

# Nordea

Nordea Hypotek AB (publ)



Year-end Report  
**2023**

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This Year-end Report has not been subject to review by the Company's auditors.

# Year-end Report **2023**

The Board of Directors and the President of Nordea Hypotek AB (publ) (corp. id no. 556091–5448), hereby present the Year-end Report for 2023. The company is a wholly owned subsidiary of Nordea Bank Abp (corp. id no. 2858394-9).



# Key ratios

	31 dec 2023	30 jun 2023	31 dec 2022	30 jun 2022	31 dec 2021
Return on average shareholders equity, % <sup>3,4</sup>	3.6	3.1	6.3	6.0	8.4
Cost/income ratio, % <sup>3,4</sup>	65.8	75.3	65.8	68.9	59.0
Loan loss ratio, basis points <sup>1</sup>	0.9	0.8	1.7	0.8	0.2
- of which stage 1	-0.3	-0.3	0.5	0.0	-0.2
- of which stage 2	0.5	0.6	0.8	0.3	0.1
- of which stage 3	0.7	0.5	0.5	0.5	0.3
Impairment rate (stage <sup>3</sup> ), gross <sup>1</sup> , basis points <sup>1</sup>	10.6	7.7	5.8	7.1	6.5
Impairment rate (stage <sup>3</sup> ), net, bps <sup>1</sup>	9.1	6.5	4.8	6.2	5.9
Total allowance ratio (stage 1, 2 and 3), bps <sup>1</sup>	4.4	3.9	3.5	2.3	2.0
Allowances in relation to impaired loans (stage <sup>3</sup> ), % <sup>1</sup>	15.0	15.4	16.6	12.1	9.6
Common Equity Tier 1 ratio (%) <sup>2</sup>	17.3	17.3	17.7	15.2	15.7
Tier 1 ratio (%) <sup>2</sup>	17.3	17.3	17.7	15.2	15.7
Total capital ratio (%) <sup>2</sup>	18.3	18.3	18.7	16.1	16.6
<b>Business volumes</b>					
Loans to the public, SEKm	716,540	708,475	700,282	687,599	664,615

1) Based on IFRS 9.

2) Including profit for the year for the full years 2022, 2021 and 2020. For the half-year periods, the calculation has been made excluding the profit for the period.

3) As of 1 January 2021 the Funds Transfer Pricing (FTP) approach applying to internal sales and distribution services procured by Nordea Hypotek from Nordea has been updated to make it consistent with developments in the OECD Transfer Pricing Guidelines and local tax practice. The updated approach has prompted price adjustments to sales and distribution costs, which increases operating costs and negatively affects operating profit. This largely explains the change in return on average equity and the K/I ratio in 2021 compared to previous periods.

4) In Sweden, a bank tax was introduced on 1 January 2022 in Sweden, which Nordea Hypotek is covered by. This tax has increased operating costs, which has resulted in a higher K/I ratio in 2022 compared to 2021. Furthermore, this tax has also negatively affected the return on equity in 2022 compared to 2021.

# Definitions

<b>Return on average shareholders equity</b>	Net profit for the year as percentage of equity, quarterly average.
<b>Cost/income ratio</b>	Total operating expenses divided by total operating income.
<b>Loan loss ratio (IFRS 9)</b>	Net loan losses (annualised) divided by quarterly closing balance of loans to the public (lending) measured at amortised cost.
<b>Impairment rate (Stage 3), gross (IFRS 9)</b>	Impaired loans (Stage 3) before allowances divided by total loans measured at amortised cost before allowances.
<b>Impairment rate (Stage 3), net (IFRS 9)</b>	Impaired loans (Stage 3) after allowances divided by total loans measured at amortised cost before allowances.
<b>Total allowance ratio (Stage 1, 2 and 3) (IFRS 9)</b>	Total allowances divided by total loans measured at amortised cost before allowances.
<b>Allowances in relation to credit impaired loans (stage 3) (IFRS 9)</b>	Allowances for impaired loans (stage 3) divided by impaired loans measured at amortised cost (stage 3) before allowances.
<b>Common Equity Tier 1 capital ratio</b>	The CET 1 ratio is total CET1 Capital divided by total Risk Exposure Amount calculated in accordance to the requirements in the CRR.
<b>Tier 1 capital ratio</b>	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.
<b>Total capital ratio</b>	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.



# Operations in 2023

The Company operates in the Swedish market and grants loans, primarily long-term in nature, to households, sole business proprietors, municipalities and other legal entities through the Parent Bank's distribution network. 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.

2023 featured a challenging macroeconomic environment and an uncertain global geopolitical landscape. The Swedish economy has so far coped well with the challenges, but has now entered a period of subdued economic activity. The Company and customers now need to adapt to an interest-rate level that is normalising at a significantly higher level than the past ten years. House prices and investments are adapting to a new reality, which will test the resilience of both households and businesses.

Nordea Sweden continued to grow and increased its market share of the Swedish mortgage market – at the end of 2023 it was at 13.8%. Nordea captured 47.6% of market growth in 2023. Total lending to the public for Nordea Hypotek increased during the year by SEK 16bn to SEK 717bn, which is an increase of 2.3% and is to be compared with the total mortgage market in Sweden, which grew by an extremely modest 0.4%.

The Company's capital position remains very strong with a CET1 ratio at the end of the year of 17.3% and a total capital ratio of 18.3%, which comfortably exceeds the legal requirement.

Credit quality in Nordea Hypotek's lending portfolio remained strong in 2023. In 2022 realised loan losses were SEK -5m (-6), and net loan losses, including loan provisions, amounted to SEK -65m in 2023 (-120). This is mainly driven by higher provisions for lending to households. The Company continues to see an elevated risk of loan losses as a result of the rapidly rising interest rates and increased cost of living, and has therefore chosen to keep provisioning unchanged during the year, in accordance with management's judgement.

## The housing market in Sweden

In 2023, house prices remained essentially unchanged according to Valueguard's HOXSWE price index, which fell by -0.1% during the year. The year started with a slight upturn in the first two quarters after the steep decline in the autumn of 2022, and at the end of the year the index was up by 3.9%. In the autumn, however, prices recoiled as a result of high supply combined with low activity and continuing rising interest rates. The drop in prices was -0.5% for houses, while apartment prices rose slightly by +0.7% for the full year 2023.

## Profit performance in the second half of 2023 compared with the first half of 2023

Operating profit for the second half of 2023 amounted to SEK 831m (614), which is an increase of 35% compared with the first six months of 2023. When comparing profit for the second half of 2023 with the first half of 2023, account should mainly be taken of the following major items affecting profit:

- Net interest income amounted to SEK 1,952m (2,546); a decline of 23%. This is mainly driven by higher funding costs and lower margins, which are only partially offset by higher lending volumes.

- The net result from items at fair value deteriorated in the second half of 2023 by SEK 187m, from SEK 123m to SEK -64m and is mainly affected by the ineffective portion of portfolio hedges.
- Net commission income decreased by SEK 11m in the second half of 2023, amounting to SEK -76m (-65) at the close of the period,
- Operating expenses decreased by SEK 1,015m in the second half of 2023 and amounted to SEK -945m at the end of the period (-1,960). The decline is chiefly attributable to reduced distribution expenses (SEK 739m) and the cost of the resolution fee (SEK 245m) having been taken in the first half of 2023.
- Average return on equity, after tax, was 4.2% (3.1) at the end of the period.

## Profit performance for FY 2023 compared with FY 2022

Operating profit was SEK 1,445m (2,349), which is a decrease of 38% from the previous year. When comparing earnings with the previous year, account should mainly be taken of the following major items affecting comparability:

- Net interest income amounted to SEK 4,498m (7,048); a decline of 36%. The decrease in net interest income is mainly due to higher funding costs, which were not fully offset by higher interest income from the loans and which drove lower average margins. Higher lending volumes (2.3%) partially compensate for the lower margins.
- The net result from items at fair value amounted to SEK 59m (246) at year-end, which is a decrease of SEK 187m. The item is affected by the repurchase of issued bonds entered at amortised cost and the ineffective portion of portfolio hedges.
- Net commission income decreased by SEK 78m, amounting to SEK -141m (-63) at the end of the year, driven by increased costs for liquidity support from Nordea Group.
- Operating expenses at the end of the year were SEK -2,905m (-4,761), a decline of SEK 1,856m or 39% compared to 2022. The decrease is mainly due to the fact that distribution and selling expenses decreased by SEK 1,890m as a consequence of altered intra-group agreements. Otherwise, the regulatory fees, risk tax and resolution fee increased by SEK 36m, from SEK 425m to SEK 461m.
- Return on equity, after tax, was 3.6% (6.3). Reduced net interest income is the main reason for the lower return on equity.

