

Refinancing auctions in February

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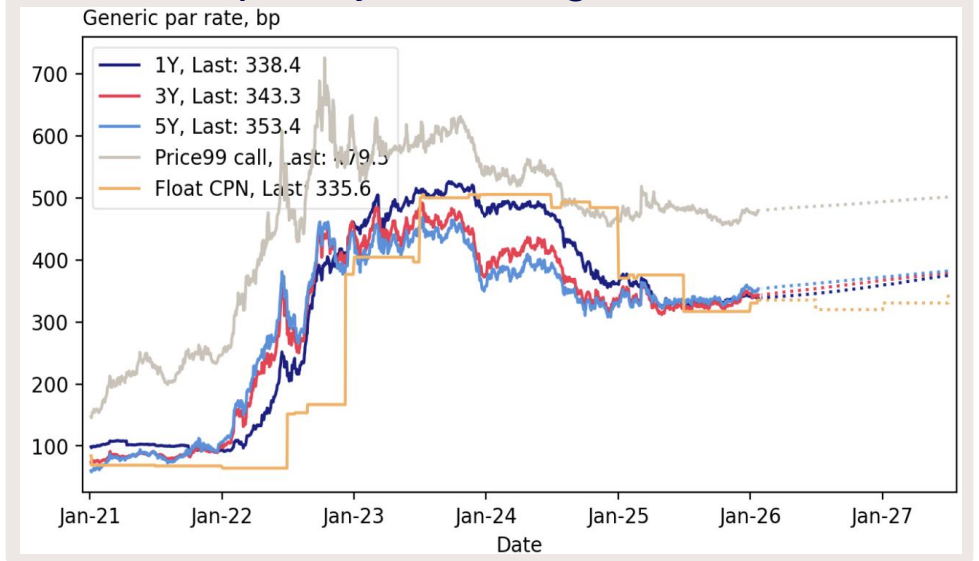
A repeat of the November auctions

- Maturity of DKK 125 billion of bullets and almost DKK 33 billion of FRNs until 1 April.
- The FRN maturity comprises CIBOR 3M (and a little EURIBOR 3M) FRN from NYK.
- The final auction offering will not be published until Monday (2 February), the day before the auctions.
- It is our expectation that the composition of the final offering will generally be similar to what we saw at the November auctions.
- The conditions for borrowers have remained largely unchanged since then:
 - Borrowers funded in 5Y bullets come from significantly lower loan rates and are therefore expected to continue to migrate down the curve.
 - Borrowers funded in 3Y bullets can look forward to reduced mortgage payments and are expected to be inclined to stay in 3Y bullets.
 - The FRN loan is still the cheapest, and some bullet-funded borrowers are expected to be funded entirely in FRNs.
- However, the maturity is more evenly distributed between issuers this time, but the largest maturity is still with RD and NYK.

Bullets maturing on 1 April 2026

Issuer	Total	1Y	2Y	3Y	4Y	5Y	6Y+
NYK	29,233	23,670	3,009	1,081	346	1,127	-
RD	42,894	19,664	2,680	4,447	1,245	12,277	2,580
NDA	18,774	2,122	466	4,016	362	11,808	-
BRF	21,276	1,754	1,466	3,499	3,084	9,345	2,127
DLR	12,577	219	523	1,841	1,383	8,611	-
Total	124,753	47,429	8,145	14,884	6,421	43,168	4,707

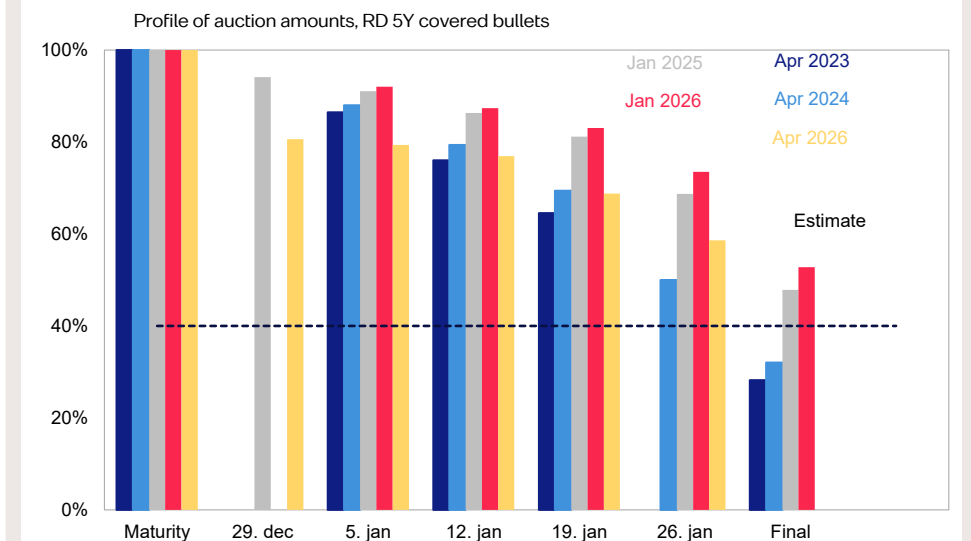
Yields and coupons adjusted for margins etc



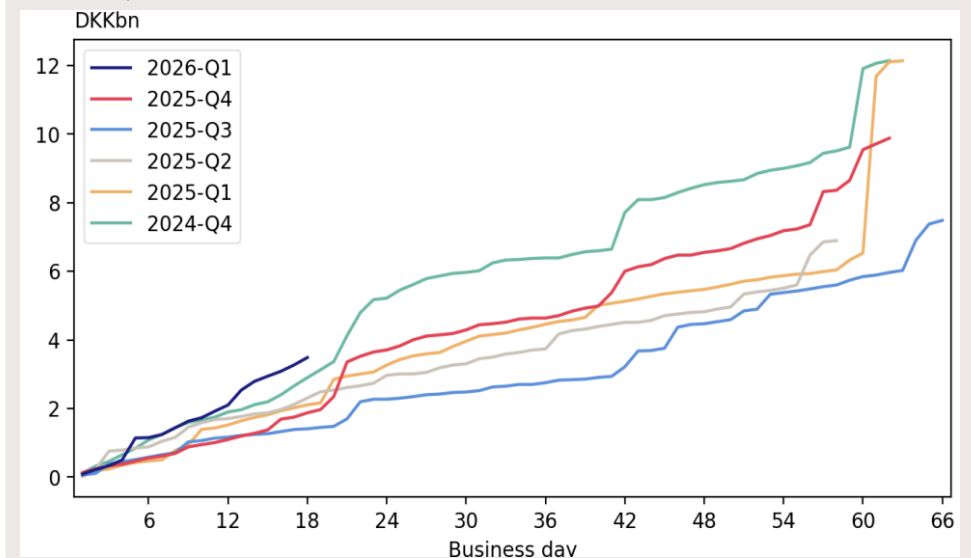
Fewer 5Y bullets from RD

- The preliminary volumes from RD so far point to a refinancing percentage in 5Y bullets of 59%.
- The refinancing rate generally decreases significantly from the last provisional volumes to the final ones (around 20 percentage points).
- This indicates that RD's refinancing ratio in 5Y bullets will be lower this time than at the November auctions (54%).
- We believe this is due to the fact that RD has frontloaded refinancing.
- Thus, RD's issuance in Q1 2026 is so far above the level seen at the same time in previous quarters.
- In our view, this is therefore not an indication that the borrower's preferences have changed, and we expect the slightly lower refinancing ratio in 5Y bullets to be isolated to RD.
- For the remaining issuers, we expect refinancing percentages in line with the November auctions.

