



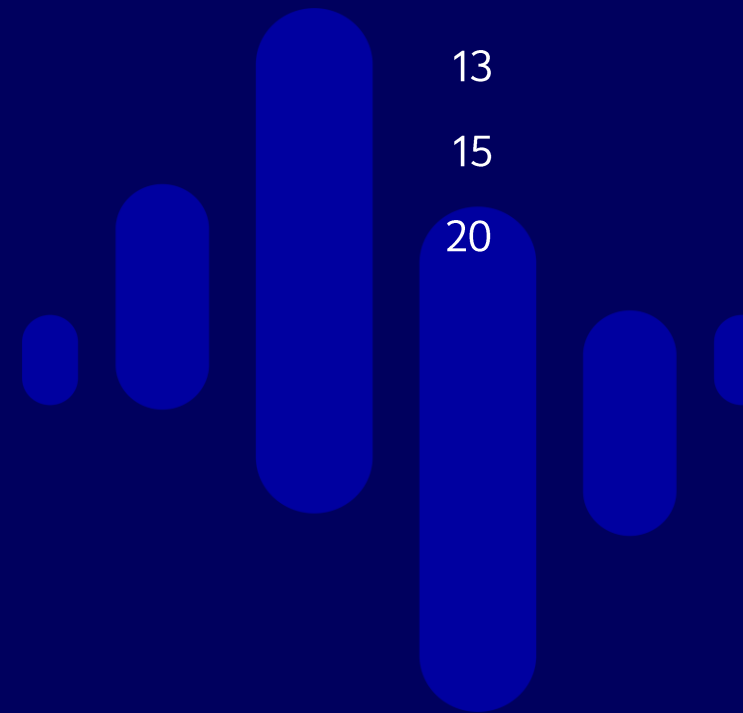
Nordea

Q3 2024 Debt investor presentation  
**Nordea Eiendomskreditt Covered Bonds**



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## 1. In brief

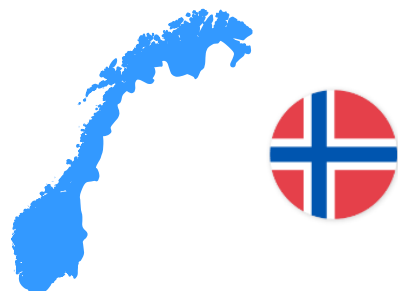


## Covered bonds

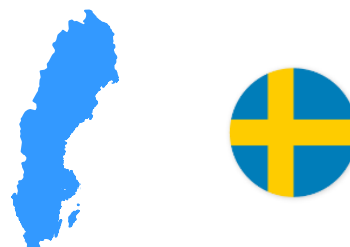
# Nordea covered bond operations

**Four aligned covered bond issuers with complementary roles**

Nordea Eiendoms kreditt



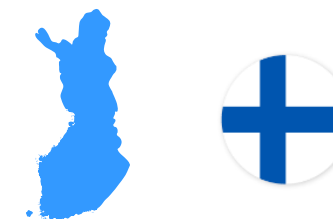
Nordea Hypotek



Nordea Kredit



Nordea Mortgage Bank



Legislation	Norwegian	Swedish	Danish	Finnish
Cover pool assets	Norwegian residential mortgages	Swedish residential mortgages primarily	Danish residential & commercial mortgages	Finnish residential mortgages primarily
Cover pool size	EUR 28.2bn (eq.)	EUR 62.2bn (eq.)	Balance principle	Pool 1: EUR 14.9bn Pool 2: EUR 11.9bn
Covered bonds outstanding	EUR 19.1bn (eq.)	EUR 30.8bn (eq.)	EUR 57.8bn (eq.)*	Pool 1: EUR 11.4bn Pool 2: EUR 7.8bn
OC	48%	102%	8%*	Pool 1: 30% / Pool 2: 53%
Issuance currencies	NOK	SEK	DKK, EUR	EUR
Rating (Moody's / S&P)	Aaa/ -	Aaa/ -	- / AAA	Aaa/ -
Outstanding green covered bonds	EUR 1.2bn	EUR 1.1bn	EUR 2.2bn	EUR 2.0bn

- Covered bonds are an integral part of Nordea's long term funding operations
- Issuance in Scandinavian and international currencies
- All Nordea covered bond issuance entities (MCIs) refer to Nordea's updated 2023 [Nordea green funding framework](#)<sup>0</sup>

<sup>1)</sup> The figures in Nordea Kredit only include capital centre 2 (SDRO). Nordea Kredit no longer reports for CC1 (RO), as this capital centre only accounts for a minor part (<0.5%) of the outstanding volume of loans and bonds



# Nordea Eiendoms kreditt – overview

Q3 2024



100% owned subsidiary of Nordea Bank Abp - the largest Nordic financial institution



