

# Interim Report – first half 2024

Danske Bank

Danske Mortgage Bank Plc



## DANSKE MORTGAGE BANK PLC'S INTERIM REPORT FOR JANUARY-JUNE 2024

Danske Mortgage Bank Plc's financial performance remained firm in January-June 2024. The housing loan portfolio matured at a constant pace, and it was complemented with loan purchases for the issuance purposes. However, no covered bond was issued during the first half of the year. Demand for mortgage loans has continued to be subdued during the period, but a sufficient amount of collateral eligible loans remains in Danske Bank Group's Finnish businesses. Therefore, the Bank is in a good position to issue covered bonds during the second half of the year.

Total operating income increased, being EUR 26.5 million for January-June 2024 (EUR 18.6 million for January-June 2023), due to increased balance. Loan impairment charges totalled to EUR 1.7 million for January-June 2024 (EUR 1.3 million on January-June 2023). Impairment charges remain at a higher level than normal due to the impact of weaker economic outlook. The values of housing collaterals have been updated to reflect decreased house market prices.

The economic uncertainty has continued and Finns' financial confidence has declined even further. On the other hand, the European Central Bank started rate cuts in June and we expect that this triggers the unleashing of pent-up demand in the housing market. The quality of the loan portfolio remains good. It includes housing loans to Finnish personal customers and is well diversified. Expectations regarding the possible development of the economy have been taken into account in impairments, which are at a moderate level.

### Danske Mortgage Bank Plc in brief

Danske Mortgage Bank Plc is a Finnish bank, which is part of the Danske Bank Group. The Danske Bank Group is one of the largest financial enterprises in the Nordic region. The Group has its headquarters in Copenhagen. Danske Bank A/S's share is quoted on the Nasdaq Copenhagen.

Danske Mortgage Bank Plc is operating as an issuer of covered bonds according to the Finnish Act on Mortgage Bank Operations (Act on Mortgage Credit Banks and Covered Bonds). Issuance of covered bonds is part of the Group's long-term funding and part of housing financing in Danske Bank's operations in Finland. The Bank does not grant housing loans, instead the loans used to cover the bonds are purchased from Danske Bank A/S, Finland Branch which offers Finnish customers a full range of banking services. As part of loan pool management process, the Bank sells loans with lower quality back to the Finland Branch.

Throughout this Interim report the term "Bank" refers to Danske Mortgage Bank Plc.

### Operating environment

Finland's economy grew slightly in the first quarter of 2024 compared to the end of 2023. The growth was driven by consumption, as exports and investments contracted. The GDP still lagged behind the level before the technical recession a year ago. The statistics obtained during the spring on trade, exports and construction show that the economic situation remained weak in the second quarter. Unemployment has risen, but sector-specific differences are large. Employment in the construction sector has weakened, but there is still a shortage of skilled labour in healthcare, for example. In the consumer confidence survey, concern about unemployment rose, which partly weakened consumers' purchase intentions for larger purchases such as cars. In June, consumer confidence recovered to the highest level since the beginning of the war started by Russia in Ukraine in 2022.

From the consumer perspective, the decrease in inflation and the rise in earnings are positive, which gradually improves purchasing power after the sharp rise in inflation. The decrease in interest rates will ease the debtors' situation, although the decrease in rates will occur more slowly than the rise in interest rates that happened in

2022-2023. The European Central Bank lowered key interest rates by 0.25 percentage points in June 2024, and in the first half of the year the Euribor rates fell by about half a percentage point from the peak readings in 2023.

In the housing market, the sale of old apartments in housing companies was about 1/3 below the average of previous years. In the spring of 2024, however, there were more transactions than the year before, and housing prices rose slightly compared to January's low prices. Even so, the prices of old apartments were still 3.3 percent lower than a year earlier in June. According to Statistics Finland's survey, consumers' home buying intentions strengthened in June. The number of completed new apartments decreased and a lot less new construction projects were started in the first half of the year than in previous years.

### Financial review <sup>1</sup>

The Bank's profit before taxes for January-June 2024 was EUR 19.5 million (11.9 million). The result increased to EUR 15.6 million (9.5 million). Annualized return on equity amounted to 8.7 per cent for the first half of 2024 (5.4 per cent).

Total operating income for the first half of 2024 increased by 42.4 per cent compared to the same period in previous year totalling EUR 26.5 million (18.6 million). The net interest income developed as expected totalling to EUR 23.8 million (20.5 million) and increased by 15.9 per cent compared to the same period last year. The development was due to increase in loan portfolio. Net fee income was EUR 1.2 million (0.9 million). Net result from items at fair value was EUR 1.5 million (-2.9 million).

Cost to income ratio improved to 20.1 per cent (29.2 per cent). This was due to increased total operating income. Operating expenses were EUR 5.3 million (5.4 million). Resolution fund payment has not been gathered from 2024.

Impairment charges and final write-offs totalled to EUR 1.7 million (1.3 million) of which final write-offs totalled to EUR 0.4 million (EUR 0.2 million). Non-performing loans are sold regularly to Danske Bank A/S, Finland Branch and final-write offs are realized from loan sales.

### Balance sheet and funding <sup>2</sup>

The Bank's balance sheet total was EUR 5,972.3 million (6,011.8 million) and loans and receivables from customers were EUR 5,662.5 million (5,636.2 million).

The financial and liquidity situation remained good and the short-term funding from Danske Bank A/S performed well during the period. The LCR liquidity buffer was EUR 243.9 million (257.7 million) and remained at a good level.

With a liquidity coverage ratio (LCR) of 4,547 per cent end of June 2024 (2,407 per cent), the Bank complies with the current regulatory minimum requirement of 100 per cent.