RD – refinancing percentages of 5Y bullets based on preliminary volumes



Bullets, RD: Accumulated issuance (OMX)



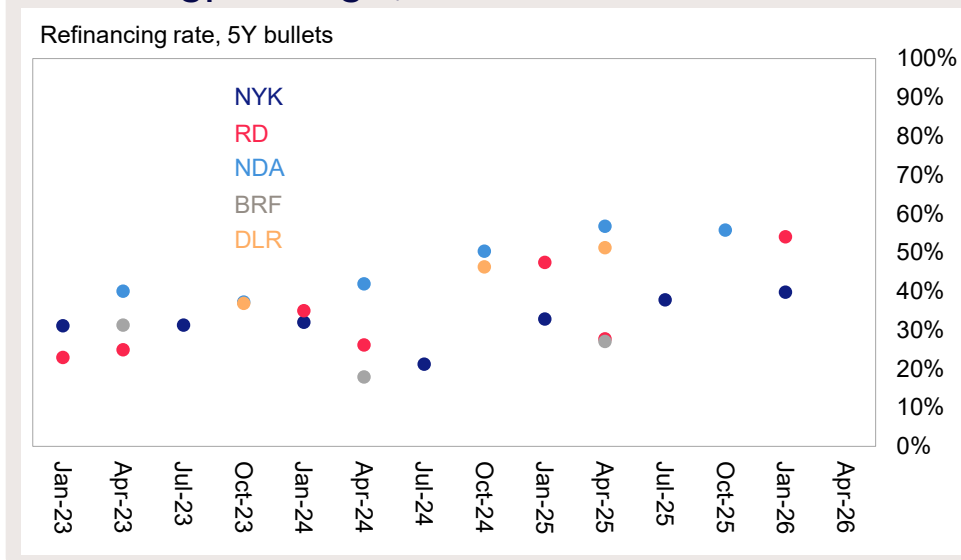
Expected bullets volumes

- We expect a total bullets offering of around DKK 86 billion, corresponding to a refinancing percentage of 69%.
- The slightly lower total refinancing percentage is due to the fact that we expect:
 - That some borrowers will go for an entirely FRN-funded loan.
 - That other borrowers will hold off the decision on refinancing until end-of-quarter issuance in March.
- We specifically expect:
 - 5Y bullets: DKK 19bn (44% refinancing percentage)
 - 3Y bullets: DKK 19bn (128% refinancing percentage)
 - 1Y bullets: DKK 44.5bn (94% refinancing percentage)
 - Remaining maturity: DKK 3.5bn

Expected bullet offering at refinancing auctions in February

Issuer	Total	1Y	2Y	3Y	4Y	5Y	6Y+
NYK	19,500	18,000	-	1,000	-	500	-
RD	34,500	19,000	1,000	7,500	500	5,000	-
NDA	14,500	3,000	-	5,000	-	6,500	-
BRF	14,500	4,000	500	6,000	1,000	3,000	-
DLR	5,500	500	-	500	500	4,000	-
Total	86,000	44,500	1,500	19,000	2,000	19,000	-

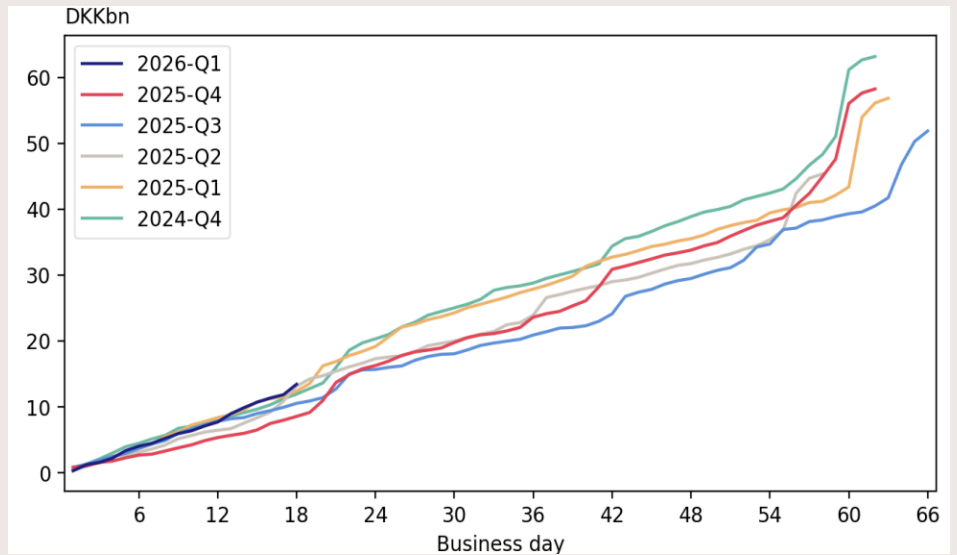
Refinancing percentages, 5Y bullets



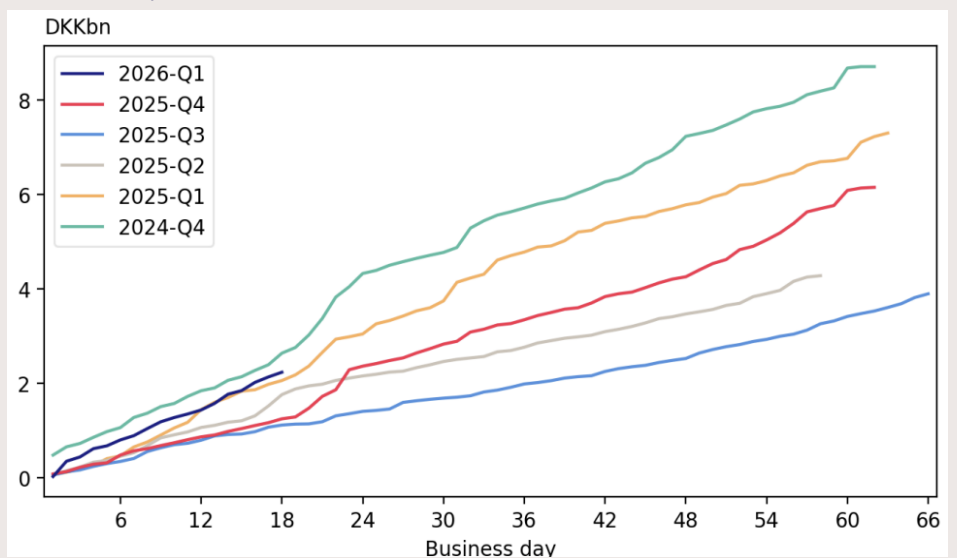
No major changes to our expectations for issuance from here

