



Nordea

Q1 2024 Debt investor presentation
Nordea Hypotek Covered Bonds





Table of contents

1. In brief	3
2. Cover pool key characteristics	6
3. Asset quality	9
4. Covered bond framework	13
5. Macroeconomy	16
6. Further information	20

1. In brief

Covered bonds

Nordea covered bond operations

	Nordea Eiendoms kreditt	Nordea Hypotek	Nordea Kredit	Nordea Mortgage Bank
<i>Four aligned covered bond issuers with complementary roles</i>				
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 27.5bn (eq.)	EUR 60.0bn (eq.)	Balanced principle	Pool 1: EUR 16.6bn/ Pool 2: EUR 8.3bn
Covered bonds outstanding	EUR 18.9bn (eq.)	EUR 34.8bn (eq.)	EUR 57.8bn (eq.)*	Pool 1: EUR 14.5bn/ Pool 2: EUR 6.8bn
OC	45%	72%	7%*	Pool 1: 14% / Pool 2: 23%
Issuance currencies	NOK	SEK	DKK, EUR	EUR
Rating (Moody's / S&P)	Aaa / -	Aaa / -	- / AAA	Aaa / -
Outstanding green covered bonds	EUR 1.25bn	EUR 1.1bn	EUR 2.1bn	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](#)



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

Nordea Hypotek– overview

Q1 2024



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



Grants long-term loans to Swedish households, municipalities, municipal housing companies and corporates



Licensed by the Swedish Financial Supervisory Authority to issue covered bonds (Säkerställda Obligationer) according to the Swedish Covered Bond Act



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

MOODY'S

Covered bonds rated Aaa by Moody's

2. Cover pool characteristics

Cover pool key characteristics

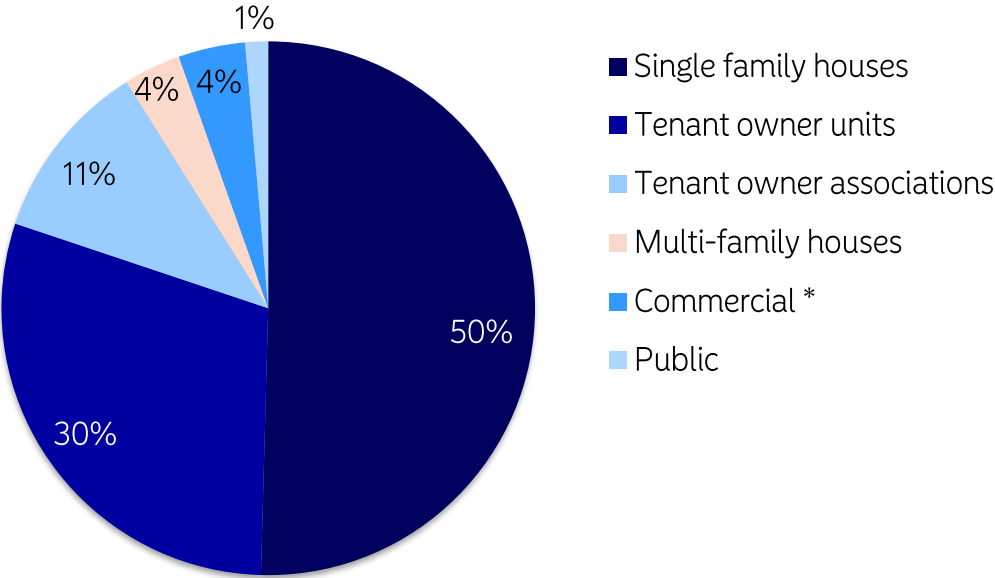
Q1 2024

Cover pool summary	
Loans in cover pool	SEK 691.8bn
Outstanding covered bonds	SEK 401.2bn
Cover pool content	Mortgage loans secured by residential or commercial property. Loans to public sector
Geographic distribution	Throughout Sweden with concentration to urban areas
Asset distribution	94.6% residential, 2.3% commercial, 1.7% agricultural, 1.4% public sector
Weighted average LTV*	54.1% (indexed)
Average loans size*	SEK 796.3k
Over collateralization, OC	72%
Rate type**	Floating 64.6%, Fixed 35.4%
Amortization**	Bullet/ interest only 37.7%, Amortizing 62.3%
Pool type	Dynamic
Loans originated by	Nordea Hypotek

