,5	17,3	17,3
Total capital ratio, excluding profit	19,5	18,3	18,3

Leverage Ratio	30 Jun 2024	31 Dec 2023	30 Jun 2023
Tier 1 capital, transitional definition, SEKm	32 354	32 330	32 329
Leverage ratio exposure, SEKm	771 281	765 672	744 922
Leverage ratio, percentage	4,2	4,2	4,3

Note 10. Continued

Credit risk exposures for which internal models are used, split by rating grade

	On-balance exposure, SEKm	Off-balance exposure, SEKm	Exposure value (EAD), SEKm ¹	of which EAD for off- balance, SEKm	Exposure- weighted average risk weight:
Corporate, foundation IRB:					
<i>of which</i>					
- rating grades 6	-	-	-	-	-
- rating grades 5	-	-	-	-	-
- rating grades 4	-	-	-	-	-
- rating grades 3	-	-	-	-	-
- rating grades 2	-	-	-	-	-
- rating grades 1	-	-	-	-	-
- unrated	-	-	-	-	-
- defaulted	-	-	-	-	-
Corporate, advanced IRB:	129 967	-	125 852	-	16,4
<i>of which</i>					
- rating grades 6	81 405	-	79 835	-	5,6
- rating grades 5	10 783	-	8 455	-	25,7
- rating grades 4	34 710	-	34 530	-	37,2
- rating grades 3	1 785	-	1 765	-	33,6
- rating grades 2	1 058	-	1 059	-	30,8
- rating grades 1	94	-	88	-	56,7
- unrated	81	-	70	-	79,8
- defaulted	50	-	50	-	172,9
Institutions, foundation IRB:	8 185	-	8 185	-	6,3
<i>of which</i>					
- rating grades 6	7 779	-	7 779	-	6,2
- rating grades 5	407	-	407	-	8,6
- rating grades 4	-	-	-	-	-
- rating grades 3	-	-	-	-	-
- rating grades 2	-	-	-	-	-
- rating grades 1	-	-	-	-	-
- unrated	-	-	-	-	-
- defaulted	-	-	-	-	-
Retail, of which secured by real estate:	572 504	55 160	583 536	11 032	3,7
<i>of which</i>					
- scoring grades A	494 893	47 703	504 433	9 541	2,2
- scoring grades B	43 274	4 203	44 114	841	5,7
- scoring grades C	23 645	2 320	24 109	464	12,3
- scoring grades D	5 714	562	5 827	112	23,0

Note 10. Continued

- scoring grades E	1 976	194	2 014	39	36,4
- scoring grades F	1 725	178	1 761	36	59,1
- not scored	162	-	162	-	58,7
- defaulted	1 116	-	1 116	-	125,5
Retail, of which other retail:	14 086	-	-42 944	-	0,4
<i>of which</i>					
- scoring grades A	11 112	-	-45 144	-	1,6
- scoring grades B	1 348	-	713	-	13,6
- scoring grades C	1 140	-	1 090	-	18,8
- scoring grades D	191	-	130	-	23,8
- scoring grades E	160	-	140	-	24,9
- scoring grades F	58	-	52	-	39,3
- not scored	14	-	14	-	43,5
- defaulted	63	-	61	-	255,5
Other non credit-obligation assets:	-	-	-	-	100,0

Nordea does not have the following IRB exposure classes: equity exposures, central governments and central banks, qualifying revolving retail

1. Includes EAD for on-balance, off-balance, derivatives and securities financing

Capital requirements for market risk	Trading book, IM		Trading book, SA		Banking book, SA		Total	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other ¹								
Equity risk								
Foreign exchange risk								
Commodity risk								
Settlement risk								
Diversification effect								
Stressed Value-at-Risk								
Incremental Risk Measure								
Comprehensive Risk Measure								
Total								

1. Interest rate risk column Trading book IA includes both general and specific interest rate risk which is elsewhere referred to as interest rate VaR and credit spread VaR.

Note 11. Related party transactions

The information below is presented from a Nordea Hypotek perspective, meaning that the information show the effect from related party transactions on the Nordea Hypotek figures.

Balance sheet

SEK (000s)	Nordea Group companies	
	30 June 2024	31 Dec 2023
Assets		
Loans to credit institutions	6 904 987	10 787 701
Loans to the public	-	-
Derivatives	7 870 105	10 609 103
Other assets	2 748 716	2 027 700
Prepaid expenses and accrued income	16 833	20 031
Total assets	17 540 641	23 444 535
Liabilities		
Deposits by credit institutions	288 734 803	293 903 917
Debt securities in issue	31 898 144	63 628 443
Derivatives	5 864 058	8 081 970
Other liabilities	3 137 337	3 208 148
Prepaid income and accrued expenses	156 327	397 896
Subordinated liabilities	1 650 703	1 650 747
Total liabilities	331 441 372	370 871 121

Income statement

SEK (000s)	Nordea Group companies	
	Jan-Jun 2024	Jan-Jun 2023
Interest income	2 960 064	3 285 232
Interest expense	-11 220 146	-8 546 646
Net fee and commission income	-102 862	-60 248
Net gains/losses on item at fair value	-437 786	-1 915 419
General administrative expenses:		
- Other expenses	-965 591	-1 546 431
Total	-9 766 321	-8 783 512

Note 12. Risks and uncertainties

Credit risk is the most significant risk exposure for the Company. The Company is also exposed to market risk, liquidity risk and operational risk, including legal risks. These risks are inherent in the Company's business operations and are acceptable to a certain level. Risk limits have been set by the Board of Directors in the risk appetite, and cover all material risks to which the Company is exposed. The risk appetite was last updated on 22 February 2024 at the latest.