- We expect lower bullet issuance in 2026 primarily as a result of a lower level of fixed-to-variable refinancing from 5% callables into bullets.
 - This is expected to mean fewer 5Y bullets in new issuance.
 - So far, the bullet issuance for Q2026 is on a par with the previous quarters, and thus does not seem to be slowing down.
 - It is our expectation that it is driven by RD's "early refinancing" of April maturity.
- On the other side of next week's refinancing auctions, we expect bullets (5Y) issuance to start to slow down.
- FRN issuance may well increase slightly more from the current level, as a result of it still being the cheapest loan, but we do not think it will be to a greater extent.
- We do not expect any significant issuance in the callables segment, but the negative net growth should decrease due to less fixed-to-variable refinancing.
- RD's issuance of callables has gotten off to a slightly stronger start this year, which may indicate that fewer bank-issued home loans are being issued.
 - A bit early to conclude, but worth keeping an eye on!

Bullets: Accumulated issuance (OMX)



Callables, RD: Accumulated issuance (OMX)



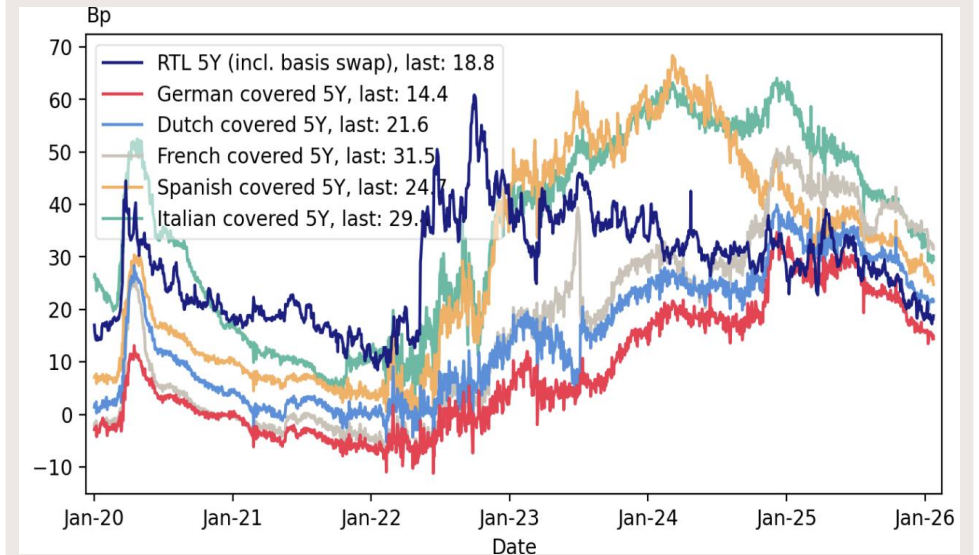
Expensive bullets?

- Virtually uninterrupted performance in the bullets since "liberation day" in the spring of last year.
- In a longer perspective, spreads are only back at about the same level as the second half of 2024.
- That is, similar to the levels from before the abolition of the German debt brake and the promises of large investments in defence and infrastructure gave rise to significant spread widening.
- Performance can perhaps largely be attributed to the fact that European covered bonds have regained what was lost, as issuance pressure as a result of large investments in defence and infrastructure has not yet materialised.
- Bullets have gotten off to a good start this year with performance across the curve probably driven by:
 - Some investors have reinvested prepayments in longer bullets because callables had become too expensive.
 - Continued performance in European covered bonds
 - Ample liquidity

Bullets: Spreads to DESTR



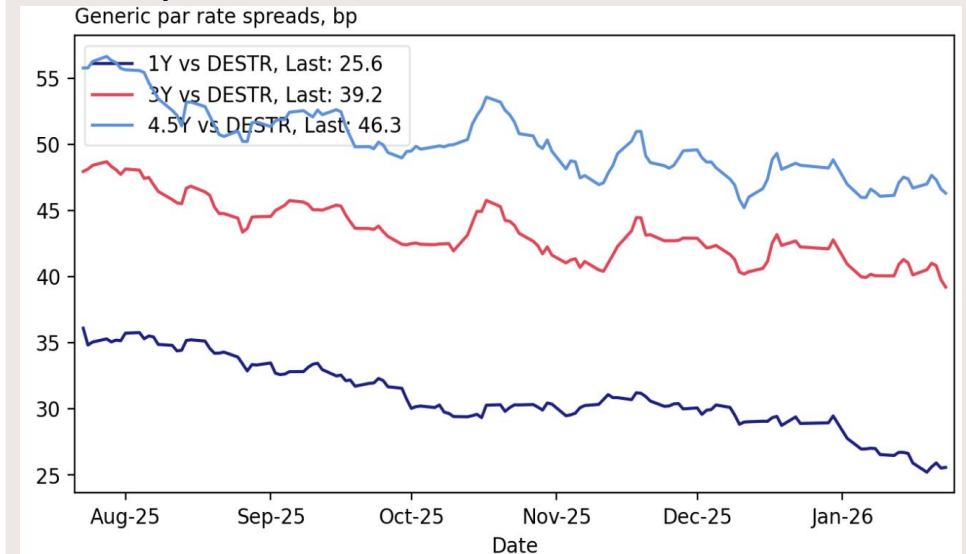
Bullets and EUR covered bonds: Spread to swap (6M)