## Lending performance in the second half of 2023 compared with the first half of 2023

In the second half of 2023, lending to the public increased by SEK 8,065m (1.1%), amounting at the end of the year to SEK 716,540m (708,475).

### *Lending to companies, organisations and municipalities*

In the second half of 2023, lending to legal entities increased by SEK 2,130m (1.6%), amounting at the end of the year to SEK 134,081m (131,951).

### *Household lending*

In the second half of 2023, lending to households increased by SEK 5,935m (1.0%), amounting at the end of the year to SEK 582,459m (576,524).

\* according to Statistics Sweden (SCB) statistics for monetary financial institutions (MFI) lending to households with collateral in housing.

### Performance of lending for FY 2023 compared with FY 2022

Lending to the public increased during the year by 2.3% (5.4), amounting at the end of the year to SEK 716,540m (700,282).

#### *Lending to companies, organisations and municipalities*

Lending to legal entities increased by SEK 5,274m (4.1%), amounting at the end of the year to SEK 134,081m (128,807).

#### *Household lending*

Household lending increased by SEK 10,984 m (1.9%), amounting to SEK 582,459m (571,475) at the end of the year,

### Impaired loans and loan losses

Impaired loans, gross, amounted to SEK 775m (410). The increasing volume of impaired loans is mainly driven by a rising share of customers with late payments, which reflects the economic trend in Sweden. Net loan losses for the period were SEK -65m (-120), mainly attributable to increased loan provisions compared with 2022. Realised loan losses, less recoveries on written-off loans and reversed provisions, decreased by SEK 6m in 2023, amounting to SEK 0m (-6) at the end of the year.

In 2023, the weightings in the three macroeconomic scenarios that form the basis for calculating expected loan losses were unchanged 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.

The total loan provision increased compared with 2022, amounting at the end of 2023 to SEK 320m (258).

### Provisions as judged by management

The cyclical provisions, as judged by management, amounted to SEK 125m at 31 December 2023 (123). Cyclical provisions were essentially left unchanged during the year as the Company continues to see an elevated risk of increased loan losses not yet captured by the IFRS 9 models. Structural provisions amounted to SEK 0m at 31 December 2023 (3). The structural reserve has the purpose of covering the identified development need in the IFRS 9 models. In 2023 the structural provision decreased by SEK 3m mainly driven by model improvements.

### Foreign exchange risk

The Company's policy is to hedge foreign exchange risk exposure. The Company's foreign exchange exposures are essentially hedged through FX swaps.

### Funding

In 2023, all long-term funding, with the exception of subordinated loans and MREL loans, was in the form of covered bonds. 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 upon special permission from the Swedish FSA 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 2023, the Company issued bonds with a nominal value of SEK 97bn (88). Issuances take place

regularly in existing and new series, with the majority being so-called benchmark bonds. In 2023 the Company held agreements with five banks regarding distribution of the bonds in the benchmark series.

In 2023, the Company issued its second green covered bond of SEK 6bn and now has an outstanding volume totalling SEK 12bn. Green covered bonds form part of Nordea Hypotek's long-term funding and Nordea Hypotek intends to use the issue proceeds from the bond to directly or indirectly finance or refinance green assets in accordance with the Nordea Green Funding Framework, August 2022, published at [www.nordea.com](http://www.nordea.com).

Total outstanding covered bonds at year-end amounted to a nominal value of SEK 384bn (373). In addition, the Company had outstanding MREL loans of SEK 39.1bn (21.6) and a subordinated loan of SEK 1.65bn (1.65). Besides long-term funding as described above, the Company regularly arranged short-term funding with the Parent Company during the year. At the end of the year the outstanding amount from such funding was SEK 294bn (295).

### 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. As of 1 April 2020, Nordea Hypotek only has Moody's rating on the Company's bond programme for covered bonds.

### Counterparty risk and exposures

In total, risk-weighted assets for counterparty risk, which is entirely in relation to the Parent Company, were SEK 1,604m (1,033). The majority of counterparty risk is attributable to derivatives.

### Derivatives

Derivative instruments primarily pertain to interest payment exchange contracts (rate swaps) and forward currency exchange contracts (FX swaps). The Derivative instruments item in the balance sheet recognises derivative contracts at fair value.

### Capital adequacy

Since 2014, CRD/CRR (Capital Requirements Directive/Capital Requirements Regulation) applies in the EU. For more information about capital adequacy, please refer to Note 10, Capital adequacy.

### Legal proceedings

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

### Material changes after the end of the financial year

No major events have occurred since 31 December 2023. However, there are risks linked to the poorer state of the economy in Sweden due to high inflation, higher interest rates and falling house prices. This could potentially have adverse effects on earnings through lower net interest income, higher market volatility and reduced business activity.

# Assurance of the Board of Directors

The Year-end 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, 26 February 2024**

Per Långsved  
*Chairman*

Peter Dalmalm  
*Deputy Chair*

Emma Henriksson  
*Board member*

Elisabeth Olin  
*Board member*

Maria Sahlén  
*Board member*

Tina Sandvik  
*Board member*

Adam Wastå  
*Board member*

Pia Tverin  
*Chief Executive Officer*

# Income statement

SEK (000s)	Note	Jul–Dec 2023	Jan–Jun 2023	Jul–Dec 2022	Full year 2023	Full year 2022
<b>Operating income</b>						
Interest income calculated using the effective interest method		16,818,196	13,536,262	8,622,551	30,354,458	13,262,750
Other interest income		239,254	166,583	72,930	405,837	65,533
Negative yield on financial assets		–	–	-750	–	-9,811
Interest expense		-15,105,427	-11,157,122	-5,316,865	-26,262,549	-6,302,652
Negative yield on financial liabilities		–	–	-72,607	–	32,194
<b>Net interest income</b>		<b>1,952,023</b>	<b>2,545,723</b>	<b>3,305,259</b>	<b>4,497,746</b>	<b>7,048,014</b>
Fee and commission income		13,932	13,504	16,028	27,436	34,538
Fee and commission expense		-90,243	-78,642	-56,004	-168,885	-98,001
<b>Net fee and commission income</b>		<b>-76,311</b>	<b>-65,138</b>	<b>-39,976</b>	<b>-141,449</b>	<b>-63,463</b>
Net result from items at fair value		-64,083	122,860	376,694	58,777	246,413
Other operating income		-1	–	–	-1	–
<b>Total operating income</b>		<b>1,811,628</b>	<b>2,603,445</b>	<b>3,641,977</b>	<b>4,415,073</b>	<b>7,230,964</b>
<b>Operating expenses</b>						
<i>General administrative expenses:</i>						
Staff costs		-1,282	-33,762	-10,053	-35,044	-37,207
Other expenses	3	-834,965	-1,573,749	-2,186,864	-2,408,714	-4,299,099
Regulatory fees	4	-108,255	-352,871	-92,838	-461,126	-425,162
<b>Total operating expenses</b>		<b>-944,502</b>	<b>-1,960,382</b>	<b>-2,289,755</b>	<b>-2,904,884</b>	<b>-4,761,468</b>
<b>Profit before loan losses</b>		<b>867,126</b>	<b>643,063</b>	<b>1,352,222</b>	<b>1,510,189</b>	<b>2,469,496</b>
Net loan losses	5	-36,091	-28,904	-91,111	-64,995	-120,007
<b>Operating profit</b>		<b>831,035</b>	<b>614,159</b>	<b>1,261,111</b>	<b>1,445,194</b>	<b>2,349,489</b>
Income tax expense		-133,973	-133,156	-270,431	-267,129	-490,271
<b>Net profit for the period</b>		<b>697,062</b>	<b>481,003</b>	<b>990,680</b>	<b>1,178,065</b>	<b>1,859,218</b>

## Statement of comprehensive income

SEK (000s)	Jul–Dec 2023	Jan–Jun 2023	Jul–Dec 2022	Full year 2023	Full year 2022
Periodens resultat	697,062	481,003	990,680	1,178,065	1,859,218
<b>Items that may be reclassified subsequently to the income statement</b>					
<i>Cash flow hedges:</i>					
Valuation gains/losses, net of tax	-1,741,797	1,797,417	1,117,240	55,620	2,532,234
Transferred to the income statement, net of tax	1,741,797	-1,807,894	-1,161,474	-66,097	-2,358,605
<i>Available for sale investments<sup>1</sup></i>					
Valuation gains/losses, net of tax	10,361	-3,504	22,383	6,857	-4,262
<b>Other comprehensive income, net of tax</b>	<b>10,361</b>	<b>-13,981</b>	<b>-21,851</b>	<b>-3,620</b>	<b>169,367</b>
<b>Total comprehensive income</b>	<b>707,423</b>	<b>467,022</b>	<b>968,829</b>	<b>1,174,445</b>	<b>2,028,585</b>

1) Results from revaluations related to hedged risks in fair value hedges are reported directly in the income statement.