Net Stable Funding Ratio (NSFR) presents the available stable funding compared to required stable funding. The Bank's NSFR was 126 per cent end of June 2024 (127 per cent) which complies with the 100 per cent requirement. Available stable funding totalled to EUR 5,761.2 million end of June 2024 (5,797.7million), which is EUR 1,201.8 million (1,246.1 million) above the required stable funding. Average remaining maturity of the funding received from the parent company remained above one year.

<sup>1</sup> The comparison figures in parentheses refer to the first six months of 2023.

<sup>2</sup> The comparison figures in parentheses refer to December 2023 figures.

## Capital and solvency <sup>2</sup>

The Bank is using the internal rating based (IRB) approach for calculation of capital requirements for credit risk for retail exposures. Otherwise, standard method is applied for credit risk. For operational risk standard method is applied in calculating capital requirement.

Total capital consists of tier 1 capital that is common equity tier 1 capital after deductions. On 30 June 2024, the total capital amounted to EUR 332.4 million (333.8 million), and the total capital ratio was 37.4 (39.2) per cent. The common equity tier 1 capital ratio was 37.4 (39.2) per cent. Profit after taxes for January-June 2024 is not included in Tier 1 distributable capital.

On 30 June 2024, Risk exposure amount (REA) was EUR 888.6 million (851.5 million).

### *Leverage ratio*

The Bank's leverage ratio was 5.6 per cent on 30 June 2024 (5.6 at the end of December 2023). The leverage ratio is calculated based on the second quarter end figures whereby the tier 1 capital was EUR 332.4 million (333.8 million) and leverage ratio exposure EUR 5,972.0 million (5,983.5 million).

Leverage ratio table is presented after the solvency table as per 30 June 2024.

### *Capital buffers*

On 27 June 2024 the FIN-FSA decided that the countercyclical capital buffer (CCyB) will remain at 0 per cent. Additionally, the FIN-FSA decided on 29 March 2023 to impose a requirement on credit institutions to maintain a systemic risk buffer (SyRB) amounting to 1.0 per cent. The decision on the SyRB entered into force after the transitional period on 1 April 2024.

The minimum own funds requirements and capital buffers for the Bank are listed under the leverage ratio table.

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<sup>2</sup> The comparison figures in parentheses refer to December 2023 figures.

**SOLVENCY**

<b>Own funds</b>	<b>30.6.2024</b>	<b>31.12.2023</b>	<b>30.6.2023</b>
<b>EURm</b>			
<b>Common Equity Tier 1 capital before deductions</b>	<b>354.8</b>	<b>366.9</b>	<b>348.7</b>
Share capital	70.0	70.0	70.0
Reserves for invested unrestricted equity	215.0	215.0	215.0
Retained earnings	54.2	54.2	54.2
Total comprehensive income for the period	15.6	27.7	9.5
<b>Deductions from CET1 capital</b>	<b>-22.5</b>	<b>-33.1</b>	<b>-14.5</b>
Proposed/paid dividends /part of profit not included in CET1	-15.6	-27.7	-9.5
Value adjustments due to the requirements for prudent valuation	-0.3	-0.3	-0.3
IRB shortfall of credit risk adjustments to expected losses	-6.6	-5.2	-4.7
<b>Common Equity Tier 1 (CET1)</b>	<b>332.4</b>	<b>333.8</b>	<b>334.2</b>
<b>Additional Tier 1 capital (AT1)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>332.4</b>	<b>333.8</b>	<b>334.2</b>
<b>Tier 2 capital (T2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
IRB excess of provisions over expected losses eligible	-	-	-
<b>Total capital (TC = T1 + T2)</b>	<b>332.4</b>	<b>333.8</b>	<b>334.2</b>
<b>Total risk exposure amount (REA)</b>	<b>888.6</b>	<b>851.5</b>	<b>806.0</b>
<b>Capital requirement ( 8% of risk exposure amount)</b>	<b>75.0</b>	<b>68.1</b>	<b>64.5</b>
Credit and counterparty risk	71.1	64.2	59.9
Operational risk	4.0	4.0	4.6
Common equity tier 1 capital ratio (%)	<b>37.4 %</b>	<b>39.2 %</b>	<b>41.5 %</b>
Tier 1 capital ratio (%)	<b>37.4 %</b>	<b>39.2 %</b>	<b>41.5 %</b>
Total capital ratio (%)	<b>37.4 %</b>	<b>39.2 %</b>	<b>41.5 %</b>

Company's capital adequacy ratio has been calculated both in accordance with Credit Institutions Act Sect 9-10 and EU Capital Requirement Regulation (CRR).

**LEVERAGE RATIO**

EURm	30.6.2024	31.12.2023	30.6.2023
Total assets	5,972.3	6,011.8	5,146.8
Derivatives accounting asset value	-37.6	-67.3	-7.6
Derivatives exposure to counterparty risk ex. collateral	43.9	44.2	39.1
Adjustment to CET1 due to prudential filters	-6.6	-5.2	-4.7
Total exposure for leverage ratio calculation	5,972.0	5,983.5	5,173.5
Reported tier 1 capital (transitional rules)	332.4	333.8	334.2
Tier 1 capital (fully phased-in rules)	332.4	333.8	334.2
Leverage ratio (transitional rules)	5.6 %	5.6 %	6.5 %
Leverage ratio (fully phased-in rules)	5.6 %	5.6 %	6.5 %