The purpose of the Issuer is to acquire and provide residential mortgage loans and finance its activities mainly through issuance of covered bonds



Financial Undertakings Act (Act. No. 17 of 10 April 2015, Norwegian: Finansforetaksloven), which was recently amended on 8 July 2022 to implement the European Covered Bond Directive



Cost-effective loan origination and service through Nordea Bank's nationwide Norwegian branch network and internet

**MOODY'S**

Covered bonds rated Aaa by Moody's

## 2. Cover pool characteristics



# Cover pool key characteristics

Q3 2024

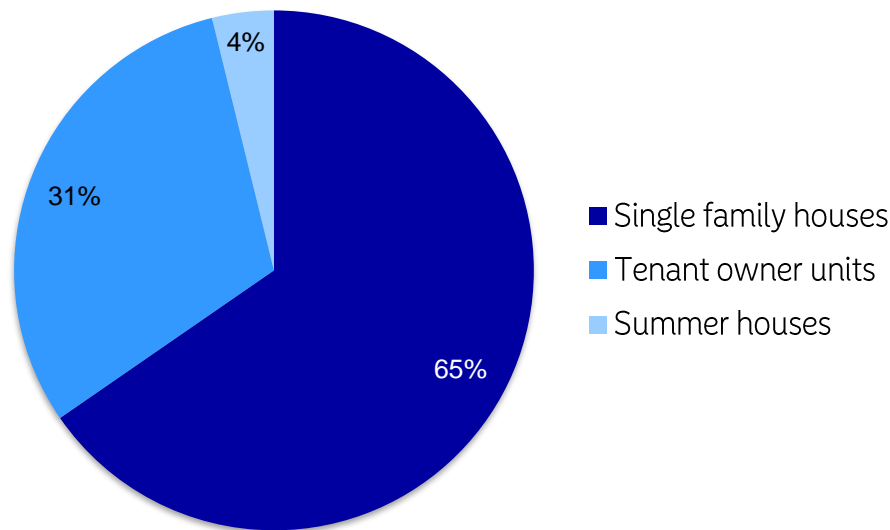
## Cover pool summary

Loans in cover pool	NOK 331.3bn
Outstanding covered bonds	NOK 224.4bn
Cover pool content	Mortgage loans secured by Norwegian residential collateral
Geographic distribution	Throughout Norway with concentration to urban areas
Asset distribution	100% residential
Weighted average LTV	55.5% (indexed)
Average loans size	NOK 2.4m
Over collateralization, OC	47.6%
Rate type	Floating 96.9%, Fixed 3.1%
Amortization	Bullet/interest only 32.9%, Amortizing 66.1%
Pool type	Dynamic
Loans originated by	Nordea Eiendoms kreditt

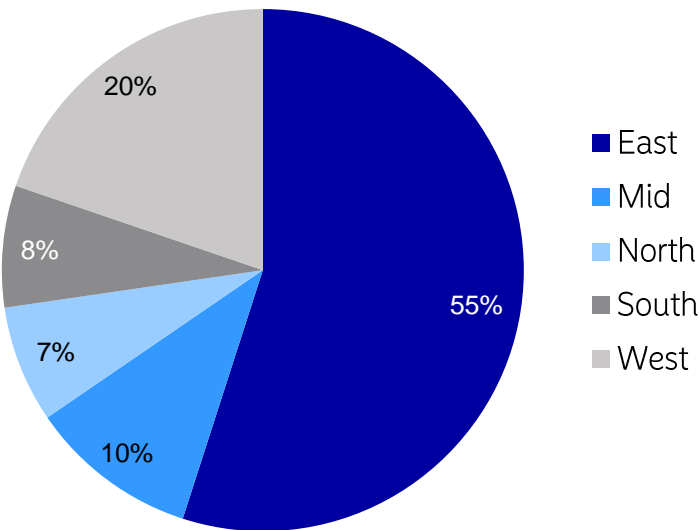
# Cover pool key characteristics (2)