# Balance sheet

SEK (000s)	Note	31 Dec 2023	30 Jun 2023	31 Dec 2022
<b>Assets</b>				
Loans to credit institutions	6	10,787,701	9,199,588	4,304,109
Loans to the public	6	716,539,960	708,474,881	700,282,421
Interest-bearing securities		19,857,947	19,543,401	20,002,237
Derivatives		10,598,968	14,318,817	15,185,233
Fair value changes of hedged items in portfolio hedges of interest rate risk		-3,673,860	-9,321,378	-10,851,998
Deferred tax assets		-	-	-
Current tax assets		1,985	2,021	15,831
Other assets		2,027,805	1,396,701	1,380,392
Prepaid expenses and accrued income		20,031	36,978	62,798
<b>Total assets</b>		<b>756,160,537</b>	<b>743,651,009</b>	<b>730,381,023</b>
<b>Liabilities</b>				
Deposits by credit institutions		293,903,917	289,497,481	294,979,551
Debt securities in issue		416,109,286	403,975,258	382,084,433
Derivatives		8,081,970	14,213,142	14,792,329
Current tax liabilities		35,769	51,186	-1,004
Other liabilities		3,210,116	858,323	3,740,196
Accrued expenses and prepaid income		492,921	528,558	734,422
Deferred tax liabilities		400	400	3,118
Provisions		4,486	7,212	8,104
Pension obligations		-	13,242	-
Subordinated liabilities		1,650,747	1,650,243	1,650,373
<b>Total liabilities</b>		<b>723,489,612</b>	<b>710,795,045</b>	<b>697,991,522</b>
<b>Equity</b>				
Share capital		110,000	110,000	110,000
Fair value reserves		16,240	5,880	19,860
Retained earnings		31,366,620	32,259,081	30,400,423
Net profit for the year		1,178,065	481,003	1,859,218
<b>Total equity</b>		<b>32,670,925</b>	<b>32,855,964</b>	<b>32,389,501</b>
<b>Total liabilities and equity</b>		<b>756,160,537</b>	<b>743,651,009</b>	<b>730,381,023</b>

## Other notes

- [Note 1](#) Accounting policies
- [Note 2](#) Segment reporting
- [Note 4](#) Loans and impairment
- [Note 7](#) Classification of financial instruments
- [Note 8](#) Assets and liabilities at fair value
- [Note 9](#) Commitments
- [Note 10](#) Capital adequacy
- [Note 11](#) Related-party transactions
- [Note 12](#) Risks and uncertainties

# Statement of changes in equity

SEK (000s)	Restricted equity		Unrestricted equity			Total equity
	Share capital <sup>1</sup>	Cash flow hedges	Fair value through other comprehensive income	Retained earnings		
Balance at 1 Jan 2023	110,000	12,019	7,842	32,259,641	32,389,501	
Net profit for the year	–	–	–	1,178,065	1,178,065	
Items that may be reclassified subsequently to the income statement						
<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	
Transferred to the income statement	–	-14,430	–	–	-14,430	
Tax on valuation gains/losse	–	-83,246	–	–	-83,246	
Tax on transfers to the income statement	–	17,149	–	–	17,149	
<b>Other comprehensive income, net of tax</b>	<b>–</b>	<b>-10,477</b>	<b>6,857</b>	<b>–</b>	<b>-3,620</b>	
<b>Total comprehensive income</b>	<b>–</b>	<b>-10,477</b>	<b>6,857</b>	<b>1,178,065</b>	<b>1,174,445</b>	
Shareholders' contribution received	–	–	–	–	–	
Group contribution paid	–	–	–	-1,124,006	-1,124,006	
Tax on Group contribution paid	–	–	–	231,545	231,545	
Share-based payments	–	–	–	-560	-560	
<b>Balance at 31 Dec 2023</b>	<b>110,000</b>	<b>1,542</b>	<b>14,699</b>	<b>32,544,685</b>	<b>32,670,925</b>	

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

SEK (000s)	Restricted equity		Unrestricted equity			Total equity
	Share capital <sup>1</sup>	Cash flow hedges	Fair value through other comprehensive income	Retained earnings		
Balance at 1 Jan 2022	110,000	-161,611	12,104	28,289,226	28,249,719	
Net profit for the year	–	–	–	1,859,218	1,859,218	
Items that may be reclassified subsequently to the income statement						
<i>Fair value through other comprehensive income:</i>						
Valuation gains/losses, net of tax	–	–	-5,368	–	-5,368	
Tax on valuation gains/losses	–	–	1,106	–	1,106	
<i>Cash flow hedges:</i>						
Valuation gains/losses, net of tax	–	3,189,212	–	–	3,189,212	
Transferred to the income statement	–	-656,978	–	–	-656,978	
Tax on valuation gains/losse	–	-2,970,535	–	–	-2,970,535	
Tax on transfers to the income statement	–	611,930	–	–	611,930	
<b>Other comprehensive income, net of tax</b>	<b>–</b>	<b>173,629</b>	<b>-4,262</b>	<b>1,859,218</b>	<b>2,028,585</b>	
<b>Total comprehensive income</b>	<b>–</b>	<b>173,629</b>	<b>-4,262</b>	<b>1,859,218</b>	<b>2,028,585</b>	
Shareholders' contribution received	–	–	–	4,000,000	4,000,000	
Group contribution paid	–	–	–	-2,378,795	-2,378,795	
Tax on Group contribution paid	–	–	–	490,032	490,032	
Share-based payments	–	–	–	-40	-40	
<b>Balance at 31 Dec 2022</b>	<b>110,000</b>	<b>12,018</b>	<b>7,842</b>	<b>32,259,641</b>	<b>32,389,501</b>	

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

# Cash flow statement

SEK (000s)	Full year 2023	Full year 2022
<b>Operating activities</b>		
Operating profit	1,445,194	2,349,489
Adjustment for items not included in cash flow	4,244,064	-5,314,475
Income taxes paid	15,035	363,117
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>	<b>5,704,293</b>	<b>-2,601,869</b>
<b>Changes in operating assets</b>		
Change in treasury bills	-3,201,395	5,801,283
Change in loans to the public	-16,328,260	-35,787,939
Change in interest-bearing securities	159,367	981,950
Change in derivatives, net	967,718	-3,247,364
Change in other assets	-647,414	-640,986
<b>Change in operating liabilities</b>		
Change in deposits by credit institutions	-1,454,345	19,970,823
Change in debt securities in issue	22,937,714	11,919,873
Change in other liabilities	-1,654,086	-2,645,259
<b>Cash flow from operating activities</b>	<b>779,298</b>	<b>-3,647,619</b>
<b>Financing activities</b>		
Shareholder contribution	-	4,000,000
Amortised subordinated liabilities	-	-
Other changes in equity	-	-
<b>Cash flow from financing activities</b>	<b>-</b>	<b>4,000,000</b>
<b>Cash flow for the year</b>	<b>6,483,591</b>	<b>-2,249,488</b>
Cash and cash equivalents at beginning of period	-4,304,109	-6,553,597
Cash and cash equivalents at end of period	10,787,701	4,304,109
<b>Change</b>	<b>6,483,592</b>	<b>-2,249,488</b>

# Notes to the financial statements



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## Note 1. Accounting policies

The January–June report for Nordea Hypotek AB (publ) is prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Investment Firms (1995:1559), the 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 with due consideration for 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 “Financial statements”.

The accounting policies and methods of computation are unchanged from Note 1 in the Annual Report 2022, except for those relating to the items presented in the section “Changed accounting policies and presentation” below. Further information is presented in Note 1 of the 2022 annual report.

### Changed accounting policies

The following changes in accounting policies were initially applied by Nordea Hypotek on 1 January 2023.

#### Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

On 1 January 2023, Nordea Hypotek started to apply the amendments in IAS 12 Income Taxes. Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The amendments require companies to recognise deferred tax on particular transactions that, on initial recognition, give rise to taxable and deductible temporary differences of equal amounts. Such a requirement may apply on the initial recognition of a lease liability and the corresponding right-of-use asset at the commencement of a lease. The requirement also applies in the context of decommissioning, restoration and similar liabilities where the corresponding amounts are recognised as part of the cost of the related asset.