**MINIMUM OWN FUNDS REQUIREMENTS AND CAPITAL BUFFERS:**

Minimum requirements (% of total risk exposure amount):	30.6.2024	31.12.2023	30.6.2023
Common Equity Tier (CET) 1 capital ratio	4.5 %	4.5 %	4.5 %
Tier 1 capital ratio	6.0 %	6.0 %	6.0 %
Total capital ratio	8.0 %	8.0 %	8.0 %
Capital buffers (% of total risk exposure amount):			
Capital conservation buffer <sup>1)</sup>	2.5 %	2.5 %	2.5 %
Institution-specific countercyclical capital buffer	0.0 %	0.0 %	0.0 %
Countercyclical buffer <sup>2)</sup>	-	-	-
Systemic risk buffer <sup>3)</sup>	1.0 %	-	-
Minimum requirement including capital buffers (% of total risk exposure amount):			
Common Equity Tier (CET) 1 capital ratio	8.0 %	7.0 %	7.0 %
Pillar 2 add-ons (EUR million)			
Interest rate risk in the banking book (IRRBB)	10.0	10.0	10.0
Leverage ratio requirement: <sup>4)</sup>	3.0%	3.0%	3.0%

<sup>1)</sup> Valid from 1.1.2015 onwards.

<sup>2)</sup> On 27 June 2024, the FIN-FSA decided not to set any countercyclical buffer.

<sup>3)</sup> On 29 March 2023, the FIN-FSA decided to set 1 percent Systemic risk buffer requirement, which came to force on 1 April 2024.

<sup>4)</sup> Valid from 28.6.2021 onwards.

**Credit ratings**

Issued covered bonds are rated 'Aaa' by Moody's Investors Service and, as of the 4 July 2024, 'AAA' by Scope Ratings. In addition, Danske Mortgage Bank has A+/Stable Issuer rating from Scope Ratings.

## Employees and organisation

The Bank had 5 employees at the end of the reporting period (31 December 2023: 4). The average amount of personnel in January-June was 5 (financial period 2023: 5).

## Danske Mortgage Bank Plc's Board of Directors and auditors

Kasper Kirkegaard was appointed to the Board of Directors as of 2 January 2024 in extraordinary general meeting held on December 19, 2023.

The Annual General Meeting of the Bank was held on 11 March 2024. The composition of the Board of Directors had changes. As members of the Bank's Board of Directors remained Kasper Kirkegaard (Chairman), Robert Wagner (Deputy Chairman), Terese Dissing and Tomi Dahlberg. Jens Wiklund was appointed to the Board of Directors. Stojko Gjurovski and Maisa Hyrkkänen have resigned from the Board of Directors.

Marjo Tomminen was elected to the Board of Directors in extraordinary general meeting held on 26 April 2024.

Janne Lassila was appointed as CEO starting from January 2, 2024. Jari Raassina acted as Deputy CEO prior to the appointment of new CEO.

The Annual General Meeting chose Deloitte Ltd Audit Firm, as its auditor, with Sonja Suosalo, APA, as the Key audit partner.

## Danske Mortgage Bank Plc's shares, ownership and group structure

Danske Mortgage Bank Plc is part of the Danske Bank Group. The parent company of the Danske Bank Group is Danske Bank A/S.

The Bank's share capital is EUR 70 million, divided into 106,000 shares. Danske Bank A/S holds the entire stock of Danske Mortgage Bank Plc's shares.

## Significant accounting policies

This interim report covers Danske Mortgage Bank Plc. The interim report has been drawn up according to the same accounting principles as in the annual financial statements for 2023. Accounting policies are explained in the Notes to the Interim report and are presented in detail in the Notes to the 2023 financial statements.

## Risk management

The Bank's principles for risk management are based on legislation for mortgage banks. The main objective of risk management is to ensure that the capital base is adequate in relation to the risks arising from the business activities. The Board of Directors of the Bank establishes the principles of risk management, risk limits and other general guidelines according to which risk management is organized at the Bank.

To ensure that the Bank's risk management organization meets both the external and internal requirements, the Board of Directors has also set up a Risk Council composed of the operative management members. The Risk Council's main objective is to ensure that the Bank is compliant with the risk management guidelines issued by the Board of Directors and that the Bank monitors all types of risk and provides reports to concerned parties.

The main risks associated with the Bank's activities are credit risk, interest rate and liquidity risks of banking book, non-financial and various business risks. Credit risk has the largest impact on capital requirement. The majority of the operative risks are related to outsourced services and processes.



The Bank's risk position has been low. The main risks associate with the increased economic uncertainty and development in the general environment, investment market and future changes in financial regulations.

The Finnish Financial Stability Authority has determined the minimum requirement for own funds and eligible liabilities for the Bank. The internal MREL consists of requirement based on the total risk exposure amount (TREA), amounting to 19.44 per cent since 1 January 2024, and requirement based on the leverage ratio exposure measure (LRE) amounting to 5.91 per cent.

The Bank's Definition of Default for accounting aligns with the regulatory purposes. All exposures in stage 3 are considered defaulted. As a result, all non-performing loans are considered defaulted, and hence equal to the total of stage 3 exposures. Non-performing loans were at a low level in relation to the loan portfolio totalling to EUR 0.4 million (EUR 0.3 million at the end of December 2023).

More detailed information of risks and risk management can be found in the 2023 Annual report. More information regarding credit exposures can be found in this interim report on page 16.

### **Events after the reporting period**

There are no material events after the reporting period.

### **Outlook for 2024**

Although inflation still exceeds the European Central Bank's 2 percent target, the ECB is expected to lower key interest rates during the second half of 2024 and further in 2025. Market interest rates continue to decline slowly. One of the economic risks is high inflation and a rapid rise in labour costs in the Eurozone, which could put a brake on the easing of monetary policy and keep Finns' interest rate burden high.

The weak business cycle continues in the Finnish economy, but the fall in inflation and interest rates and the increase in export demand gradually improve the economic outlook. In the main scenario, we expect the economic situation to remain fairly stable and the housing market to recover gradually. Unemployment will rise slightly in 2024, but the recovery in economic growth will increase employment in 2025.