Q3 2024

Cover pool balance by loan category



Cover pool balance by region





### 3. Asset quality

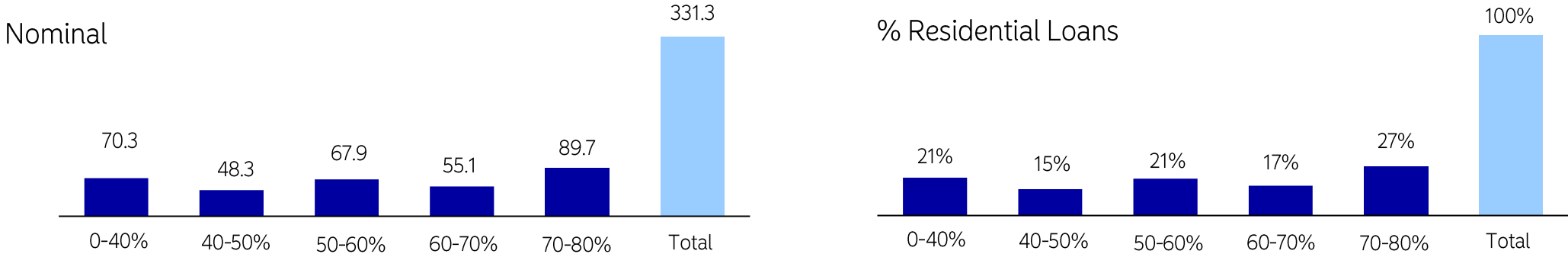


Continuous distribution where each loan can exist in multiple buckets

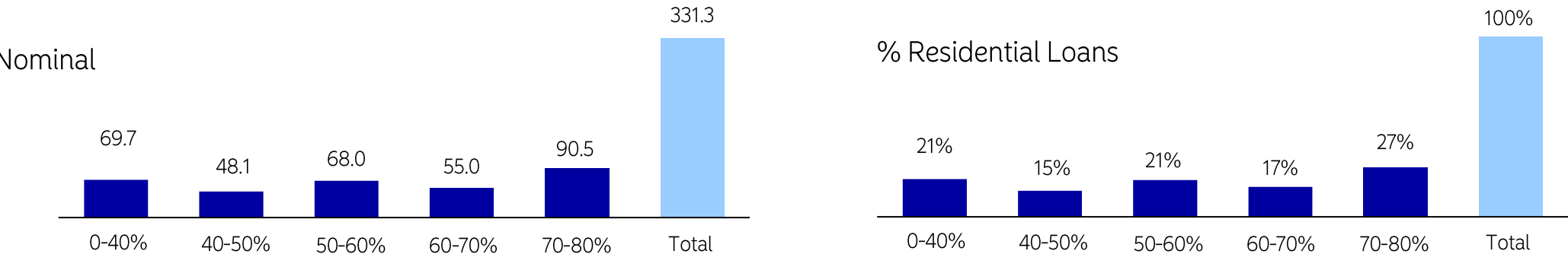
Loan To Value (LTV)\*

Q3 2024

Weighted Average LTV – Indexed – 55.5%



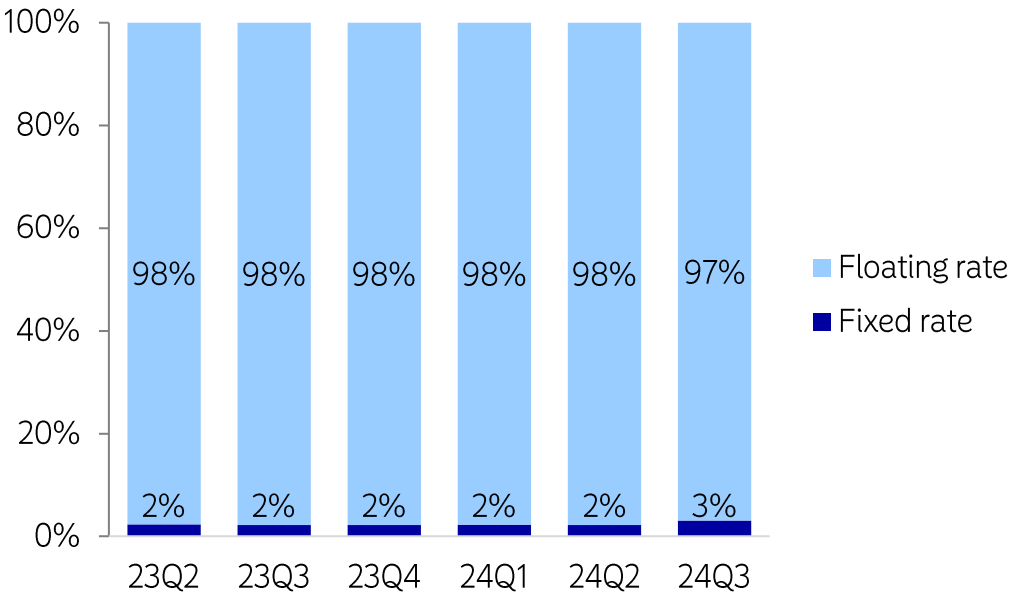
Weighted Average LTV – Unindexed – 55.6%