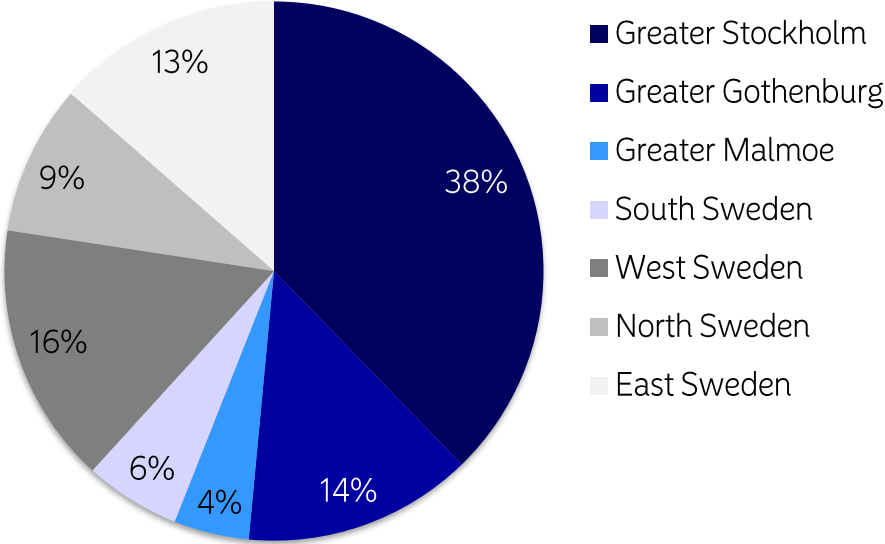
Cover pool key characteristics (2)