We expect the Bank's result for 2024 to be close to last year's level. Growth in the loan portfolio positively affects the result, as revenues increase more than expenses. On the other hand, decreasing interest rates from the peak levels of the second half of 2023 will likely press down the net interest income during H2, although interest rate hedges will smooth out the impact. The net interest income is also affected by the spread between the most common reference rate for housing loans, the 12-month Euribor, and the 3-month Euribor. Impairments are expected to remain at the level of 2023. The good quality of the credit portfolio is based on the fact, that the loans are mortgage-backed, risk-profile-based customer choice and the regular sales of the non-performing loans.

The Bank's solvency is expected to remain strong. In the future, the Bank seeks to issue at least one benchmark-size covered bond each year.

This guidance is generally subject to uncertainty related to future macroeconomic and business development.

Helsinki, 19 August 2024  
Danske Mortgage Bank Plc  
Board of Directors



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**Further information:**

Janne Lassila, CEO  
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The figures in this interim report have not been audited.

Releases and other company information can be found on the Bank's website at [danskebank.com/investor-relations/debt/danske-mortgage-bank](https://danskebank.com/investor-relations/debt/danske-mortgage-bank).

**STATEMENT OF COMPREHENSIVE INCOME**

MEUR	Note	1-6/2024	1-6/2023	1-12/2023
Interest income calculated using the effective interest method	1	134.7	64.7	186.7
Other interest income	1	5.9	7.2	14.6
Interest expense	1	-116.8	-51.4	-154.2
Net interest income	1	23.8	20.5	47.1
Fee income		1.2	0.9	2.1
Fee expenses		0.0	0.0	0.0
Net result from items at fair value		1.5	-2.9	-1.9
Other income		0.1	0.1	0.2
<b>Total operating income</b>		<b>26.5</b>	<b>18.6</b>	<b>47.5</b>
Staff costs		-0.4	-0.3	-0.6
Other operating expenses		-5.0	-5.1	-9.6
<b>Total operating expenses</b>		<b>-5.3</b>	<b>-5.4</b>	<b>-10.2</b>
Loan impairment charges	2	-1.7	-1.3	-2.7
<b>Profit before taxes</b>		<b>19.5</b>	<b>11.9</b>	<b>34.6</b>
Taxes		-3.9	-2.4	-6.9
<b>Net profit after tax</b>		<b>15.6</b>	<b>9.5</b>	<b>27.7</b>
<b>Total comprehensive income for the financial year</b>		<b>15.6</b>	<b>9.5</b>	<b>27.7</b>

**BALANCE SHEET**

MEUR	Note	30 June 2024	30 June 2023	31 December 2023
<b>Assets</b>				
Cash and balances with central banks		202.5	124	215.0
Loans and receivables to credit institutions	2	4.0	211.4	24.2
Trading portfolio assets	5,6	37.6	7.6	67.3
Loans and receivables to customers	2	5,662.5	4,851.3	5,636.2
Other investment securities		50.6	56.8	57.9
Other assets		15.1	7.2	11.1
<b>Total assets</b>		<b>5,972.3</b>	<b>5,146.8</b>	<b>6,011.8</b>
<b>Liabilities</b>				
Due to credit institutions and central banks	7	1,250.0	800.0	1,250.1
Trading portfolio liabilities	5,6	150.9	234.4	155.6
Debt securities in issue	8	4,100.9	3,737.5	4,137.9
Non-preferred senior securities	8	70.0	-	70.0
Tax liabilities		1.1	0.4	0.6
Other liabilities		44.5	25.8	30.7
<b>Total liabilities</b>		<b>5,617.4</b>	<b>4,798.1</b>	<b>5,644.9</b>
<b>Equity</b>				
Share capital		70.0	70.0	70.0
Reserves		215.0	215.0	215.0
Retained earnings		69.8	63.7	81.9
<b>Total equity</b>		<b>354.8</b>	<b>348.7</b>	<b>366.9</b>
<b>Total equity and liabilities</b>		<b>5,972.3</b>	<b>5,146.8</b>	<b>6,011.8</b>

STATEMENT OF CHANGES IN EQUITY

EURm	Share capital	Reserves for invested unrestricted equity	Retained earnings	Total
<b>Equity at 1 January 2023</b>	<b>70.0</b>	<b>215.0</b>	<b>67.9</b>	<b>352.9</b>
Total comprehensive income			9.5	9.5
Dividend distribution			-13.7	-13.7
<b>Equity at 30 June 2023</b>	<b>70.0</b>	<b>215.0</b>	<b>63.7</b>	<b>348.7</b>
<b>Equity at 1 January 2023</b>	<b>70.0</b>	<b>215.0</b>	<b>67.9</b>	<b>352.9</b>
Total comprehensive income			27.7	27.7
Dividend distribution			-13.7	-13.7
<b>Equity at 31 December 2023</b>	<b>70.0</b>	<b>215.0</b>	<b>81.9</b>	<b>366.9</b>
<b>Equity at 1 January 2024</b>	<b>70.0</b>	<b>215.0</b>	<b>81.9</b>	<b>366.9</b>
Total comprehensive income			15.6	15.6
Dividend distribution			-27.7	-27.7
<b>Equity 30 June 2024</b>	<b>70.0</b>	<b>215.0</b>	<b>69.8</b>	<b>354.8</b>