Credit risk in the loan portfolio performed somewhat negatively in the first half of 2024, although losses remain at very low levels in relation to the size of the portfolio. In the first half of the year, realised loan losses less reversals amounted to SEK 4.6m (0.9m), equalling 0.001% (0.000%) year-on-year. Levels of loans unpaid and past due have increased, which the Company will continue to monitor ahead. More information about the lending portfolio is provided in Note 6 Loans and impairment.

There are still significant risks associated with the macroeconomic trend, partly due to geopolitical uncertainty and broader inflationary pressure, which could have implications for Nordea Hypotek's customers. The Riksbank cut the policy rate by 25bps in May and has indicated further cuts during the year, although there is considerable uncertainty surrounding the future direction of interest rates, which could affect the housing market and demand for mortgages.

There are no outstanding disputes or legal proceedings in which material claims have been lodged against the Company.

Alternative Performance Measures – Definitions

Nordea Hypotek's Alternative Performance Measures (APMs) are presented to provide users of Nordea Hypotek's financial reporting with relevant information and tools to be able to establish a view on Nordea Hypotek's performance. APMs on capital adequacy are disclosed to give the user a view on Nordea Hypotek's balance between capital and risk, while lending related APMs are disclosed to provide information on Nordea Hypotek's provisions in relation to credit risk. Return on equity (RoE) is intended to provide the user of financial statements with relevant information on Nordea Hypotek's performance in relation to investment measurement. The cost/income (C/I) ratio is finally disclosed to provide the user with information on the correlation between income and expense. The development compared with earlier periods is, in order to better reflect the underlying business performance, generally presented in local currencies.

Return on average shareholders equity

Net profit for the year as percentage of equity, quarterly average.

Cost/income ratio

Total operating expenses divided by total operating income.

Loan loss ratio (IFRS 9)

Net loan losses (annualised) divided by quarterly closing balance of loans to the public (lending) measured at amortised cost.

Impairment rate (Stage 3), gross (IFRS 9)

Impaired loans (Stage 3) before allowances divided by total loans measured at amortised cost before allowances.

Impairment rate (Stage 3), net (IFRS 9)

Impaired loans (Stage 3) after allowances divided by total loans measured at amortised cost before allowances.

Total allowance ratio (Stage 1, 2 and 3) (IFRS 9)

Total allowances divided by total loans measured at amortised cost before allowances.

Allowances in relation to credit impaired loans (stage 3) (IFRS 9)

Allowances for impaired loans (stage 3) divided by impaired loans measured at amortised cost (stage 3) before allowances.

Common Equity Tier 1 capital ratio

The CET 1 ratio is total CET1 Capital divided by total Risk Exposure Amount calculated in accordance to the requirements in the CRR.

Tier 1 capital ratio

Tier 1 ratio is Tier 1 capital as a percentage of risk-weighted amounts. Tier 1 Capital consist of both CET 1 capital and Additional Tier 1 capital.

Total capital ratio

Total capital ratio is total own funds divided by total Risk Exposure Amount. Total own funds is the sum of Tier 1 and Tier 2 capital.

Assurance of the Board of Directors

The half-year interim report provides a fair overview of the Company's activities, its financial position and result, and describes material risks and uncertainties assumed by the Company.

Stockholm, 22 August 2024

Per Långsved
Chairman of the Board

Peter Dalmalm Emma Henriksson

Elisabeth Olin Maria Sahlén

Tina Sandvik Adam Wastå

Pia Tverin
Managing Director

Auditor's report

Nordea Hypotek AB (publ), corporate identity number 556091-5448

Introduction

We have reviewed the interim financial information of Nordea Hypotek AB (publ) as of 30 June 2024 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 23 August 2024

Öhrlings PricewaterhouseCoopers AB

Peter Sott
Authorized Public Accountant
Auditor in charge

Publication of the annual report 2024

Nordea Hypotek annual report for the financial year 2024 will be published 10 March 2025 in connection with a stock exchange release and will then also be available on [nordea.com](https://www.nordea.com).

Adresses

Nordea Hypotek AB (publ)

Visiting address: Smålandsgatan 15–17
Postal address: L8300, 105 71 Stockholm
Press Nordea Sverige: +46 771 40 10 60
Website: www.nordea.se

Corporate number: 556091-5448
LEI number: 5493000K2HPWIF6MFO29