Q1 2024

Cover pool balance by loan category



Cover pool balance by region**



* of which 1.7% agricultural

** excluding Public sector

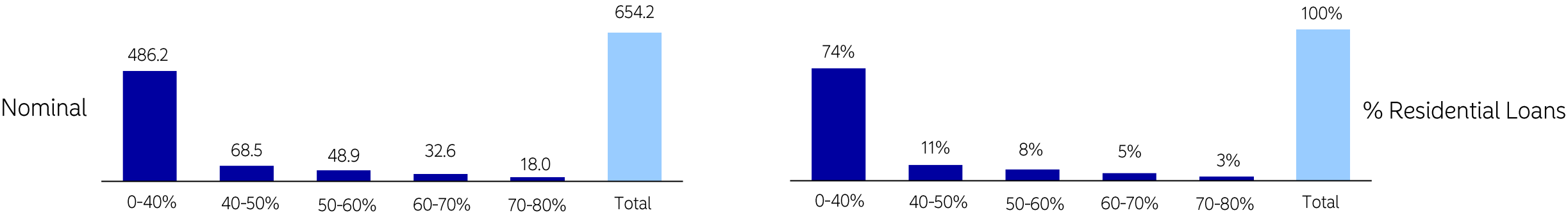
3. Asset quality

Continuous distribution where each loan can exist in multiple buckets

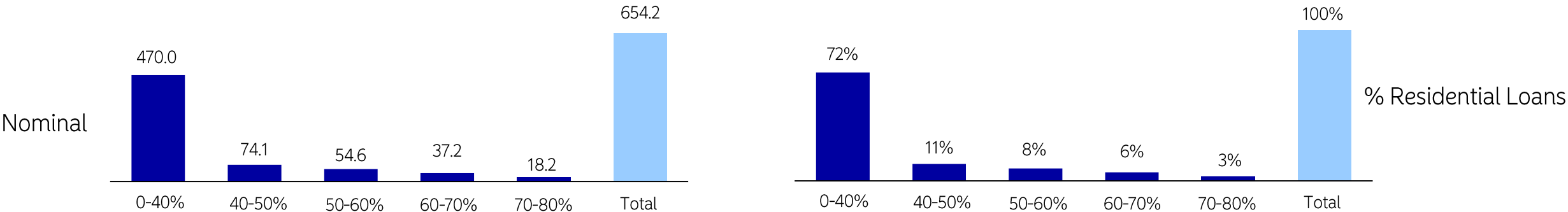
Loan To Value (LTV)*

Q1 2024

Weighted Average LTV – Indexed – 54.1%



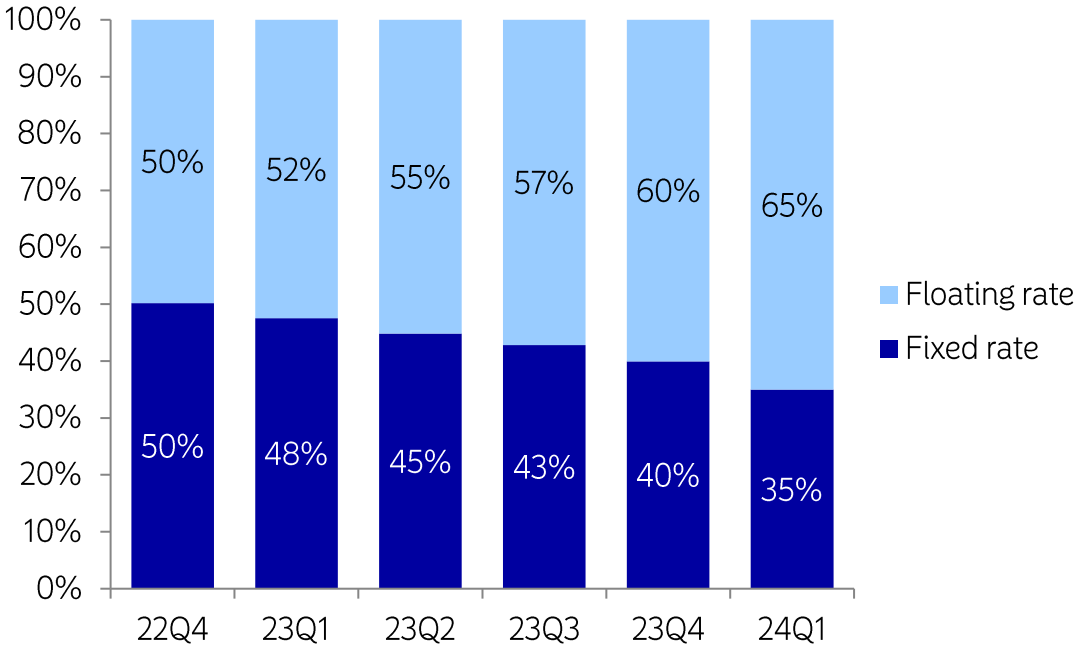
Weighted Average LTV – Unindexed – 56.6%