#### Amendments to IAS 12 Income Taxes: International tax reform – Pillar Two model rules IASB published in May 2023, amendments to IAS 12 Income Taxes: International tax reform – Pillar Two model rules.

The amendments include a temporary exemption for the recognition of deferred tax arising from the introduction of the Pillar Two model rules. The amendments also include disclosure requirements for periods between the Pillar Two legislation being enacted or substantively enacted and the legislation becoming effective. Entities will be required to disclose known or reasonably estimable information that would help users of financial statements to understand an entity’s exposure to Pillar Two income taxes arising from that legislation.

The amendments came into effect upon publication, and have been approved by the EU. The amendments have not had any impact on the financial statements or capital adequacy compared with previously, as any effect of the Pillar Two model rules is not reflected in the financial statements. The disclosures to be provided are found in Note 10 “Taxes”.

### Other amended requirements

No amendments were made to the Swedish Annual Accounts Act for Credit Institutions and Investment Firms (1995:1559) during the year. Neither has the Swedish FSA published any changes applicable during the year regarding the regulation FFFS 2008:25. Furthermore, the Swedish Financial Reporting Board has not published any notifications to amend RFR 2 “Accounting for legal entities” that have had any impact on Nordea Hypotek’s financial statements for 2023.

### Changes in IFRSs not yet applied

The IASB has published the following new or amended standards, which are assessed not to have any significant impact on Nordea Hypotek’s financial statements or capital adequacy in the period of initial application:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and also Classification of Liabilities as Current or Non-current – Deferral of Effective Date, as well as Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments

### Other amendments

IASB has published the following amendments which were implemented by Nordea Hypotek on 1 January 2023 but have not had any significant impact on Nordea Hypotek’s financial statements:

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting estimates
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates Lack of exchangeability.

## Note 2. Segment reporting

### Reportable segment

Brief description of the business segments:

- Personal Banking helps Nordea Hypotek's private customers through various channels with financing real estate for housing purposes.
- Business Banking consists of Business Banking and Business Banking Direct which also works with a relationship-based service model with a customer-centric value offering for our corporate customers.
- Group Treasury is responsible for the day to day management of the Group's liquidity positions, liquidity buffers, external and internal funding including the mobilisation of cash around the Group, and Funds Transfer Pricing (FTP).

- Other operating segments mainly refer to Large Corporates & Institutions and Asset & Wealth Management. Large Corporates & Institutions is responsible for lending to large corporate customers. Private Banking (within Asset & Wealth Management) offers household loans to private customers.

Group functions and earnings that are not entirely assigned to any of the operating segments are shown separately as reconciling items in the table below.

### Operating segments

Income statement, SEKm	Personal Banking		Business Banking		Group Treasury		Other operating segments		Total operating segments		Reconciliation		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net interest income	17,303	9,630	4,781	2,035	-18,385	-4,798	731	120	4,430	6,988	68	60	4,498	7,048
Net fee and commission income	25	31	3	3	-57	-49	-112	-49	-141	-63	-	-	-141	-63
Net result from items at fair value	-	10	-	2	57	234	1	-	59	246	-	-	59	246
<b>Total operating income</b>	<b>17,328</b>	<b>9,671</b>	<b>4,784</b>	<b>2,040</b>	<b>-18,385</b>	<b>-4,612</b>	<b>620</b>	<b>72</b>	<b>4,347</b>	<b>7,171</b>	<b>68</b>	<b>60</b>	<b>4,415</b>	<b>7,231</b>
Other expenses	-1,731	-	-478	-	-	-	-695	-560	-2,905	-560	-	-4,202	-2,905	-4,761
<b>Total operating expenses</b>	<b>-1,731</b>	<b>-</b>	<b>-478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-695</b>	<b>-560</b>	<b>-2,905</b>	<b>-560</b>	<b>-</b>	<b>-4,202</b>	<b>-2,905</b>	<b>-4,761</b>
Net loan losses	-41	-55	-17	-64	-	-	-8	-1	-65	-120	-	-	-65	-120
<b>Operating profit</b>	<b>15,556</b>	<b>9,617</b>	<b>4,289</b>	<b>1,976</b>	<b>-18,385</b>	<b>-4,613</b>	<b>-83</b>	<b>-489</b>	<b>1,377</b>	<b>6,491</b>	<b>68</b>	<b>-4,141</b>	<b>1,445</b>	<b>2,349</b>
<b>Balance sheet, SEKm</b>														
Loans to the public	537,105	525,134	148,385	145,588	-	-	31,050	29,561	716,540	700,282	-	-	716,540	700,282
Other assets	-	-	-	-	39,613	30,078	2	15	39,615	30,094	6	5	39,621	30,099
<b>Total assets</b>	<b>537,105</b>	<b>525,134</b>	<b>148,385</b>	<b>145,588</b>	<b>39,613</b>	<b>30,078</b>	<b>31,052</b>	<b>29,576</b>	<b>756,155</b>	<b>730,376</b>	<b>6</b>	<b>5</b>	<b>756,161</b>	<b>730,381</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>721,871</b>	<b>694,888</b>	<b>344</b>	<b>360</b>	<b>722,215</b>	<b>695,248</b>	<b>1,275</b>	<b>2,744<sup>1</sup></b>	<b>723,490</b>	<b>697,992</b>
Equity	537,104	525,134	148,385	145,588	-682,258	-664,809	30,708	29,216	33,940	35,128	-1,269	-2,739	32,671	32,390
<b>Total liabilities and equity</b>	<b>537,105</b>	<b>525,134</b>	<b>148,385</b>	<b>145,588</b>	<b>39,613</b>	<b>30,078</b>	<b>31,052</b>	<b>29,576</b>	<b>756,155</b>	<b>730,376</b>	<b>6</b>	<b>5</b>	<b>756,161</b>	<b>730,381</b>

1) The amount refers to Group Contribution from Nordea Hypotek AB to Nordea Bank Abp Filial in Sweden (2023). During 2022 Nordea Hypotek AB provided group contribution to Nordea Bank Abp Filial in Sweden and Nordea Finans AB.

### Reconciliation between total operating segments and financial statements

SEKm	2023		2022	
	Operating profit	Total assets	Operating profit	Total assets
Total operating segments	1,377	756,155	6,491	730,376
Group functions and unallocated items	68	6	-4,141	5
<b>Total</b>	<b>1,445</b>	<b>756,161</b>	<b>2,349</b>	<b>730,381</b>

## Note 3. Other expenses

SEK (000s)	Jul–Dec 2023	Jan–Jun 2023	Jul–Dec 2022	Full year 2023	Full year 2022
Postage, telephone and office expenses	-208	-165	-113	-373	-241
Distribution costs to Nordea	-809,079	-1,546,457	-2,160,205	-2,355,536	-4,244,811
Professional services <sup>1</sup>	-1,700	-2,929	-1,060	-4,629	-4,147
Market data services	-12,522	-11,310	-13,143	-23,832	-25,691
Other	-11,456	-12,888	-12,343	-24,344	-24,209
<b>Total</b>	<b>-834,965</b>	<b>-1,573,749</b>	<b>-2,186,864</b>	<b>-2,408,714</b>	<b>-4,299,099</b>

1) Including fees and remuneration to auditors.

## Note 4. Regulatory fees

SEK (000s)	Jul–Dec 2023	Jan–Jun 2023	Jul–Dec 2022	Full year 2023	Full year 2022
Resolution fee	–	-244,619	–	-244,619	-239,486
Bank tax	-108,256	-108,252	-92,838	-216,507	-185,676
<b>Total</b>	<b>-108,256</b>	<b>-352,871</b>	<b>-292,838</b>	<b>-461,126</b>	<b>-425,162</b>

## Note 5. Net loan losses

SEKm	Jul–Dec 2023	Jan–Jun 2023	Jul–Dec 2022	Full year 2023	Full year 2022
Net loan losses, stage 1	10,638	9,379	-33,029	20,017	-33,846
Net loan losses, stage 2	-17,351	-20,103	-44,800	-37,453	-54,377
<b>Net loan losses, non-defaulted</b>	<b>-6,713</b>	<b>-10,724</b>	<b>-77,829</b>	<b>-17,436</b>	<b>-88,223</b>
<b>Stage 3, defaulted</b>					
Net loan losses, individually assessed, collectively calculated	-27,629	-17,269	-8,363	-44,897	-26,055
Realised loan losses	-4,290	-1,098	-5,020	-5,388	-6,070
Decrease of provisions to cover realised loan losses	–	–	–	–	–
Recoveries on previously realised loan losses	5,540	187	102	5,727	341
New/increase in provisions	-3,000	–	–	-3,000	–
Reversals of provisions	–	–	–	–	–
<b>Net loan losses, defaulted</b>	<b>-29,379</b>	<b>-18,180</b>	<b>-13,281</b>	<b>-47,558</b>	<b>-31,784</b>
<b>Net loan losses</b>	<b>-36,091</b>	<b>-28,904</b>	<b>-91,111</b>	<b>-64,994</b>	<b>-120,007</b>

### Nyckeltal

	Jul–Dec 2023	Jan–Jun 2023	Jul–Dec 2022	Full year 2023	Full year 2022
Loan loss ratio, basis points <sup>1</sup>	0.5	0.8	1.2	0.9	1.7
- of which stage 1	-0.1	-0.3	0.5	-0.3	0.5
- of which stage 2	0.2	0.6	0.6	0.5	0.8
- of which stage 3	0.4	0.5	0.1	0.7	0.5

1) Based on IFRS 9.