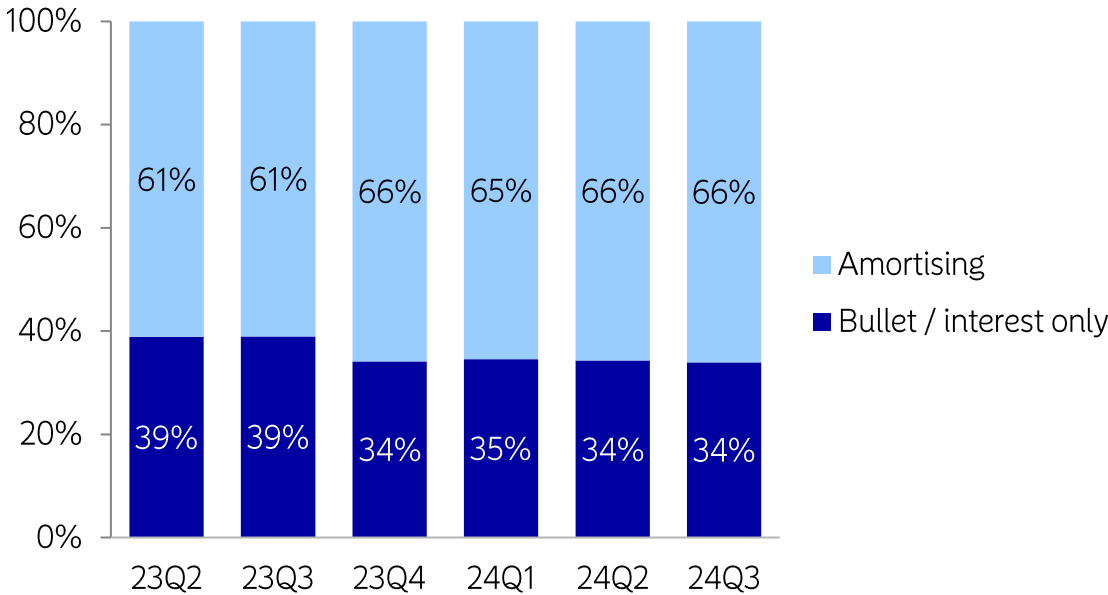
# Loan structure

Q3 2024

Rate type



Repayment



# Underwriting criteria

## Regulation

Mortgages are regulated in "Utlånsforskriften" which sets requirements on borrowers' debt to income, rent sensitivity, instalments and loan to value

## Repayment ability

- Nordea's credit decision is based on the customer's repayment ability and collateral is always taken
- Repayment ability is stress tested towards 3 % increase on interest rate on all debt (regulated in "Utlånsforskriften")
- Retail customers are scored on monthly basis

## Payment history

Credit bureau check is always conducted, and internal/external payment remarks are assessed

## Collateral

- Nordea accepts three sources of real estate valuations:
  - a) Written statement from independent external authorized valuer
  - b) eTakst from Real Estate Agent
  - c) Use of statistical market value delivered by "Eiendomsverdi" (used by most banks and real estate agents in Norway)
- Information from Norwegian official property register in order to secure correct real estate ownership and priority

## 4. Covered bond framework



# Norwegian covered bond framework

## Legal framework

- Financial Undertakings Act (Act. No. 17 of 10 April 2015, Norwegian: Finansforetaksloven), which was recently amended on 8 July 2022 to implement the European Covered Bond Directive

## Registration and independent inspector

- A mortgage credit institution shall for each cover pool establish a register of loans, cover assets, derivative contracts and covered bonds
- The institution shall appoint an independent inspector for the purpose of monitoring the register and compliance with matching cover requirements

## Limit on LTV ratio – based on the current value

- 80% for residential property (however, 60% in case of vacation property)
- 60% for other real estate

## Matching cover requirements

- The value of the cover pool shall at all times exceed the value of covered bonds by minimum 5% with a preferential claim over the pool for bondholders and derivative counterparties

## Liquidity requirements

- The mortgage credit institution shall ensure that the payment flows from the cover pool enable the mortgage credit institution to honour its payment obligations towards holders of covered bonds and derivative counterparties at any and all times

## Liquidity buffer requirements

- The cover pool must include a liquidity buffer in an amount covering the net liquidity outflow during the next following period of 180 days
- For covered bonds with an extendable maturity, the extended maturity date may be used when calculating the net liquidity outflow