**CASH FLOW STATEMENT**

EURm	1-6/2024	1-6/2023	1-12/2023
<b>Cash flow from operations</b>			
Profit before tax	19.5	11.9	34.6
Loan impairment charges	1.7	1.3	2.7
Tax paid	-3.4	-2.6	-6.9
Other non-cash operating items	9.8	13.2	14.2
<b>Total</b>	<b>27.6</b>	<b>23.8</b>	<b>44.6</b>
<b>Changes in operating capital</b>			
Due to credit institutions	-0.1	409.9	860.0
Trading portfolio	25.0	-8.5	-146.9
Other financial instruments	7.3	34.7	33.6
Loans and receivables	-27.9	-824.0	-1,610.3
Debt securities in issue net <sup>1)</sup>	-37.0	509.3	909.7
Other assets/liabilities	5.6	-9.5	-5.7
<b>Cash flow from operations</b>	<b>0.4</b>	<b>135.8</b>	<b>85.1</b>
<b>Cash flow from financing activities</b>			
Non-preferred senior securities	-	-	70.0
Dividends	-27.7	-13.7	-13.7
<b>Cash flow from financing activities</b>	<b>-27.7</b>	<b>-13.7</b>	<b>56.3</b>
Cash and cash equivalents, beginning of period	233.7	92.2	92.2
Change in cash and cash equivalents	-27.2	122.2	141.4
<b>Cash and cash equivalents, end of period</b>	<b>206.5</b>	<b>214.4</b>	<b>233.7</b>
Cash in hand and demand deposits with central banks <sup>2)</sup>	202.5	3.0	209.5
Amounts due from credit institutions and central banks within 3 months	4.0	211.4	24.2
<b>Total</b>	<b>206.5</b>	<b>214.4</b>	<b>233.7</b>

<sup>1)</sup> Debt securities in issue are presented separately including both debt securities issued and matured during the financial year. Comparison period corrected correspondingly.

<sup>2)</sup> The minimum reserve is not included in the amount.

**Reconciliation of liabilities arising from financing activities**

On 30th June 2024 there were no liabilities arising from financing activities.

**SEGMENT INFORMATION**

Danske Mortgage Bank Plc has only one business segment and therefore a separate segment report outlined in IFRS 8 is not presented.

**DANSKE MORTGAGE BANK PLC'S FINANCIAL HIGHLIGHTS**

		1-6/2024	1-6/2023	1-12/2023
Net interest income	EURm	23.8	20.5	47.1
Total operating income	EURm	26.5	18.6	47.5
Total operating expenses	EURm	5.3	5.4	10.2
Impairment charges on loans and receivables <sup>1)</sup>	EURm	1.7	1.3	2.7
Profit before taxes	EURm	19.5	11.9	34.6
Cost to income ratio	%	20.1	29.2	21.5
Total amount of balance sheet at the end of the period	EURm	5,972.3	5,146.8	6,011.8
Equity at the end of the period	EURm	354.8	348.7	366.9
Return on equity <sup>2)</sup>	%	8.7	5.4	7.7
Solvency ratio	%	37.4	41.5	39.2
Number of staff (FTE) at the end of the period		5	6	4
Average number of staff		5	6	5
Return on assets <sup>2)</sup>	%	0.5	0.4	0.5
Equity/assets ratio	%	5.9	6.8	6.1

<sup>1)</sup> Impairment on loans and receivables includes impairment charges, reversals of them, write-offs and recoveries. (-) net loss positive.

<sup>2)</sup> Annualized

**Definition of Alternative Performance Measures:**

Danske Mortgage Bank Plc's management believes that the alternative performance measures (APMs) used in the Board of Directors' report provide valuable information to readers of the financial statements. The APMs provide more consistent basis for assessing the performance of the Bank. The APM's play an important role when the Bank's management monitors performance.

There are no adjusting items, which means that net profit is the same in the financial highlights and in the IFRS income statement. The differences between the financial highlights and the IFRS financial statements relate only to additional figures being presented in Board of Directors' disclosure which are not required by the IFRS -standards.

**Definitions of additional performance measures presented in Financial Highlights:**
**Cost to income ratio, %:**

$$\frac{\text{Staff costs + other operating expenses + depreciations and impairments}}{\text{Net interest income + net trading income + net fee income + share profit from associated undertakings + other operating income}} \times 100$$

**Return on equity, %:**

$$\frac{\text{Profit before taxes - taxes}}{\text{Equity + non-controlling interests (average)}} \times 100$$

**Return on assets, %:**

$$\frac{\text{Profit before taxes - taxes}}{\text{Average total assets}} \times 100$$

**Equity/assets ratio, %:**

$$\frac{\text{Equity + non-controlling interests}}{\text{Total assets}} \times 100$$

## NOTES TO THE INTERIM REPORT

### SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

#### General

Danske Mortgage Bank Plc prepares its financial statements in accordance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations issued by IFRS Interpretations Committee, as adopted by the EU. In addition, certain requirements based on the Finnish Accounting Act, Finnish Act on Credit Institutions, Finnish Financial Supervisory Authority's regulations and guidelines as well as on the decision of the Ministry of Finance on financial statements of credit institutions have also been applied.

Danske Mortgage Bank Plc's Interim Report January - June 2024 has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU. The report is condensed and should be read in conjunction with the Annual Report 2023.

On 1 January 2024, amendments to IFRS 16 (lease liability in a sale and leaseback transaction), IAS 1 (classification of liabilities; non-current liabilities with covenants), IFRS 7 and IAS 7 (supplier finance arrangements) became effective. These amendments had no impact on the financial statements. The accounting policies are unchanged from those applied in Annual Report 2023. Annual Report 2023 provides a full description of the significant accounting policies.

Financial statements figures are stated in euro (EUR) and in whole millions with one decimal, unless otherwise stated. The figures in the notes are rounded so that combined individual figures might differ from the presented total amount.

#### Accounting estimates and assessments

The Management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the financial statements. Management's judgement is also used with the adaptation of accounting policies. The estimates and assumptions that are deemed critical to the financial statements are described in Notes to the Annual Report 2023.