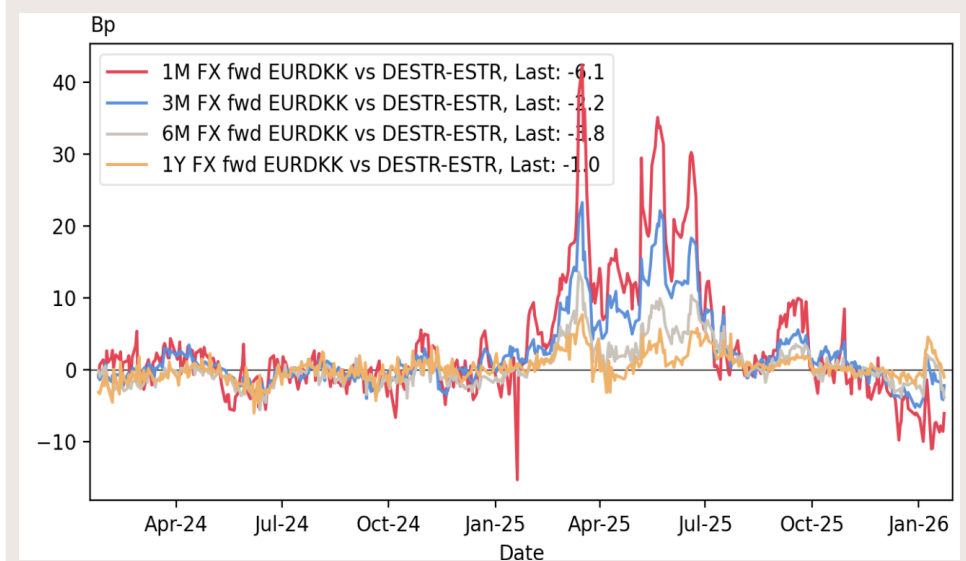
Short-dated bullets have benefited from liquidity abundance

- The short-dated bullets have performed overall since the beginning of the year.
- We attribute performance to the current liquidity abundance, which increases demand for short-dated bonds (net position > DKK 325 billion)
- Ample liquidity is also seen in the FX market, where the implied interest rate spread in short-dated EURDKK FX forwards is currently a bit low compared to the DEST-ESTR spread.
- May have increased demand from (foreign) investors who fund themselves via the FX market.
- Prospect that the net position will fall during the spring in connection with the payment of pension investment return tax, corporation tax and income tax.
- We are not worried about renewed liquidity shortages as it looks now, but the abundant liquidity is disappearing.
- We therefore expect short-dated bullets to lose value again in the region of 2-3bp.

Bullets: Spreads to DEST-ESTR



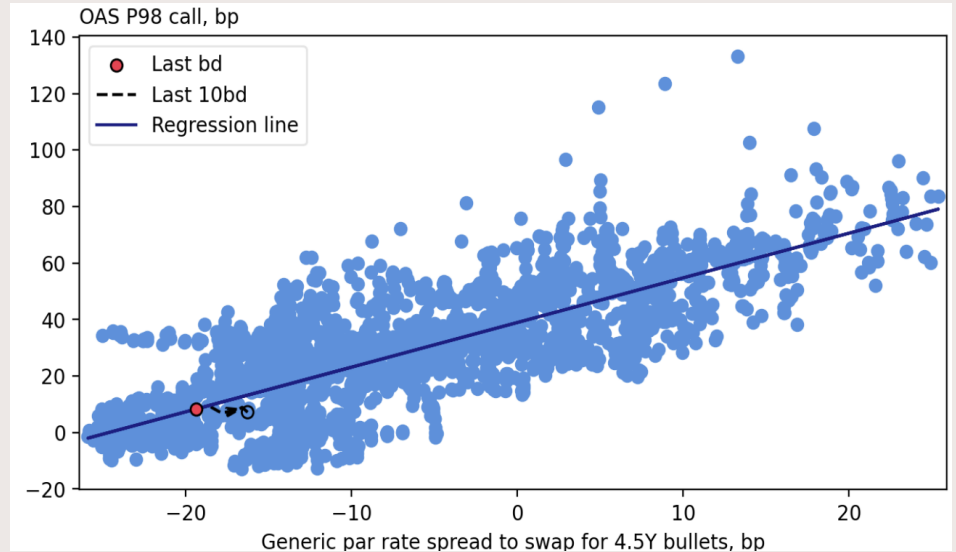
FX forwards vs DEST-ESTR



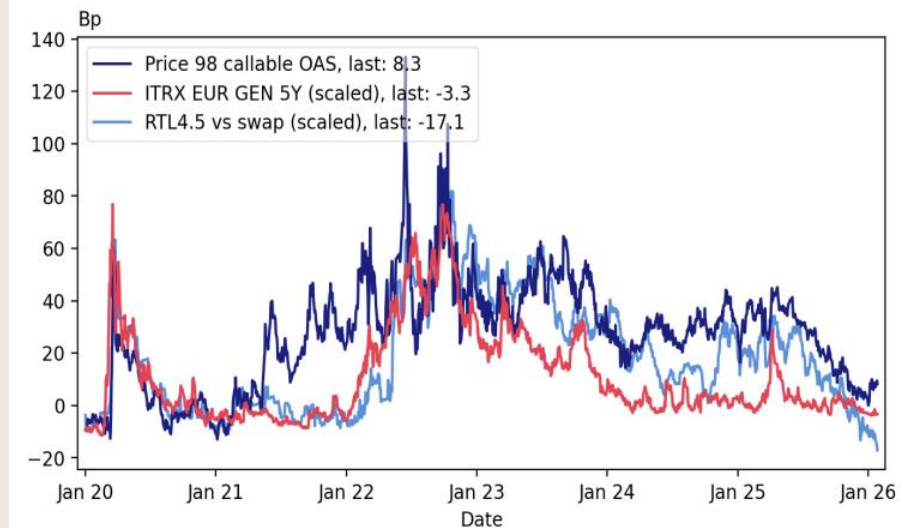
5Y bullets are no longer cheap relative to callables

- Relative pricing of 5Y bullets vs callables is back in equilibrium on the back of the past month's performance in 5Y bullets and spread widening in callables.
- Since the beginning of last autumn, 5Y bullets has traded cheaply relative to callables, primarily driven by expensive pricing of callables, as a result of:
 - Negative net issuance, reinvestment and low realised vol.
- We do not expect 5Y bullets start trading cheaply relative to callables again.