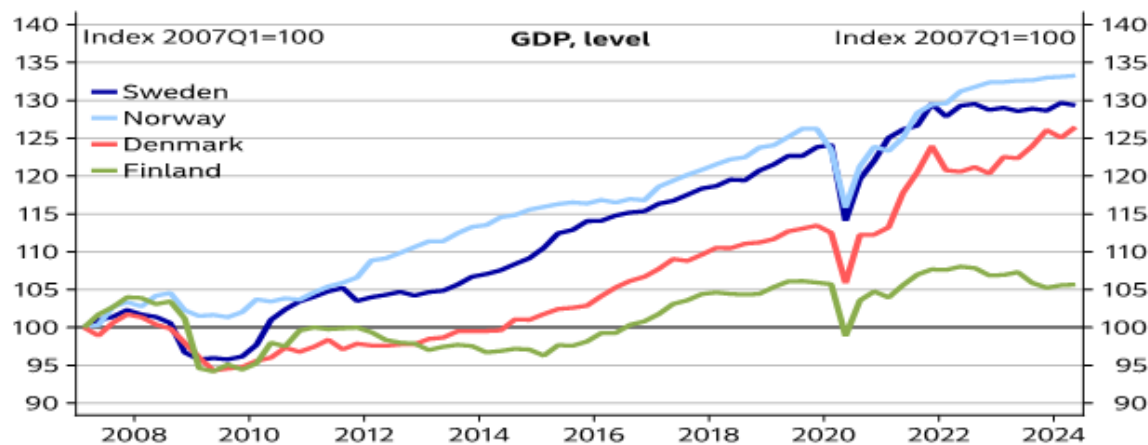


## 5. Macroeconomy



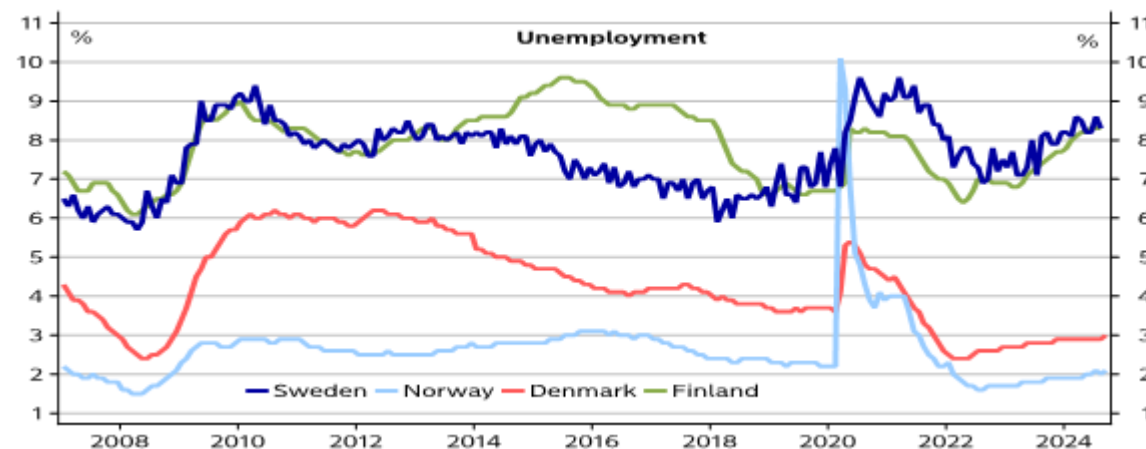
## Activity picks up

### GDP



- The Nordic economies have shown mixed trends on the back of surging inflation and higher interest rates. However, the overall economic development has been better than previously anticipated.
- Activity is expected to pick up in the Nordics going forward on the back of lower interest rates.
- The labour market is still under pressure and expected to further weaken before stabilising.