## Note 6. Loans and impairment

SEKm	31 Dec 2023	30 Jun 2023	31 Dec 2022
Loans measured to amortised cost, not impaired (stage 1 and 2)	726,871	717,399	704,426
Impaired loans (stage 3)	775	553	410
- of which servicing	179	101	33
- of which non-servicing	596	452	405
<b>Loans before allowances</b>	<b>727,646</b>	<b>717,952</b>	<b>704,836</b>
- of which credit institutions	10,788	9,200	4,304
Allowances for individually assessed loans (stage 3)	-116	-85	-68
- of which servicing	-36	-17	-11
- of which non-servicing	-80	-68	-57
Allowances for collectively assessed loans (stage 1 and 2)	-202	-193	-181
<b>Allowances</b>	<b>-318</b>	<b>-278</b>	<b>-249</b>
- of which credit institutions	-	-	-
<b>Loans carrying amount</b>	<b>727,328</b>	<b>717,674</b>	<b>704,587</b>

### Carrying amount of loans measured at amortised cost, before allowances

SEKm	31 Dec 2023			30 Jun 2023			31 Dec 2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Loans to the public	707,010	19,862	775	703,984	13,416	553	693,855	10,571	410
Interest-bearing securities	9,502	-	-	9,386	-	-	9,496	-	-
<b>Total</b>	<b>716,512</b>	<b>19,862</b>	<b>775</b>	<b>713,370</b>	<b>13,416</b>	<b>553</b>	<b>703,351</b>	<b>10,571</b>	<b>410</b>

### Allowances and provisions

SEKm	31 Dec 2023			30 Jun 2023			31 Dec 2022		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Loans to the public	-53	-150	-116	-60	-133	-85	-69	-113	-68
Interest-bearing securities	0	-	-	-	-	-	-	-	-
Provisions for off-balance sheet items	-4	-	-	-7	-	-	-8	-	-
<b>Total</b>	<b>-57</b>	<b>-150</b>	<b>-116</b>	<b>-67</b>	<b>-133</b>	<b>-85</b>	<b>-77</b>	<b>-113</b>	<b>-68</b>

Note 6. Loans and impairment, cont.

### Movement of allowance accounts for loans measured at amortised cost

SEKm	Stage 1	Stage 2	Stage 3	Total
Balance at 1 Jan 2023	-69	-113	-68	-250
Changes due to origination and acquisition	-18	-17	-1	-36
Changes due to transfers from stage 1 to stage 2	6	-89	–	-82
Changes due to transfers from stage 1 to stage 3	–	–	-33	-32
Changes due to transfers from stage 2 to stage 1	-1	43	–	41
Changes due to transfers from stage 2 to stage 3	–	3	-23	-20
Changes due to transfers from stage 3 to stage 1	–	–	5	5
Changes due to transfers from stage 3 to stage 2	–	-1	7	6
Changes due to credit risk without stage transfer	17	4	-18	2
Changes due to repayments and disposals	13	20	15	48
Closing balance at 31 Dec 2023	-52	-150	-116	-318

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

SEKm	Stage 1	Stage 2	Stage 3	Total
Balance at 1 Jan 2022	-31	-58	-42	-131
Changes due to origination and acquisition	-31	-18	-1	-50
Changes due to transfers from stage 1 to stage 2	1	-59	–	-58
Changes due to transfers from stage 1 to stage 3	–	–	-14	-14
Changes due to transfers from stage 2 to stage 1	-2	29	–	27
Changes due to transfers from stage 2 to stage 3	–	1	-13	-12
Changes due to transfers from stage 3 to stage 1	–	–	2	2
Changes due to transfers from stage 3 to stage 2	–	-2	9	7
Changes due to credit risk without stage transfer	-12	-15	-21	-48
Changes due to repayments and disposals	6	10	12	28
Closing balance at 31 Dec 2022	-69	-112	-68	-249

### Key ratios

	31 Dec 2023	30 Jun 2023	31 Dec 2022
Impairment rate, (stage 3) <sup>1</sup> , gross, basis points	10.6	7.7	5.8
Impairment rate, (stage 3) <sup>2</sup> , net, basis points	9.1	6.5	4.8
Total allowance rate (stage 1, 2 and 3) <sup>3</sup> , basis points	4.4	3.9	3.5
Allowances in relation to impaired loans (stage 3) <sup>4</sup> , %	15	15.4	16.6
Allowances in relation to loans stage 1 and 2 <sup>5</sup> , basis points	2.8	2.7	2.6

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 performing loans (stage 1 and 2) divided by performing loans measured at amortised cost (stage 1 and 2), before allowances.



## Note 7. Classification of financial instruments

31 Dec 2023, 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			
<b>Assets</b>					
Loans to credit institutions	10,788	–	–	–	10,788
Loans to the public	716,540	–	–	–	716,540
Interest-bearing securities	–	10,356	9,502	–	19,858
Derivatives	–	10,599	–	–	10,599
Fair value changes of hedged items in hedges of interest rate risk	-3,674	–	–	–	-3,674
Deferred tax assets	–	–	–	–	–
Current tax assets	–	–	–	2	2
Other assets	2,028	–	–	–	2,028
Prepaid expenses and accrued income	20	–	–	–	20
<b>Total</b>	<b>725,702</b>	<b>20,955</b>	<b>9,502</b>	<b>2</b>	<b>756,161</b>

31 Dec 2023, SEKm	Financial assets at fair value through profit or loss (FVPL)		Non-financial assets	Total
	Amortised cost (AC)	Mandatorily		
<b>Liabilities</b>				
Deposits by credit institutions	293,904	–	–	293,904
Debt securities in issue	416,109	–	–	416,109
Derivatives	–	8,082	–	8,082
Fair value changes of hedged items in hedges of interest rate risk	–	–	–	–
Current tax assets	–	–	36	36
Other liabilities	3,208	–	2	3,210
Accrued expenses and prepaid income	249	–	245	494
Deferred tax liabilities	–	–	–	–
Provisions	4	–	–	4
Subordinated liabilities	1,651	–	–	1,651
<b>Total</b>	<b>715,125</b>	<b>8,082</b>	<b>283</b>	<b>723,490</b>

Note 7. Classification of financial instruments, cont.

31 Dec 2022, 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			
<b>Assets</b>					
Loans to credit institutions	4,304	–	–	–	4,304
Loans to the public	700,283	–	–	–	700,283
Interest-bearing securities	–	10,506	9,496	–	20,002
Derivatives	–	15,185	–	–	15,185
Fair value changes of hedged items in hedges of interest rate risk	-10,852	–	–	–	-10,852
Deferred tax assets	–	–	–	–	–
Current tax assets	–	–	–	16	16
Other assets	1,380	–	–	–	1,380
Prepaid expenses and accrued income	63	–	–	–	63
<b>Total</b>	<b>695,178</b>	<b>25,691</b>	<b>9,496</b>	<b>16</b>	<b>730,381</b>

31 Dec 2022, SEKm	Financial assets at fair value through profit or loss (FVPL)		Non-financial assets	Total
	Amortised cost (AC)	Mandatorily		
<b>Liabilities</b>				
Deposits by credit institutions	294,980	–	–	294,980
Debt securities in issue	382,085	–	–	382,085
Derivatives	–	14,792	–	14,792
Fair value changes of hedged items in hedges of interest rate risk	–	–	–	–
Current tax assets	–	–	-1	-1
Other liabilities	3,737	–	3	3,740
Accrued expenses and prepaid income	336	–	398	734
Deferred tax liabilities	–	–	3	3
Provisions	8	–	–	8
Subordinated liabilities	1,650	–	–	1,650
<b>Total</b>	<b>682,796</b>	<b>14,792</b>	<b>403</b>	<b>697,991</b>