OAS, callable (price 98) vs generic 5Y covered bullet



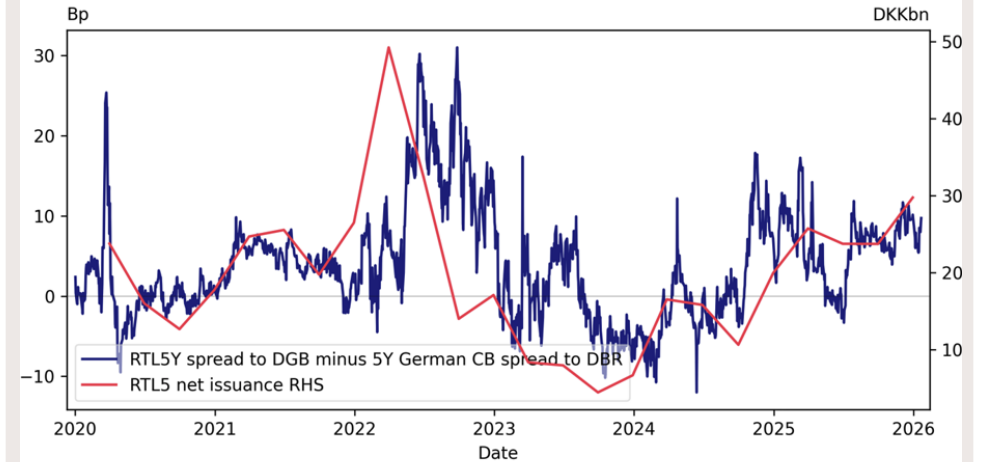
30Y callables, iTraxx Main and bullets



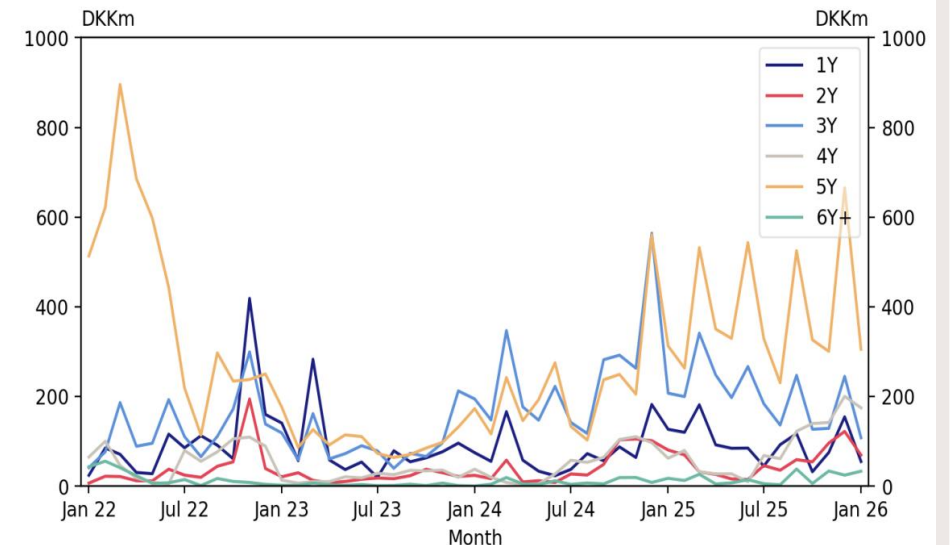
5Y bullets looks good given the issuance outlook

- The pricing of 5Y bullets is highly correlated with the pricing of European covered bonds, but the correlation between the difference between government bond spreads of 5Y bullet and German covered bonds (vs Danish and German government bonds, respectively) and the net issuance of 5Y bullets suggests that the spread of 5Y bullets is also to some extent affected by the level of issuance (see top chart).
- Larger issuance of 5Y bullets from fixed-to-variable refinancing may thus have further supported the mispricing in callables.
- We expect 5Y bullets to gain value over the spring as issuance slows down, due to fewer fixed-to-variable refinancing.
- Assuming that the 5Y bullets issuance is to return to around the same level as it was before the fixed-to-variable refinancing, it could give rise to performance in the region of 5bp.

5Y bullet spread to DGB minus German CB spread to DBR vs



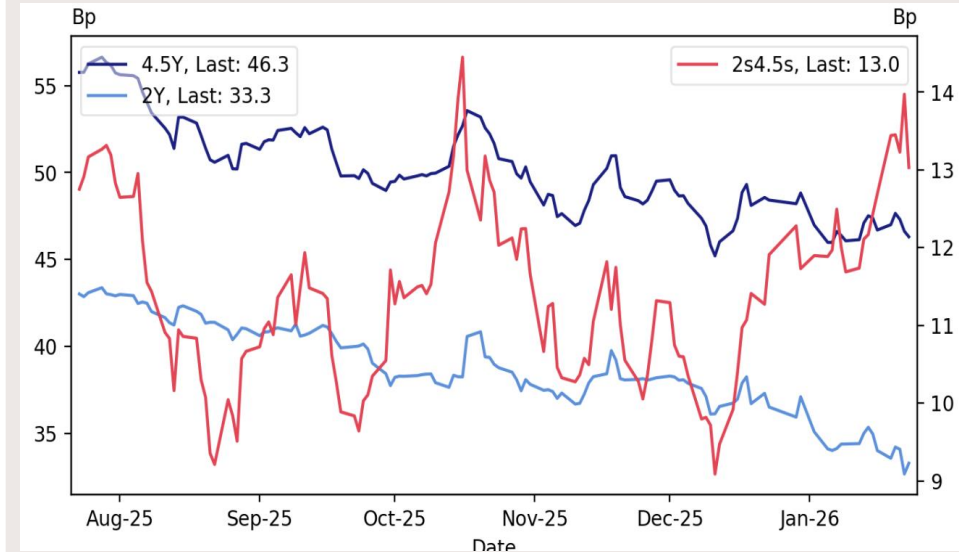
Bullets: Avg daily issuance excluding refinancing auctions and



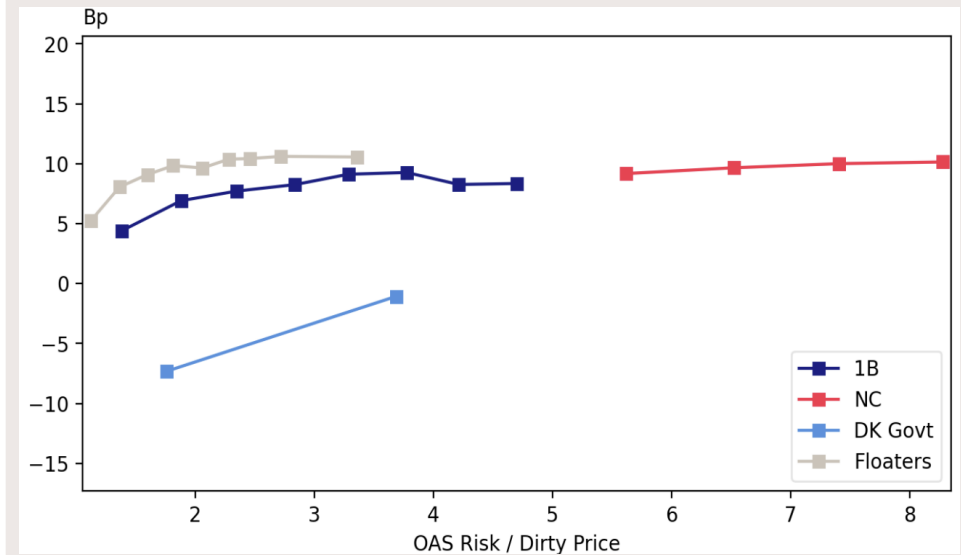
We prefer long-dated bullets over short-dated bullets

- Overall, we expect the bullet curve to flatten again.
- We therefore prefer longer-dated bullets over the shorter-dated bullets.
- 5Y bullets can gain 1-2bp at the auctions – if they sell at unchanged spreads, we see them as a good buy.
 - The same applies to 3Y bullets, but to a slightly lesser extent.
- The liquidity abundance will not really decrease until March, given the forecasts, and this may support 1Y bullets.
 - Given the expected decent supply of 1Y bullets, we think that they should sell about 2bp cheaper at the auctions.
- We do not expect hedge funds to take part in the auctions to a greater extent.
 - The ownership distribution statistics testify to the fact that they were not large buyers at the November auctions.
 - The relative pricing is no different this time, and we therefore expect them to remain a bit on the sidelines.