### Unemployment rate

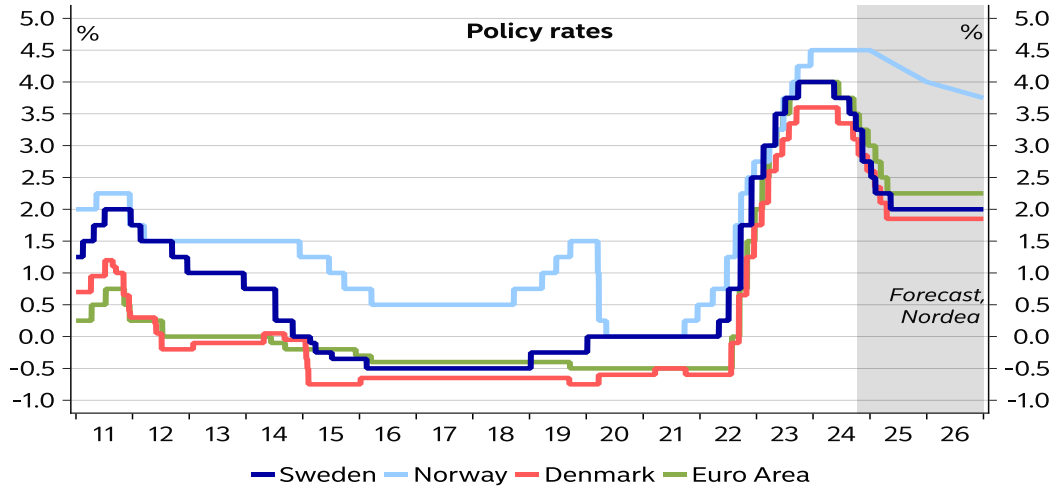


### GDP, % y/y, Economic Outlook September 2024

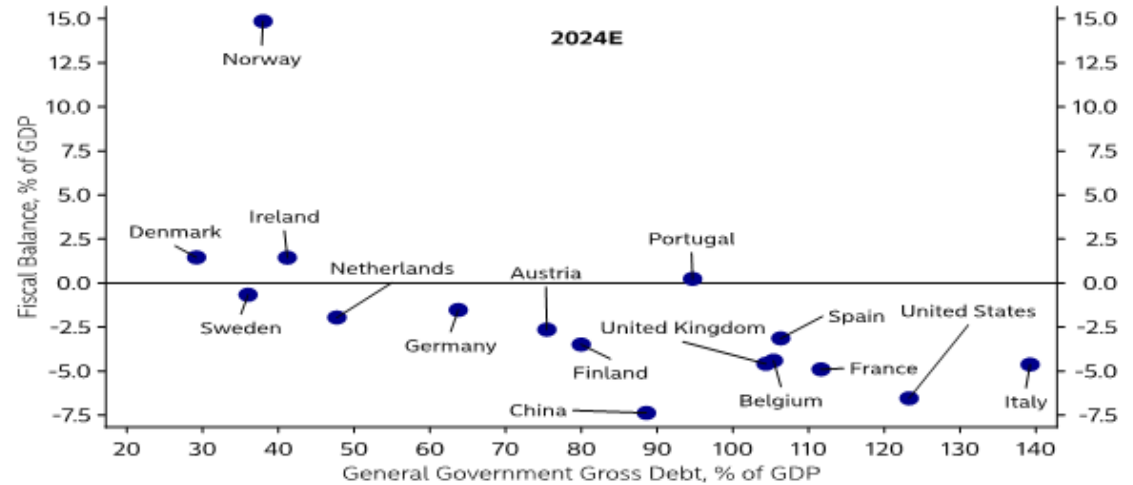
Country	2023	2024E	2025E	2026E
Denmark	2.5	1.5	1.7	1.7
Finland	-1.2	-0.5	1.5	2.0
Norway (mainland)	0.7	0.7	1.6	2.0
Sweden	-0.1	0.9	1.9	2.6

## Precision play

### Policy rates



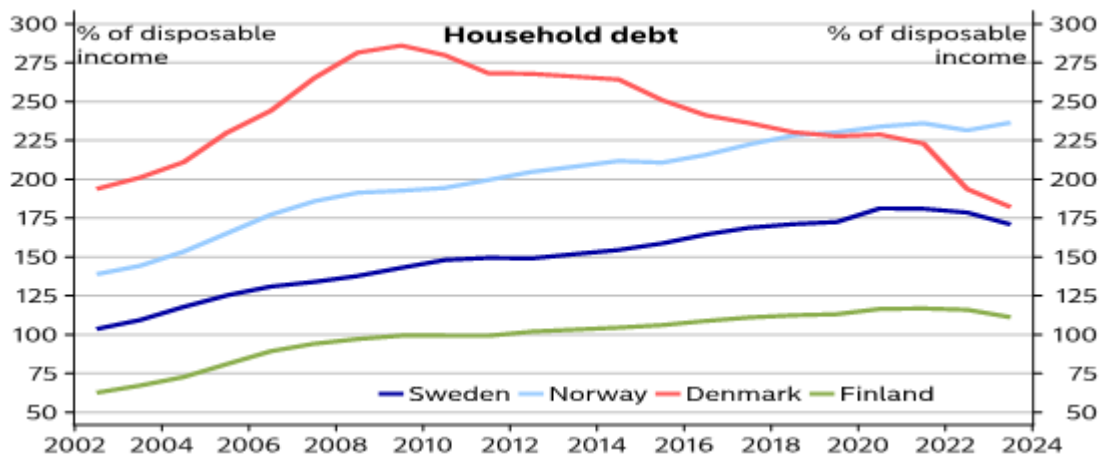
### Public balance/debt, % of GDP, 2024E (IMF)



- The Riksbank and the ECB lowered their policy rates by 0.25 percentage points to 3.25% and 3.50%, respectively, in September
- The Riksbank is expected to cut the policy rate by 0.5 percentage points in November and 0.25 percentage points in December, according to Nordea's forecast. Two more rate cuts are expected in the first half of next year, bringing down the policy rate to 2.00%
- The ECB is expected to lower rates by 0.25 percentage points each meeting, until they reach 2.25% in April 2025
- Norges Bank is expected to stay on hold this year but cut the policy rate by 0.50 percentage points next year, from 4.50 to 4.00%
- Norges Bank will cut one more time in 2026, according to Nordea's forecast, while the other central banks stay on hold
- Solid public finances will help Nordic governments to support the economic recovery ahead