### 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. Assets and liabilities at fair value

### Fair value of financial assets and liabilities

SEKm	31 Dec 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans	723,654	738,428	693,735	697,928
Interest-bearing securities	19,858	19,858	20,002	20,002
Derivatives	10,599	10,599	15,185	15,185
Other assets	2,028	2,028	1,380	1,380
Prepaid expenses and accrued income	20	20	63	63
<b>Total</b>	<b>756,159</b>	<b>770,933</b>	<b>730,365</b>	<b>734,558</b>
<b>Financial liabilities</b>				
Deposits and debt instruments	711,664	711,471	678,715	694,026
Derivatives	8,082	8,082	14,792	14,792
Other liabilities	3,208	3,208	3,737	3,737
Provisions	4	4	8	8
Accrued expenses and prepaid income	249	249	336	336
<b>Total</b>	<b>723,207</b>	<b>723,014</b>	<b>697,588</b>	<b>712,899</b>

For information about valuation of items measured at fair value on the balance sheet, see Note 1 and the section "Determination of fair value on the balance sheet". For information about valuation of items not measured at fair value on the balance sheet, see the section "Financial assets and liabilities not held at fair value on the balance sheet".

### Assets and liabilities held at fair value on the balance sheet

31 Dec 2023, SEKm	Quoted prices in active markets for the same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
<b>Assets at fair value on the balance sheet<sup>1</sup></b>				
Interest-bearing securities	–	19,858	–	19,858
Derivatives	–	10,599	–	10,599
<b>Total</b>	<b>–</b>	<b>30,457</b>	<b>–</b>	<b>30,457</b>
<b>Liabilities at fair value on the balance sheet<sup>1</sup></b>				
Derivatives	–	8,082	–	8,082
<b>Total</b>	<b>–</b>	<b>8,082</b>	<b>–</b>	<b>8,082</b>

1) All items are measured at fair value on a recurring basis at the end of each reporting period.

31 Dec 2022, SEKm	Quoted prices in active markets for the same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
<b>Assets at fair value on the balance sheet<sup>1</sup></b>				
Interest-bearing securities	273	19,729	–	20,002
Derivatives	15,172	–	13	15,185
<b>Total</b>	<b>15,445</b>	<b>19,729</b>	<b>13</b>	<b>35,187</b>
<b>Liabilities at fair value on the balance sheet<sup>1</sup></b>				
Derivatives	–	14,722	70	14,792
<b>Total</b>	<b>–</b>	<b>14,722</b>	<b>70</b>	<b>14,792</b>

1) All items are measured at fair value on a recurring basis at the end of each reporting period.

Note 8. Assets and liabilities at fair value, cont.

### Determination of fair values for items measured at fair value on the balance sheet

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis.

Level 2 in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. The fair values are based on quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active. Alternatively, the fair values are estimated using valuation techniques or valuation models based on market prices or inputs prevailing at the balance sheet date and where any unobservable inputs have had an insignificant impact on the fair values. This is the case for shorter-term interest rate caps in liquid currencies.

Level 3 in the fair value hierarchy consists of those types of assets and liabilities for which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is the case for longer-term interest rate caps in less liquid currencies.

All valuation models, both complex and simple models, make use of market prices and inputs. These market prices and inputs comprise interest rates, volatilities, correlations etc. Some of these prices and inputs are observable while others are not. For most non-exotic currencies the interest rates are all observable, and implied volatilities and the correlations of the interest rates and FX rates may be observable through option prices up to a certain maturity.

For interest-bearing securities the categorisation into the three levels are based on the internal pricing methodology. These instruments can either be directly quoted in active markets (Level 1) or measured using a methodology giving a quote based on observable inputs (Level 2). Level 3 bonds are characterised by illiquidity.

For OTC derivatives valuation models are used for establishing fair value. The models are usually in-house developed, and based on assumptions about the behaviour of the underlying asset and statistical scenario analysis. Most OTC derivatives are categorised as Level 2 in the fair value hierarchy implying that all significant model inputs are observable in active markets.

### The valuation processes for fair value measurements Financial instruments

The valuation process in Nordea Hypotek consists of several steps. The first step is to determine the end of day (EOD) marking of mid-prices. It is the responsibility of the business areas to determine correct prices used for the valuation process. These prices are either internally marked prices set by a trading unit or externally sourced prices. The valuation prices and valuation approaches are then controlled and tested by a valuation control function within the 1st line of defence, which is independent from the risk taking units in the front office. The cornerstone in the control process is the independent price verification (IPV). The IPV test comprises verification of the correctness of valuations by comparing the prices to independently sourced data. The result of the IPV is analysed and any findings are escalated as appropriate. The verification of the correctness of prices and inputs is as minimum carried out on a monthly basis and is for many products carried out daily. Third-party information, such as broker quotes and pricing services, is used as benchmark data in the verification. The quality of the benchmark data is assessed on a regular basis.

The valuation adjustment at portfolio level and the deferrals of day 1 P/L on Level 3 trades are calculated and reported on a monthly basis. The actual assessment of instruments in the fair value hierarchy is performed on a continuous basis.

Specialised teams within the unit Balance Sheet Risk Control (BSRC) are responsible for overseeing and independently assessing the valuations performed by the 1st line of defence. These teams are responsible for 2nd line of defence oversight for valuations, with independent reporting responsibilities towards the CRO and the BAC.

### Loans

The fair value of "Loans to credit institutions" and "Loans to the public" have been estimated by discounting the expected future cash flows with an assumed customer interest rate that would have been used on the market if the loans had been issued at the time of the measurement. The assumed customer interest rate is calculated as the benchmark interest rate plus the average margin on new lending in Personal Banking, Business Banking and Large Corporates & Institutions respectively.

The fair value measurement is categorised into Level 3 in the fair value hierarchy.

### Interest bearing-securities

The fair value is SEK 19 729m (SEK 20 795m) categorised in Level 2 and SEK 273m (258) is categorised in Level 1 in the fair value hierarchy.

### Other assets and prepaid expenses and accrued income

The balance sheet items "Other assets" and "Prepaid expenses and accrued income" consist of short receivables, mainly accrued interest receivables. The fair value is therefore considered to equal the carrying amount and is categorised into Level 3 in the fair value hierarchy.

Note 8. Assets and liabilities at fair value, cont.

### Deposits and debt instruments

The fair value of "Deposits by credit institutions", "Debt securities in issue" and "Subordinated liabilities" has been calculated as the carrying amount adjusted for fair value changes in interest rate risk and in own credit risk. The fair value is categorised into Level 3 in the fair value hierarchy. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with corresponding nominal interest rate in the portfolios. The fair value changes in the credit risk is calculated as the difference between the credit spread in the nominal interest rate compared with the current spread that is observed in the market. This calculation is performed on an aggregated level for all long term issuances recognised in the balance sheet items "Debt securities in issue" and "Subordinated liabilities". As the contractual maturity

is short for "Deposits by credit institutions" and "Deposits and borrowing from the public" the changes in Nordea Hypotek's own credit risk related to these items is assumed not to be significant. This is also the case for short term issuances recognised in the balance sheet items "Debt securities in issue" and "Subordinated liabilities".

### Other liabilities and accrued expenses and prepaid income

The balance sheet items "Other liabilities" and "Accrued expenses and prepaid income" consist of short-term liabilities, mainly liabilities on securities settlement. The fair value is therefore considered to be equal to the carrying amount and is categorised into Level 3 in the fair value hierarchy.

### Financial assets and liabilities not held at fair value on the balance sheet

SEKm	31 Dec 2023			31 Dec 2022		
	Carrying amount	Fair value	Level in fair value hierarchy	Carrying amount	Fair value	Level in fair value hierarchy
<b>Assets not held at fair value on the balance sheet</b>						
Loans	723,654	738,428	3	693,735	697,928	3
Prepaid expenses and accrued income	20	20	3	63	63	3
<b>Total</b>	<b>723,674</b>	<b>738,448</b>		<b>693,798</b>	<b>697,991</b>	
<b>Liabilities not held at fair value on the balance sheet</b>						
Deposits and debt instruments	711,664	711,471	3	678,715	694,026	3
Other liabilities	3,208	3,208	3	3,737	3,737	3
Accrued expenses and prepaid income	249	249	3	336	336	3
<b>Total</b>	<b>715,121</b>	<b>714,928</b>		<b>682,788</b>	<b>698,099</b>	

## Note 9. Commitments

SEK (000s) (nom. Amount)	31 Dec 2023	30 Jun 2023	31 Dec 2022
Credit commitments <sup>1</sup>	39,707,399	51,062,893	48,129,347
Other commitments <sup>2</sup>	2,389,217	2,755,105	2,196,467
<b>Total</b>	<b>42,096,616</b>	<b>53,817,998</b>	<b>50,325,814</b>

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

2) Refers to loans granted yet unpaid.