Bullets: Spreads to DESTR



Hedged and funded HPR/spread risk (vs DESTR swap)



FRNs on auction

- FRNs maturing at the April payment date are 100% NYK.
- NYK's auctions – like those of the other issuers – will be held from 3 to 6 February.
- The chart shows ISINs and characteristics of the FRNs that NYK offers on auction.
- The volumes in the table are the outstanding amounts of the FRNs that the new bonds replace.
 - The auction volumes will typically account for 90-98% of these amounts. (May be lower for EUR-FRN).

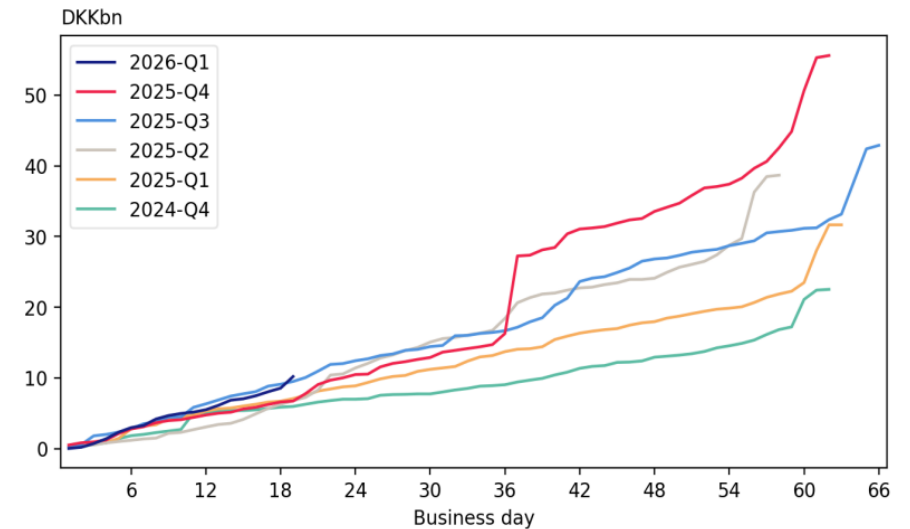
ISIN	Issuer	Ref.rate	Maturity	Cap.center	Type	Callable	Green	Ratecap	Amount*
<i>DKK FRN</i>									
DK0009551400	NYK	CIBOR 3M	Okt-28	NYK H	SDO	-	-	-	12,368
DK0009551590	NYK	CIBOR 3M	Apr-29	NYK H	SDO	Y	-	-	2,816
DK0009551673	NYK	CIBOR 3M	Apr-29	NYK H	SDO	-	Y	-	11,150
DK0009551756	NYK	CIBOR 3M	Okt-28	NYK G	RO	-	-	-	5,192
<i>EUR FRN</i>									
DK0009551830	NYK	EURIBOR 3M	Apr-29	NYK H	SDO	Y	-	-	390
DK0009551913	NYK	EURIBOR 3M	Okt-30	NYK H	SDO	Y	-	-	32

* Amount (in DKKm) indicates the outstanding amount of the FRN(s) that the new FRN replaces. The amount up for refinancing will typically be 90-98% of this amount.

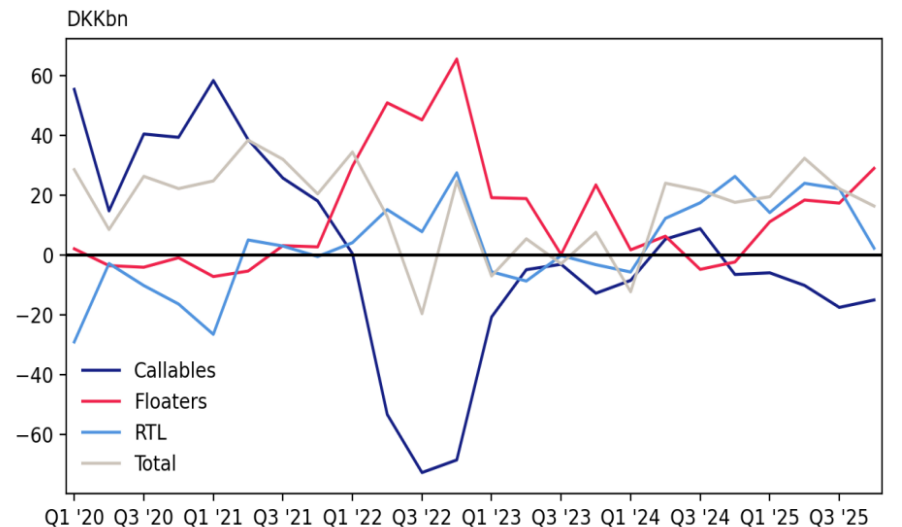
FRN issuance: Racing on!

- FRN issuance got off to a good start in 2026
 - We expect this to continue?
- In Q4 2025, the FRN segment took over the "net growth leader jersey" from the bullets.
 - The only segment with significant growth.
 - Helped along by JRK's refinancing of 1Y bullet loans in a new CITA 12M FRN.