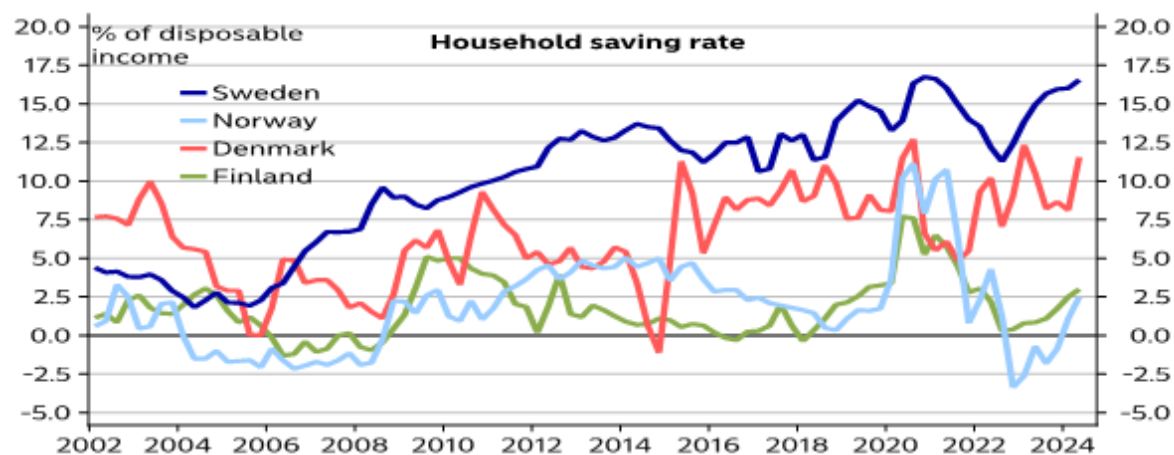
## Purchasing power is increasing, but from low levels

### Household debt

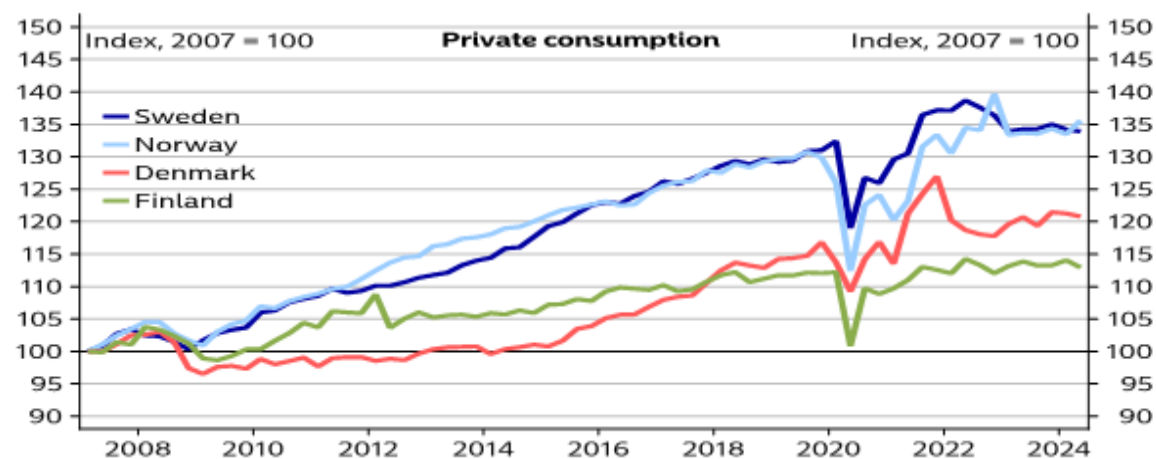


- Household consumption in most of the Nordics will only increase modestly throughout the rest of the year due to a continued high interest burden
- Danish and Norwegian households are expected to fare better than their Nordic counterparts, primarily due to higher positive real wage growth
- Going forward, households' purchasing power will continue to improve as inflation normalises, wage growth remains higher-than-normal and the debt burden eases