## Note 10. Capital adequacy

### New regulations on capital requirements

The Capital Requirement Directive (CRD) and Capital Requirement Regulation (CRR) entered into force in January 2014 followed by the Bank Recovery and Resolution Directive (BRRD) in May 2014. The CRR became applicable in all EU countries in January 2014 while the directives were implemented through national law within all EU member states from 2014.

In June 2019, the 'Banking package' containing revisions to the BRRD, the CRD and the CRR was adopted. The revisions include a review of the Minimum Requirement for own funds and Eligible Liabilities (MREL), a review of the market risk requirements (Fundamental Review of the Trading Book, FRTB), the introduction of a binding Net Stable Funding Ratio (NSFR), the introduction of a strict leverage ratio requirement of 3% to be met by Tier 1 capital and amendments to the Pillar 2 and macroprudential framework.

The Swedish National Debt Office, in June 2022, communicated MREL requirements for Nordea Hypotek AB (publ). The MREL requirements for Nordea Hypotek AB (publ) are 17% of the risk exposure amount (REA) and in parallel 4.98% of leverage ratio exposure (LRE) from 1 July 2022, 18.67% of REA and in parallel 5.32% of LRE from 1 January 2023 and 22% of REA and in parallel 6% of LRE from 1 January 2024. Also, the capital used to meet the combined buffer requirement cannot be used to meet the MREL requirements expressed as percentage of REA. The requirements will be assessed and updated annually by the Swedish National Debt Office.

The Swedish FSA, in July 2022, communicated that Nordea Hypotek AB (publ) will be required to maintain a buffer for other systemically important institutions (O-SII) of 1% to be met with CET1 capital from 30 December 2022.

In March 2021, the Swedish FSA published the new approach for the setting of the CCyB rate. The Swedish FSA will apply a "positive neutral" rate of 2% going forward. This

means that the buffer rate will be set at 2% during normal periods. The Swedish FSA has earlier decided to increase the CCyB requirement to 1% from 0%, to be applicable from 29 September 2022. In June 2022, the Swedish FSA decided to further increase the CCyB to 2%. The increase to 2% applies from Q2 2023.

### Finalisation of Basel III framework ("Basel IV")

Basel III is a global regulatory framework for bank capital adequacy, stress testing and liquidity risk. In December 2017 the finalised Basel III framework, often called Basel IV, was published. Basel IV enters into force from 2023 and includes revisions to credit risk, market risk, operational risk, credit valuation adjustment (CVA) risk and the leverage ratio and also introduces a new output floor.

Before being applicable to Nordea, Basel IV needs to be implemented into EU regulation. In October 2021 the proposal for the implementation into EU regulations was published by the European Commission by amendments to the CRD and the CRR. The proposal from the Commission is to set the start date to 1 January 2025. In November 2022 the Council of the European Union agreed on their counterproposal to the Commission's proposal. The next step is for the European Parliament to agree on a counterproposal after which negotiations will start in the so-called trilogue to agree on the final set of rules implementing Basel IV into EU regulation.

The output floor is to be set at 72.5% of the standardised approaches on an aggregate level, meaning that the capital requirement under the floor will be 72.5% of the total Pillar 1 REA calculated using the standardised approaches for credit, market and operational risk. The floor will be phased in, starting with 50% from 1 January 2025 to be fully implemented at 72.5% from 1 January 2030. For the calculation of the REA for the output floor, there are transitional rules until end 2032.

Note 10. Capital adequacy, cont.

These disclosures have been prepared in accordance with Part 8 of the CRR and applicable national regulations. Due to amendments of both CRR and the national regulations FFFS 2008:25 and FFFS 2014:12, the below table "Key ratios" is included as from Q2 2021.

## Key metrics

<b>Available own funds (amounts), SEKm</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Common Equity Tier 1 (CET1) capital, including profit	32,330	32,345
Tier 1 capital, including profit	32,330	32,345
Total capital, including profit	34,093	34,063
<b>Risk-weighted exposures amounts (REA), SEKm</b>		
Total risk-weighted exposure amount	186,679	182,295
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>		
Common Equity Tier 1 ratio (%)	17.3	17.7
Tier 1 ratio (%)	17.3	17.7
Total capital ratio (%)	18.3	18.7
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>		
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.6	1.6
of which: to be made up of CET1 capital (percentage points)	0.9	0.9
of which: to be made up of Tier 1 capital (percentage points)	1.2	1.2
Total SREP own funds requirements (%)	9.6	9.6
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>		
Capital conservation buffer (%)	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
Institution specific countercyclical capital buffer (%)	2.0	1.0
Systemic risk buffer (%)	0.0	0.0
Global Systemically Important Institution buffer (%)	0.0	0.0
Other Systemically Important Institution buffer (%)	1.0	1.0
Combined buffer requirement (%)	5.5	4.5
Overall capital requirements (%)	15.1	14.1
CET1 available after meeting the total SREP own funds requirements (%)	8.7	9.1
<b>Leverage ratio</b>		
Leverage ratio total exposure measure	765,672	730,101
Leverage ratio	4.2	4.4
<b>Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)</b>		
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
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>		
Leverage ratio buffer requirement (%)	–	–
Overall leverage ratio requirements (%)	3.0	3.0
<b>Liquidity Coverage Ratio</b>		
Total high-quality liquid assets (HQLA) (Weighted value – average)	1,733	19,434
Cash outflows – Total weighted value	278	6,313
Cash inflows – Total weighted value	208	4,735
Total net cash outflows (adjusted value)	69	1,578
Liquidity coverage ratio (%)	2,494	1,231
<b>Net Stable Funding Ratio</b>		
Total available stable funding	578,629	588,736
Total required stable funding	521,194	514,054
NSFR ratio (%)	111	115

Note 10. Capital adequacy, cont.

### Summary of items included in own funds

SEKm	31 Dec 2023 <sup>2</sup>	31 Dec 2022 <sup>2</sup>
Calculation of own funds		
Equity in the consolidated situation	33,563	34,249
Group contribution, after tax	-1,178	-1,859
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>32,385</b>	<b>32,389</b>
Deferred tax assets	-	-
Intangible assets	-	-
IRB provisions shortfall (-)	-11	-11
Pension assets in excess of related liabilities <sup>1</sup>	-12	-11
Other items, net	-22	-22
Total regulatory adjustments to Common Equity Tier 1 capital	-44	-44
<b>Common Equity Tier 1 capital (net after deduction)</b>	<b>32,330</b>	<b>32,345</b>
Additional Tier 1 capital before regulatory adjustments	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Additional Tier 1 capital	-	-
<b>Tier 1 capital (net after deduction)</b>	<b>32,330</b>	<b>32,345</b>
Tier 2 capital before regulatory adjustments	1,650	1,650
IRB provisions excess (+)	113	68
Pension assets in excess of related liabilities	-	-
Other items, net	-	-
Total regulatory adjustments to Tier 2 capital	113	68
Tier 2 capital	1,763	1,718
<b>Own funds (net after deduction)<sup>1</sup></b>	<b>34,093</b>	<b>34,063</b>

1) Based on conditional FSA approval.

2) Including profit of the period.

### Own Funds, excluding profit

SEKm	31 Dec 2023	31 Dec 2022
Common Equity Tier 1 capital, excluding profit	32,329	32,345
Total Own Funds, excluding profit	34,092	34,063

Note 10. Capital adequacy, cont.