Accumulated FRN issuance (OMX)



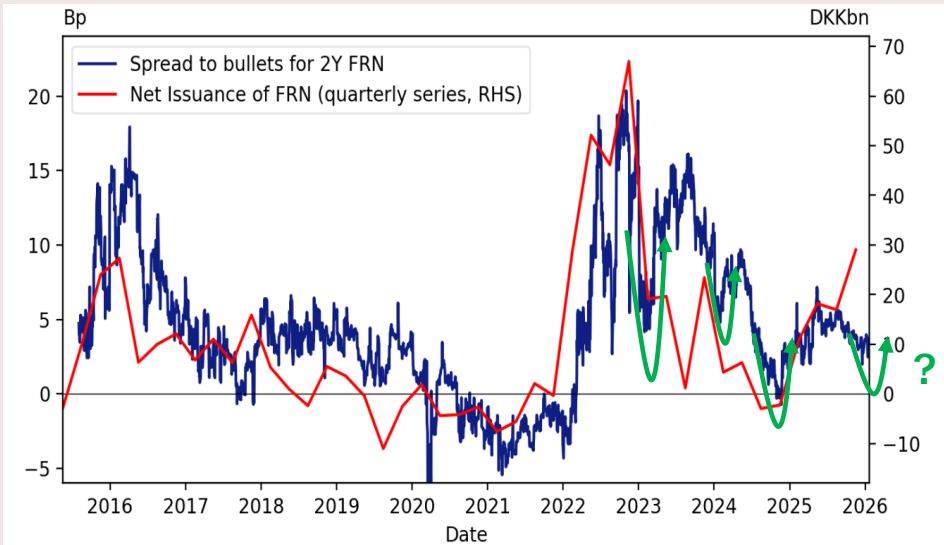
Net growth in main segments of Danish covered bonds



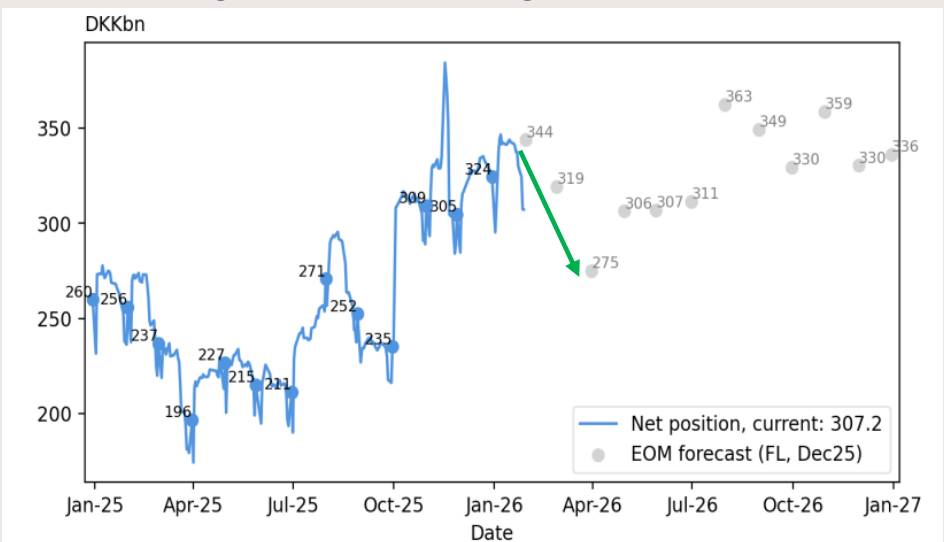
FRN looks a bit expensive against bullets

- Net issuance and FRN spreads to bullets are out of sync?
 - Not so bad if you adjust for JRK's refinancing of 1Y bullet loans with CITA12M FRN
- In recent years, there has been a tendency for the FRNs spreads vs bullets to tighten around the turn of the year and then to widen again
 - Can be related to seasonality in the net position?
 - Or the prospect of a large FRN offering at refinancing auctions in May?
- In the coming months, liquidity abundance will decline (although the net investment position will generally remain high)
- The big FRN auction in May this year is smaller than in recent years
 - The maturity of DKK FRNs as of 1 July is DKK 92 billion (in the last three years it has been DKK 115-130 billion)
- Overall, we see it as most likely that FRNs will have a few points against bullets in February and March

FRN spreads to bullets and net issuance of FRN



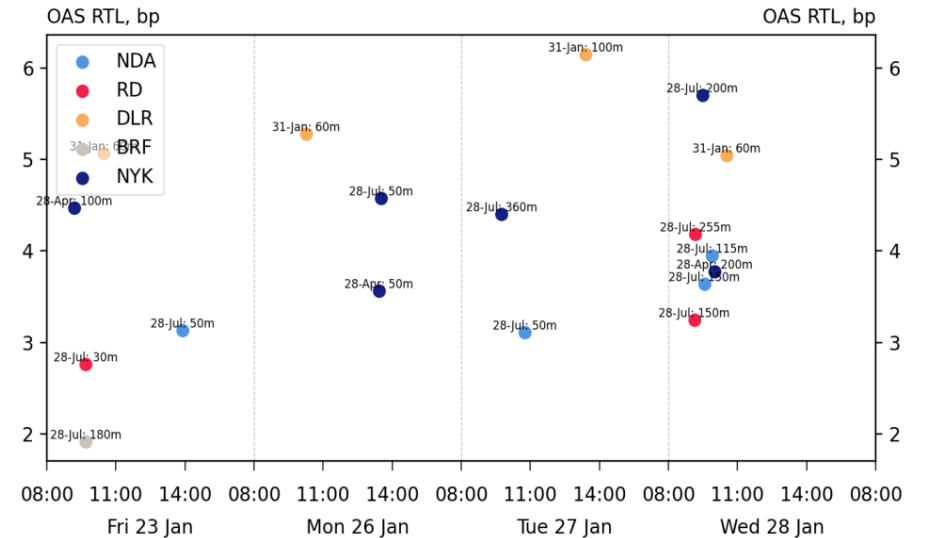
Prospect of high net position throughout 2026



FRN pricing

- Current floater premium (NYK) vs the bullet curve of around 5-6bp for relevant maturities
- Expecting slightly higher spreads at the auctions
 - See previous page regarding FRN spreads in general
 - In addition, we expect less demand for CIBOR 3M FRN than others
 - In other words, FRN spreads vs bullets of 6-6-7bp as a starting point:
- Additionally
 - Greenium: -2bp
 - Callables: 4bp
 - 2A/NC: 2/4bp
 - RO: 4bp
 - EUR FRN: Possibly around 5bp "discount"

Recent FRN tap issues: Spreads vs bullets



ISIN	DK0009551400	DK0009551590	DK0009551673	DK0009551756	DK0009551830	DK0009551913
Karakteristika						
Kapitalcenter	NYK H	NYK H	NYK H	NYK G	NYK H	NYK H
Type	SDO	SDO	SDO	RO	SDO	SDO
Udløb	01-Oct-28	01-Apr-29	01-Apr-29	01-Oct-28	01-Apr-29	01-Oct-30
Auktionsdag	TBA	TBA	TBA	TBA	TBA	TBA
Budfrist	TBA	TBA	TBA	TBA	TBA	TBA
Forv. udbud	TBA	TBA	TBA	TBA	TBA	TBA
Auktionskurs	TBA	TBA	TBA	TBA	TBA	TBA
Referencekurve	CIBOR 3M	CIBOR 3M	CIBOR 3M	CIBOR 3M	EURIBOR 3M	EURIBOR 3M
Grøn	-	-	Ja	-	-	-
Kupon indtil 1. januar	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Konvention	Act/act	Act/act	Act/act	Act/act	Act/act	Act/act
365/360 korrektion*	Ja (RR+RT)	Ja (RR+RT)	Ja (RR+RT)	Ja (RR+RT)	-	Ja (RR+RT)
Fixing dag	-5B	-5B	-5B	-5B	-6B	-5B
Renteloft	-	-	-	-	-	-
Rentegulv	-	-	-	-	-	-
Rentetrigger	-	-	-	-	-	-
Afsætningstrigger	Ja	Ja	Ja	Ja	Ja	Ja
Konverterbar (kurs)	-	Ja (100)	-	-	Ja (100)	Ja (100)
LCR	1B	2A	1B	1B	2A	NC