#### Financial calendar

The interim report has not been audited. The financial statements for 2023 are available on Danske Mortgage Bank Plc's web site <https://danskebank.com/investor-relations/debt/danske-mortgage-bank>.

The Bank publishes one interim report during the financial year 2024.

**OTHER NOTES**
**1 NET INTEREST INCOME**

EURm	1-6/2024	1-6/2023	1-12/2023
<b>Interest income calculated using effective interest method</b>			
Loans and receivables to credit institutions	3.3	1.9	5.9
Loans and receivables to customers	131.4	62.8	180.9
<b>Total</b>	<b>134.7</b>	<b>64.7</b>	<b>186.7</b>
<b>Interest income</b>			
Debt securities	0.6	0.6	1.2
Derivatives	5.3	6.6	13.4
<b>Total</b>	<b>5.9</b>	<b>7.2</b>	<b>14.6</b>
<b>Interest expenses</b>			
Amounts owed to credit institutions	-27.5	-10.9	-28.6
Debt securities in issue	-42.2	-18.0	-55.3
Derivatives	-47.1	-22.4	-70.3
Other interest expenses	0.0	0.0	0.0
<b>Total</b>	<b>-116.8</b>	<b>-51.4</b>	<b>-154.2</b>
<b>Net interest income</b>	<b>23.8</b>	<b>20.5</b>	<b>47.1</b>





**Credit exposure from lending activities**

Credit exposure from lending activities in the Danske Mortgage Bank Plc's core banking business includes loans, amounts due from central banks and irrevocable loan commitments. The exposure is measured net of expected credit losses. For reporting purposes, all collateral values are net of haircuts and capped at the exposure amount.

The table below breaks down the credit exposure by rating categories and stages. Further information on classification of customers from the Annual Report 2023 Risk Management Disclosure starting from page 15.

Further information regarding Loan impairment charges is presented in the Annual Report 2023, note 6.

**Credit portfolio broken down by rating category and stages in IFRS 9**

EURm

6/2024	PD level		Gross exposure			Expected Credit Loss			Net exposure			Net exposure, ex collateral		
	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	0.00	0.01	-	-	-	-	-	-	-	-	-	-	-	-
2	0.01	0.03	282.6	-	-	0.0	-	-	282.6	-	-	202.5	-	-
3	0.03	0.06	658.7	0.1	-	0.0	0.0	-	658.6	0.1	-	2.4	0.0	-
4	0.06	0.14	1,752.4	2.3	-	0.2	0.0	-	1,752.2	2.3	-	23.3	0.0	-
5	0.14	0.31	1,611.4	2.7	-	0.4	0.0	-	1,611.0	2.6	-	26.6	0.0	-
6	0.31	0.63	949.2	25.6	-	0.6	0.1	-	948.6	25.5	-	24.0	0.6	-
7	0.63	1.90	300.5	126.4	-	0.7	0.9	-	299.8	125.5	-	12.1	1.2	-
8	1.90	7.98	22.7	23.0	-	0.1	0.3	-	22.6	22.8	-	0.5	0.2	-
9	7.98	25.70	17.3	13.5	-	0.0	0.3	-	17.3	13.2	-	0.3	0.1	-
10	25.70	99.99	9.1	68.4	-	0.0	2.9	-	9.1	65.5	-	0.2	-1.2	-
11 (default)	100.00	100.00	1.1	0.5	4.4	0.0	0.0	0.4	1.1	0.5	4.0	0.0	0.0	-0.3
<b>Total</b>			<b>5,604.9</b>	<b>262.6</b>	<b>4.4</b>	<b>2.1</b>	<b>4.6</b>	<b>0.4</b>	<b>5,602.9</b>	<b>258.0</b>	<b>4.0</b>	<b>291.8</b>	<b>0.9</b>	<b>-0.3</b>

12/2023	PD level		Gross exposure			Expected Credit Loss			Net exposure			Net exposure, ex collateral		
	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	0.00	0.01	-	-	-	-	-	-	-	-	-	-	-	-
2	0.01	0.03	291.1	0.0	-	0.0	-	-	291.1	-	-	215.0	-	-
3	0.03	0.06	677.9	0.1	-	0.0	0.0	-	677.8	0.1	-	1.8	-	-
4	0.06	0.14	1,781.1	0.6	-	0.2	0.0	-	1,780.9	0.6	-	20.7	-	-
5	0.14	0.31	1,578.0	2.2	-	0.4	0.0	-	1,577.5	2.2	-	20.0	0.0	-
6	0.31	0.63	951.1	31.5	-	0.7	0.1	-	950.4	31.3	-	19.4	0.5	-
7	0.63	1.90	300.3	110.1	-	0.6	0.7	-	299.7	109.4	-	7.8	1.9	-
8	1.90	7.98	22.1	21.1	-	0.1	0.2	-	22.0	20.9	-	0.5	0.4	-
9	7.98	25.70	18.3	9.1	-	0.0	0.2	-	18.3	8.9	-	0.3	0.0	-
10	25.70	99.99	8.7	49.3	0.3	0.0	2.4	0.0	8.7	46.9	0.3	0.1	0.5	-
11 (default)	100.00	100.00	1.6	1.2	1.4	0.0	0.0	0.1	1.6	1.1	1.3	0.1	0.0	-
<b>Total</b>			<b>5,630.2</b>	<b>225.2</b>	<b>1.7</b>	<b>2.1</b>	<b>3.6</b>	<b>0.2</b>	<b>5,628.1</b>	<b>221.5</b>	<b>1.6</b>	<b>285.6</b>	<b>3.4</b>	<b>0.0</b>