**Minimum capital requirement and REA**

SEKm	31 Dec 2023		31 Dec 2022	
	Minimum Capital requirement	REA	Minimum Capital requirement	REA
<b>Credit risk</b>	<b>3,791</b>	<b>47,391</b>	<b>3,391</b>	<b>42,380</b>
- of which counterparty credit risk	128	1,604	83	1,033
<b>IRB</b>	<b>3,458</b>	<b>43,220</b>	<b>3,216</b>	<b>40,198</b>
- sovereign	-	-	-	-
- corporate	1,619	20,239	1,501	18,758
- advanced	1,619	20,239	1,501	18,758
- foundation	-	-	-	-
- institutions	41	516	41	516
- retail	1,797	22,465	1,674	20,922
- secured by immovable property collateral	1,716	21,449	1,597	19,967
- other retail	81	1,016	77	955
- other	-	-	-	2
<b>Standardised</b>	<b>334</b>	<b>4,171</b>	<b>175</b>	<b>2,182</b>
- central governments or central banks	-	-	-	-
- regional governments or local authorities	-	-	-	-
- public sector entities	-	-	-	-
- multilateral development banks	-	-	-	-
- international organisations	-	-	-	-
- institutions	334	4,171	175	2,182
- corporate	-	-	-	-
- retail	-	-	-	-
- secured by mortgages on immovable properties	-	-	-	-
- in default	-	-	-	-
- associated with particularly high risk	-	-	-	-
- covered bonds	-	-	-	-
- institutions and corporates with a short-term credit assessment	-	-	-	-
- collective investments undertakings (CIU)	-	-	-	-
- equity	-	-	-	-
- other items	-	-	-	-
<b>Credit Value Adjustment Risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Market risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- trading book, Internal Approach	-	-	-	-
- trading book, Standardised Approach <sup>1</sup>	-	-	-	-
- banking book, Standardised Approach	-	-	-	-
<b>Settlement risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operational risk</b>	<b>871</b>	<b>10,886</b>	<b>851</b>	<b>10,638</b>
Standardised	871	10,886	851	10,638
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	10,272	128,402	10,342	129,277
Additional risk exposure amount due to Article 3 CRR	-	-	-	-
<b>Total</b>	<b>14,934</b>	<b>186,679</b>	<b>14,584</b>	<b>182,295</b>

Note 10. Capital adequacy, cont.

### Minimum Capital Requirement, Pillar 2 & Capital Buffers

Percentage	Minimum Capital requirement	Pillar II requirements <sup>2</sup>	Capital buffers			Capital Buffers total <sup>1</sup>	Total requirement
			CCoB	CCyB	O-SII		
Common Equity Tier 1 capital	4.5	0.9	2.5	2.0	1.0	5.5	10.9
Tier 1 capital	6	1.2	2.5	2.0	1.0	5.5	12.7
Own funds	8	1.6	2.5	2.0	1.0	5.5	15.1
<b>SEKm</b>							
Common Equity Tier 1 capital	8,401	1,680	4,667	3,726	1,867	10,260	20,340
Tier 1 capital	11,201	2,240	4,667	3,726	1,867	10,260	23,700
Own funds	14,934	2,987	4,667	3,726	1,867	10,260	28,181

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 1.75% in own funds requirement and 1% in CET1 requirement



Note 10. Capital adequacy, cont.

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

SEKm	On-balance exposure, SEKm	Off-balance exposure, SEKm	Exposure value (EAD), SEKm <sup>1</sup>	of which EAD for off-balance, SEKm	Exposure-weighted average risk weight, %:
<b>Corporate, foundation IRB:</b>	–	–	–	–	–
- of which rating grades 6	–	–	–	–	–
- of which rating grades 5	–	–	–	–	–
- of which rating grades 4	–	–	–	–	–
- of which rating grades 3	–	–	–	–	–
- of which rating grades 2	–	–	–	–	–
- of which rating grades 1	–	–	–	–	–
- of which unrated	–	–	–	–	–
- of which defaulted	–	–	–	–	–
<b>Corporate, advanced IRB:</b>	<b>125,135</b>		<b>122,849</b>		<b>16.5</b>
- of which rating grades 6	78,935		77,401		5.6
- of which rating grades 5	8,815		8,275		24.8
- of which rating grades 4	33,177		33,002		37.3
- of which rating grades 3	3,570		3,565		33.2
- of which rating grades 2	212		212		33.9
- of which rating grades 1	105		95		55.3
- of which unrated	265		245		63.7
- of which defaulted	55		55		147.0
<b>Institutions, foundation IRB:</b>	<b>8,159</b>		<b>8,159</b>		<b>6.3</b>
- of which rating grades 6	7,751		7,751		6.2
- of which rating grades 5	408		408		8.6
- of which rating grades 4	–	–	–	–	–
- of which rating grades 3	–	–	–	–	–
- of which rating grades 2	–	–	–	–	–
- of which rating grades 1	–	–	–	–	–
- of which unrated	–	–	–	–	–
- of which defaulted	–	–	–	–	–
<b>Retail, of which secured by real estate:</b>	<b>569,247</b>	<b>42,097</b>	<b>611,343</b>	<b>42,097</b>	<b>3.5</b>
- of which scoring grades A	497,323	36,806	534,129	36,806	2.2
- of which scoring grades B	40,664	3,027	43,691	3,027	5.6
- of which scoring grades C	21,882	1,638	23,520	1,638	12.3
- of which scoring grades D	5,010	363	5,372	363	22.8
- of which scoring grades E	1,709	134	1,843	134	37.1
- of which scoring grades F	1,649	128	1,778	128	59.7
- of which not scored	130	–	130	–	61.1
- of which defaulted	880	–	880	–	123.6
<b>Retail, of which other retail:</b>	<b>14,092</b>		<b>14,087</b>	–	<b>7.2</b>
- of which scoring grades A	11,400		11,400	–	4.3
- of which scoring grades B	1,296		1,293	–	9.8
- of which scoring grades C	991		991	–	18.4
- of which scoring grades D	169		169	–	23.8
- of which scoring grades E	109		109	–	28.6
- of which scoring grades F	63		63	–	39.1
- of which not scored	16		15	–	45.3
- of which defaulted	48		48	–	236.3
<b>Other non credit-obligation assets</b>	<b>–</b>		<b>–</b>	–	<b>100.0</b>

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.

## 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		
	31 Dec 2023	30 Jun 2023	31 Dec 2022
<b>Assets</b>			
Loans to credit institutions	10,787,701	9,199,588	4,304,109
Loans to the public	–	–	–
Derivatives	10,609,103	14,327,837	15,193,926
Other assets	2,027,700	135,480	1,380,319
Prepaid expenses and accrued income	20,031	36,978	60,883
<b>Total assets</b>	<b>23,444,535</b>	<b>23,699,883</b>	<b>20,939,237</b>
<b>Liabilities</b>			
Deposits by credit institutions	293,903,917	289,497,481	294,979,551
Debt securities in issue	63,628,443	47,513,647	61,007,961
Derivatives	8,081,970	14,213,142	14,792,329
Other liabilities	3,208,148	854,915	3,737,303
Prepaid income and accrued expenses	397,896	349,507	702,344
Subordinated liabilities	1,650,747	1,650,243	1,650,373
<b>Total liabilities</b>	<b>370,871,121</b>	<b>354,078,935</b>	<b>376,869,861</b>

### Income statement

SEK (000s)	Nordea Group companies		
	2023 Full year	2023 Jan–Jun	2022 Full year
Interest income	7,186,117	3,285,232	1,031,422
Interest expense	-20,398,941	-8,546,646	-3,301,217
Net fee and commission income	-119,245	-60,248	-58,640
Net result from items at fair value	2,745,510	-1,915,419	-5,488,950
General administrative expenses:			
- Other expenses	-2,355,441	-1,546,431	-4,244,811
<b>Total</b>	<b>-12,942,000</b>	<b>-8,783,512</b>	<b>-12,062,196</b>

## 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 is updated annually, and was last done in February 2023.

2023 featured a fragile macroeconomic environment and an uncertain geopolitical landscape, which we expect will persist in 2024. Households and businesses now need to adapt to an interest-rate level that is normalising at a significantly higher level than before which, combined with inflation, will test the resilience of borrowers. The Company's capital position remains

very strong and there has been no notable change in realised loan losses compared with pre-crisis levels. However, we are seeing an increased proportion of loans with late payments and there is therefore a heightened risk of loan losses. In line with this, the Company has increased its collective allowances. Furthermore, there is a risk of adverse effects on earnings due to lower net interest income, higher market volatility and reduced business activity. Households' resilience to higher interest rates, house prices and the effect this will have on loan losses are currently uncertain and an aspect that the Company will monitor ahead. The Company also sees a heightened risk of fraud and efforts to combat this take high priority within the Company and the Group.

# Upcoming publications

Nordea Hypotek's Annual Report for the financial year 2023, which includes the Audited Financial Statements, the Board of Directors' Report and the Corporate Governance Statement, will be published on 11 March 2024 by way of a stock exchange release and will also be available at [www.nordea.com](http://www.nordea.com).

Nordea Hypotek's Half-year Financial Report for the first half-year 2024 will be published on 26 August 2023 by way of a stock exchange release and will also be available at [www.nordea.com](http://www.nordea.com)

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