Forventet OAS til RTL-kurve

A. FRN-præmie	7.0 bp	7.0 bp	7.0 bp	7.0 bp	12.0 bp	12.0 bp
B. RO	-	-	-	4.0 bp	-	-
C. LCR-præmie	-	2.0 bp	-	-	2.0 bp	4.0 bp
D. Konverterbar	-	4.0 bp	-	-	4.0 bp	4.0 bp
E. Grøn	-	-	-2.0 bp	-	-	-
OAS til RTL-kurve (sum A-E)	7.0 bp	13.0 bp	5.0 bp	11.0 bp	18.0 bp	20.0 bp
Resulterende OAS til DEST	45.2 bp	53.3 bp	46.0 bp	49.2 bp	57.4 bp	64.7 bp

Opdateret: 2026-01-28 EOD

OAS → Rentetillæg

F. Forv. OAS til RTL-kurve	6.9 bp	12.8 bp	4.9 bp	10.8 bp	17.7 bp	19.6 bp
G. YCS**	-8.3 bp	-6.3 bp	-6.3 bp	-8.3 bp	23.9 bp	26.7 bp
H. Afdrag/ydelsesrækker	-0.1 bp	-0.3 bp	-0.1 bp	-0.2 bp	-1.8 bp	-3.4 bp
I. CITA fixer på ask	-	-	-	-	-	-
J. CITA → DEST	-	-	-	-	-	-
K. Kursskæring	8.5 bp	7.4 bp	7.0 bp	8.6 bp	8.6 bp	6.5 bp
L. 365/360-korrektion	0.5 bp	0.4 bp	0.5 bp	0.5 bp	3.6 bp	-0.2 bp
M. Cap/floor	-	-	-	-	-	-
Total (sum F-M)	7.4 bp	14.0 bp	6.1 bp	11.4 bp	52.1 bp	49.2 bp

Forventet rentetillæg	6 bp til 9 bp	13 bp til 15 bp	5 bp til 7 bp	10 bp til 13 bp	51 bp til 53 bp	48 bp til 50 bp
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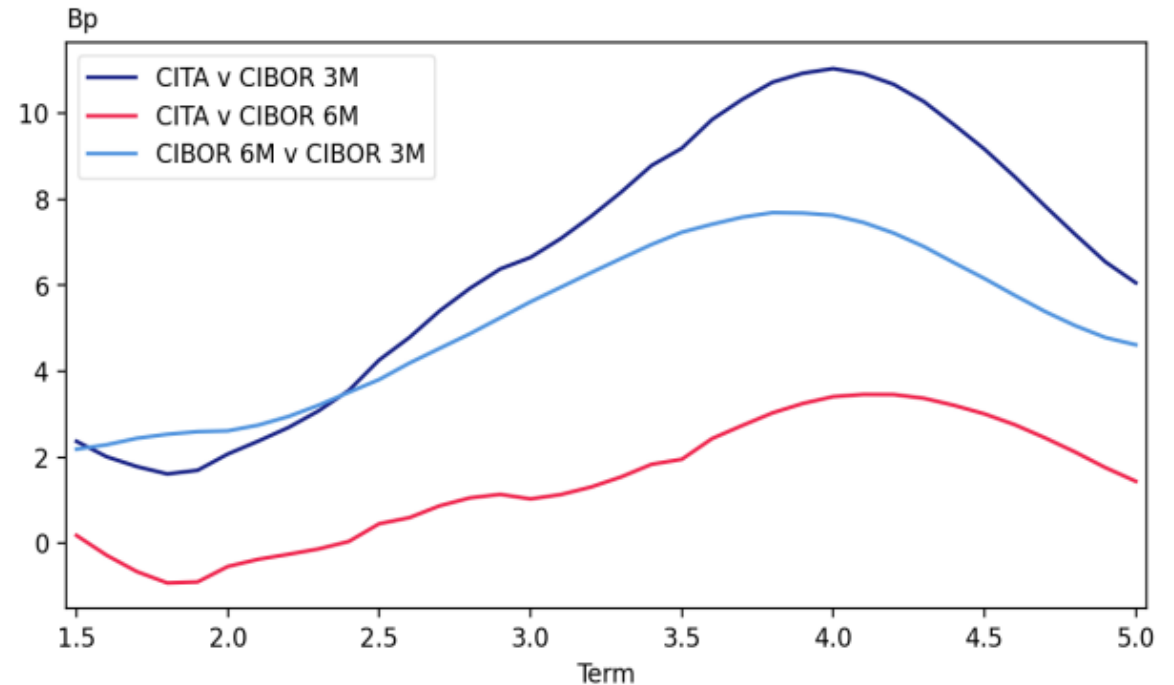
* Angiver, om der ganges med 365/360-faktor i kuponberegningen, samt om dette alene vedrører referencerenten (RR) eller både referencerente og rentetillæg (RR+RT).

** For EURIBOR 3M FRN er YCS opgjort incl. basisswap

CIBOR, CIBOR or CITA?

- A slight preference for CITA/CIBOR 6M FRN above CIBOR 3M
- Negative carry/roll in CIBOR 3M vs. others
- CIBOR transition is expected to be to the disadvantage of CIBOR 3M FRN
 - If, for example, CIBOR fixings are "locked" to CITA fixings (with fixed spread)
 - Not because the transition will necessarily take place before the current FRNs mature, but the curves can shift on expectations.

FRNs: Relative carry/roll between reference rates



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Recommendation	
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Sell	50%

As at 13.12.2024

Note: Distribution of our recommendations, which therefore add up to 100%.

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Special rules on crisis management in banks (bail-in):

Special rules apply to crisis management in banks. Reglerne sikrer, at kriser ikke koster skatteyderne penge, hvilket betyder at banker ikke vil blive reddet af bankpakker betalt af det offentlige, og tab derimod skal bæres af aktionærer og obligationsejere i kriseramte banker. This is called "bail-in".

Betydningen af de komplekse regler kan være vanskelig at forudsige som investor, og en krise kan opstå meget pludseligt. If you invest in bank shares or securities issued by a bank, be aware of the special risk of a write-down or a complete loss of your investment. A potential or current banking crisis will also have a huge impact on the liquidity of your investments.

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