**3 THE BALANCE SHEET CLASSIFICATION**

EURm	Amortised cost		Fair value through profit or loss		Non-financial assets and liabilities	Total
	Held to collect financial assets	Liabilities	Managed at fair value	Hedge		
<b>ASSETS</b>						
Cash and balances with central banks	202.5					202.5
Loans and receivables to credit institutions	4.0					4.0
Trading portfolio assets						
Derivatives				37.6		37.6
Investment securities, bonds			50.6			50.6
Loans and receivables to customers	5,659.0			3.4		5,662.5
Other assets					15.1	15.1
<b>Total 30 June 2024</b>	<b>5,865.5</b>	<b>-</b>	<b>50.6</b>	<b>41.0</b>	<b>15.1</b>	<b>5,972.3</b>

**LIABILITIES**

Due to credit institutions and central banks		1,250.0				1,250.0
Trading portfolio liabilities				150.9		150.9
Debt securities in issue						
-> Bonds		3,962.2		138.7		4,100.9
Non-preferred senior securities		70.0				70.0
Tax liabilities					1.1	1.1
Other liabilities					44.5	44.5
<b>Total 30 June 2024</b>	<b>-</b>	<b>5,282.2</b>	<b>-</b>	<b>289.6</b>	<b>45.6</b>	<b>5,617.4</b>

EURm	Amortised cost		Fair value through profit or loss		Non-financial assets and liabilities	Total
	Held to collect financial assets	Liabilities	Managed at fair value	Hedge		
<b>ASSETS</b>						
Cash and balances with central banks	215.0					215.0
Loans and receivables to credit institutions	24.2					24.2
Trading portfolio assets						
Derivatives				67.3		67.3
Investment securities, bonds			57.9			57.9
Loans and receivables to customers	5,630.0			6.2		5,636.2
Other assets					11.1	11.1
<b>Total 31 December 2023</b>	<b>5,869.2</b>	<b>-</b>	<b>57.9</b>	<b>73.5</b>	<b>11.1</b>	<b>6,011.8</b>

**LIABILITIES**

Due to credit institutions and central banks		1,250.1				1,250.1
Trading portfolio liabilities				155.6		155.6
Debt securities in issue						
-> Bonds		4,038.1		99.8		4,137.9
Non-preferred senior securities		70.0				70.0
Tax liabilities					0.6	0.6
Other liabilities					30.7	30.7
<b>Total 31 December 2023</b>	<b>-</b>	<b>5,358.1</b>	<b>-</b>	<b>255.4</b>	<b>31.3</b>	<b>5,644.9</b>

**4 MATURITY ANALYSIS OF THE BALANCE SHEET**
**EURm**

<b>Assets</b>	Total	< 1 year	> 1 year
Cash and balances with central banks	202.5	202.5	-
Loans and receivables to credit institutions	4.0	4.0	-
Trading portfolio assets	37.6	37.6	-
Other investment securities	50.6	24.8	25.8
Loans and receivables to customers	5,662.5	545.2	5,117.3
Other assets	15.1	15.1	-
<b>Total 30 June 2024</b>	<b>5,972.3</b>	<b>829.2</b>	<b>5,143.1</b>

<b>Liabilities</b>	Total	< 1 year	> 1 year
Due to credit institutions and central banks	1,250.0	-	1,250.0
Derivatives and other financial liabilities held for trading	150.9	122.5	28.4
Debt securities in issue	4,100.9	76.1	4,024.8
Non-preferred senior securities	70.0	-	70.0
Tax liabilities	1.1	1.1	-
Other liabilities	44.5	44.5	-
<b>Total 30 June 2024</b>	<b>5,617.4</b>	<b>244.2</b>	<b>5,373.2</b>

<b>Assets</b>	Total	< 1 year	> 1 year
Cash and balances with central banks	215.0	215.0	-
Loans and receivables to credit institutions	24.2	24.2	-
Trading portfolio assets	67.3	-24.8	92.1
Other investment securities	57.9	36.8	21.1
Loans and receivables to customers	5,636.2	340.9	5,295.3
Other assets	11.1	11.1	-
<b>Total 31 December 2023</b>	<b>6,011.8</b>	<b>603.2</b>	<b>5,408.6</b>

<b>Liabilities</b>	Total	< 1 year	> 1 year
Due to credit institutions and central banks	1,250.1	0.1	1,250.0
Derivatives and other financial liabilities held for trading	155.6	79.9	75.7
Debt securities in issue	4,137.9	51.0	4,086.9
Non-preferred senior securities	70.0	-	70.0
Tax liabilities	0.6	0.6	-
Other liabilities	30.7	30.7	-
<b>Total 31 December 2023</b>	<b>5,644.9</b>	<b>162.3</b>	<b>5,482.6</b>

**Maturity analysis of past due financial assets, net**

<b>EURm</b>	<b>30 June 2024</b>	<b>31 December 2023</b>
Assets past due 30-90 days	11.3	10.7
Unlikely to pay	5.2	3.8
Nonperforming assets past due at least 90 days but no more than 180 days	0.3	0.1
Nonperforming assets past due at least 180 days - 1 year	0.1	0.2
Nonperforming assets more than 1 year	-	-
Receivables with forbearance measures, gross carrying amount	59.4	46.6

## 5 FAIR VALUE INFORMATION FOR FINANCIAL INSTRUMENTS

Financial instruments are carried on the balance sheet at fair value or at amortised cost. There is more detailed description regarding classification of financial assets and liabilities by valuation type and measurement bases in Note 10 in the Annual Report 2023.

Financial instruments valued on the basis of quoted prices on an active market are recognised in the Quoted prices category (level 1). Financial instruments valued substantially on the basis of other observable input are recognised in the Observable input category (level 2). Other financial instruments are recognised in the Non-observable input category (level 3).