### Household savings

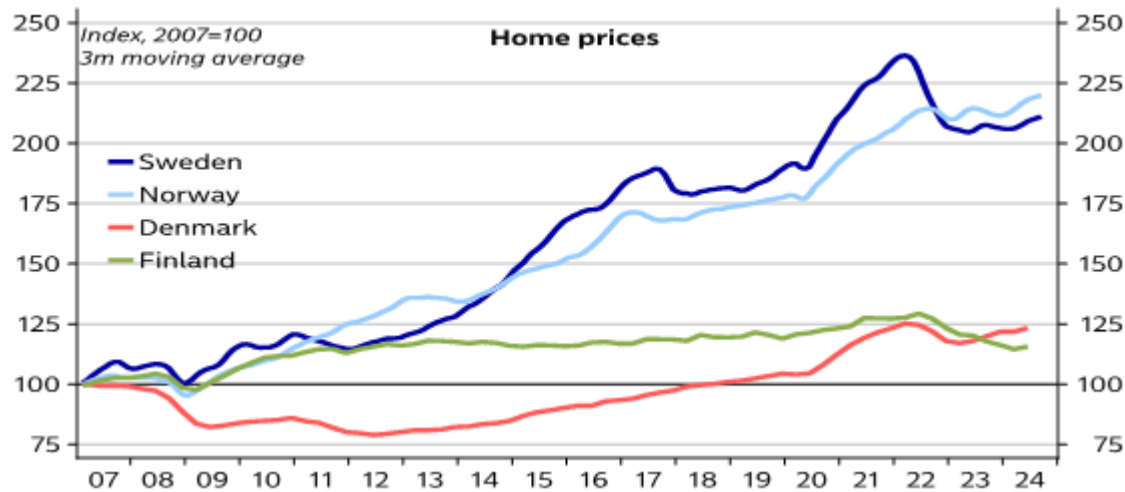


### Private consumption

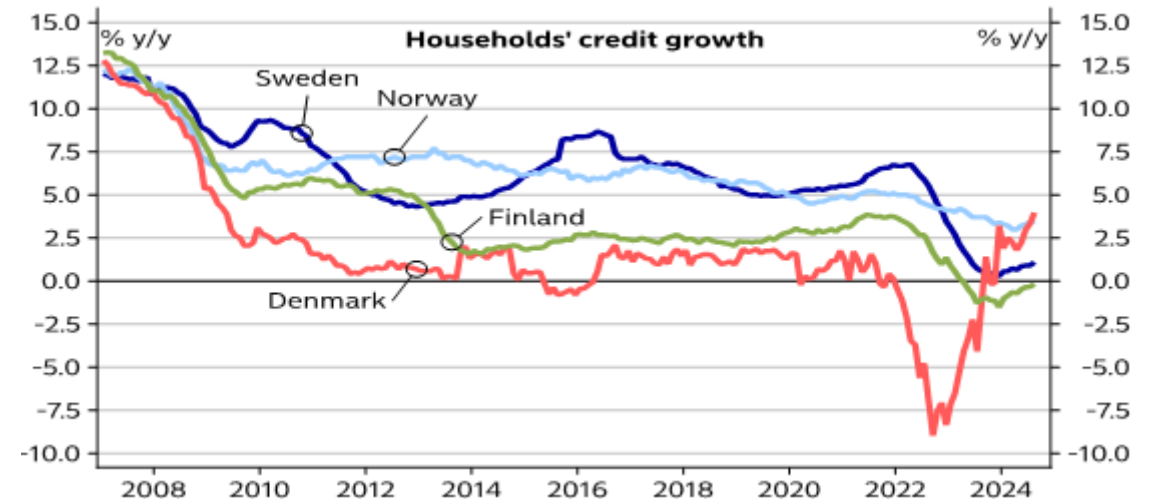


## Brighter outlook

### Home prices



### Households' credit growth



- Home prices have stabilised in the Nordics and modestly started to increase
- Monetary policy will remain restrictive this year despite most central banks commencing their policy rates cutting cycles. Accordingly, home prices in most of the Nordics are expected to only gradually recover going forward
- In addition, the higher-than-normal supply of homes suggests there is room for the markets to absorb a higher demand, without sharp price increases
- Households' credit growth has stabilised close to zero in Sweden and Finland. Credit growth is expected to increase as central banks continue to cut their policy rates

## 6. Further information





# Nordea Eiendoms kreditt – outstanding benchmark covered bonds

Q3 2024

Breakdown by ISIN				
ISIN	Currency	Amount (EURm)	Maturity	Coupon
NO0010873334	NOK	36,300	19/03/2025	FRN
NO0010893282	NOK	35,000	16/09/2025	FRN
NO0010981301	NOK	27,400	18/03/2026	FRN
NO0010852650	NOK	6,000	22/05/2026	2.170%
NO0011151771*	NOK	7,000	17/09/2026	FRN
NO0012513532	NOK	26,050	17/03/2027	FRN
NO0012829763	NOK	27,700	02/02/2028	FRN
NO0013072991*	NOK	7,000	22/11/2028	FRN
NO0013134684	NOK	26,450	23/02/2029	FRN
NO0013334169	NOK	7,000	17/09/2029	FRN
NO0012720988	NOK	7,500	12/10/2029	4.000%

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