The classification of the instrument changes, if at the balance sheet date, a financial instrument's classification differs from its classification at the beginning of the year. Changes are considered to have taken place at the balance sheet date. During the reporting period ending 30 June 2024, there were no transfers between Level 1 (Quoted prices) and Level 2 (Observable input) fair value measurements, and no transfers into and out of Level 3 (Non-observable input) fair value measurement.

All financial assets and liabilities are measured at observable input. The company does not have any financial assets or liabilities that fall in the category non-observable input.

					<b>30 June 2024</b>			
EURm		Quoted prices	Observable input	Non-observable input		<b>Total</b>		
<b>Financial assets</b>								
Investment securities, bonds		29.5	21.1	-		50.6		
Derivative financial instruments		-	37.6	-		37.6		
<b>Total</b>		<b>29.5</b>	<b>58.7</b>	<b>-</b>		<b>88.2</b>		
<b>Financial liabilities</b>								
Derivative financial instruments		-	150.9	-		150.9		
<b>Total</b>		<b>-</b>	<b>150.9</b>	<b>-</b>		<b>150.9</b>		
					<b>31 December 2023</b>			
EURm		Quoted prices	Observable input	Non-observable input		<b>Total</b>		
<b>Financial assets</b>								
Investment securities, bonds		29.4	28.5	-		57.9		
Derivative financial instruments		-	67.3	-		67.3		
<b>Total</b>		<b>29.4</b>	<b>95.8</b>	<b>-</b>		<b>125.2</b>		
<b>Financial liabilities</b>								
Derivative financial instruments		-	155.6	-		155.6		
<b>Total</b>		<b>-</b>	<b>155.6</b>	<b>-</b>		<b>155.6</b>		

**6 DERIVATIVE FINANCIAL INSTRUMENTS**

EURm	30 June 2024		
	Fair value		Notional amount
	Assets	Liabilities	
Derivatives held for hedging			
<b>Fair value hedges</b>	<b>37.6</b>	<b>150.9</b>	<b>9,934.5</b>
<b>Interest rate</b>			
OTC derivatives	37.6	150.9	9,934.5
<b>Total derivatives held for hedging</b>	<b>37.6</b>	<b>150.9</b>	<b>9,934.5</b>
<b>Nominal value of the underlying instrument</b>			
Remaining maturity	Less than 1 year	1-5 years	Over 5 years
	-	9,928.9	5.6
<b>31 December 2023</b>			
EURm	Fair value		Notional amount
	Assets	Liabilities	
	Derivatives held for hedging		
<b>Fair value hedges</b>	<b>67.3</b>	<b>155.6</b>	<b>11,335.8</b>
<b>Interest rate</b>			
OTC derivatives	67.3	155.6	11,335.8
<b>Total derivatives held for hedging</b>	<b>67.3</b>	<b>155.6</b>	<b>11,335.8</b>
<b>Nominal value of the underlying instrument</b>			
Remaining maturity	Less than 1 year	1-5 years	Over 5 years
	-	11,323.0	12.8

All of the Company's derivatives held for hedging are contracts with Group companies.

**7 AMOUNTS OWED TO CREDIT INSTITUTIONS**

EURm	6/2024	6/2023	12/2023
Amounts owed to credit institutions	1,250.0	800.0	1,250.1
<b>Total</b>	<b>1,250.0</b>	<b>800.0</b>	<b>1,250.1</b>

## 8 DEBT SECURITIES IN ISSUE

EURm	30 June 2024	30 June 2023	31 December 2023	
Finnish covered bonds	4,100.9	3,737.5	4,137.9	
<b>Debt securities in issue nominal value</b>				
EURm	1 January 2024	Issued	Redeemed	30 June 2024
Covered bonds	4,250.0	-	-	4,250.0
	1 January 2023	Issued	Redeemed	31 December 2023
Covered bonds	3,500.0	1,500.0	750.0	4,250.0

The fair value of Debt securities in issue amounted to EUR 4,086.9 million (2023: EUR 4,226.8 million) compared to the carrying amount of EUR 4 100,9 million (12/2023: EUR 4,137.9 million).

### Non-preferred senior securities

Milj. €

	2024
At 1 January 2024	70.0
Issuance during the year	-
Balance at 30 June 2024	70.0
	2023
At 1 January 2023	-
Issuance during the year	70.0
Balance at 31 December 2023	70.0

The Bank has two Senior non-preferred loans from Danske Bank A/S, which are eligible for fulfilling the MREL (Minimum Requirement for Own Funds and Eligible Liabilities) requirements set by the Financial Stability Authority. The first 50 MEUR loan was withdrawn on 16 August 2023 and the second 20 MEUR loan on 14 December 2023. The interest basis for the loans are 3-month EURIBOR + 1.30% and 3-month EURIBOR + 1.25% respectively. Both loans mature on 23 September 2027 and are callable starting from 23 September 2026. The loans are subject to regulatory approval and appropriate notice at least 30 days prior to call.

## 9 CONTINGENT LIABILITIES AND COMMITMENTS

Danske Mortgage Bank Plc does not have significant off-balance sheet items or significant non-cancellable operating leases. Company's off-balance sheet items consists undrawn loans that totalled EUR 0.6 thousand at 30.6.2024 (EUR 1.7 thousand at 31 December 2023).

## 10 RELATED PARTY TRANSACTIONS WITH GROUP COMPANIES AND OTHER RELATED PARTIES

Related party comprises the parent company, the key management personnel and other related-party companies. Parties with significant influence include the parent company and its branches. The key management personnel comprises Board of Directors and executive management, including close family members and companies, in which the key management personnel or their close family members have considerable influence.

Related party transactions have not changed materially since 31.12.2023.