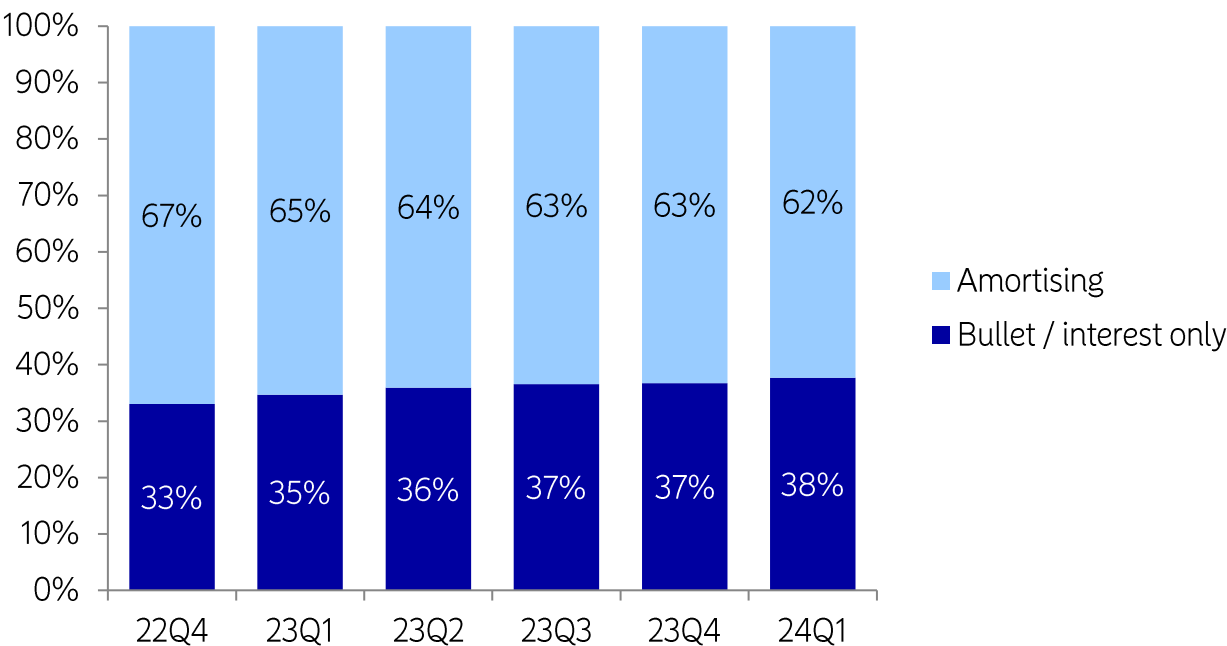
Loan structure

Q1 2024

Rate type



Repayment



Underwriting criteria

Private households

- Track record and income checked via UC and Tink
- Always household budget "before-after" with buffer requirement and stress test including behavioral analysis
- Individual valuation of the pledged property

Corporates/ Municipalities

- Financial analysis with adjustments to market conditions
- Verification of key ratios and other requirements in Nordea general real estate lending policy
- Rating according to Nordea's in-house models
- Individual valuation of the pledged property
- Yearly reassessments

4. Covered bond framework

Swedish covered bond framework

Legal framework

- Swedish Covered Issuance Act (SFS 2003:1223), came into force 1 July 2004 and amended on 8 July 2022 in order to implement the European covered bond directive

Registration

- An issuing institution is required to maintain a register on covered bonds, the cover pool and, if applicable, derivative agreements

Limit on LTV ratio – based on the current value

- 80% for housing loans (residential property)
- General limit of 60% for commercial loans (commercial property), and 70% if conditions of CRR Article 129 are met. Nordea Hypotek qualifies for and use the 70% limit

Matching rules

- The nominal value and net present value of the cover pool must at all times exceed the aggregate nominal value and the net present value of any claims (including estimated winding-down costs) that may be brought against the issuing institution in respect of covered bonds by a minimum of 2%
- The issuing institution must ensure that the flow of payments regarding assets in the cover pool, derivative agreements and covered bonds are such that the institution is, at all times, able to fulfil its payment obligations towards the holders of covered bonds and counterparties in derivative agreements

Liquidity buffer requirements

- The cover pool must include a liquidity buffer in an amount covering the maximum 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

Independent inspector

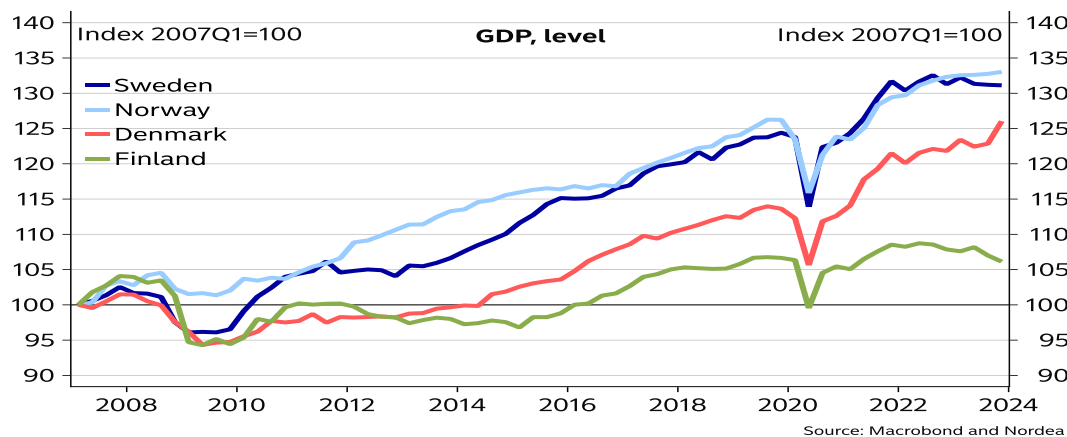
- Finansinspektionen will appoint an independent inspector for each issuing institution
- The inspector is required to look after that the register is maintained in a correct manner and in accordance with the provisions of the Act

5. Macroeconomy

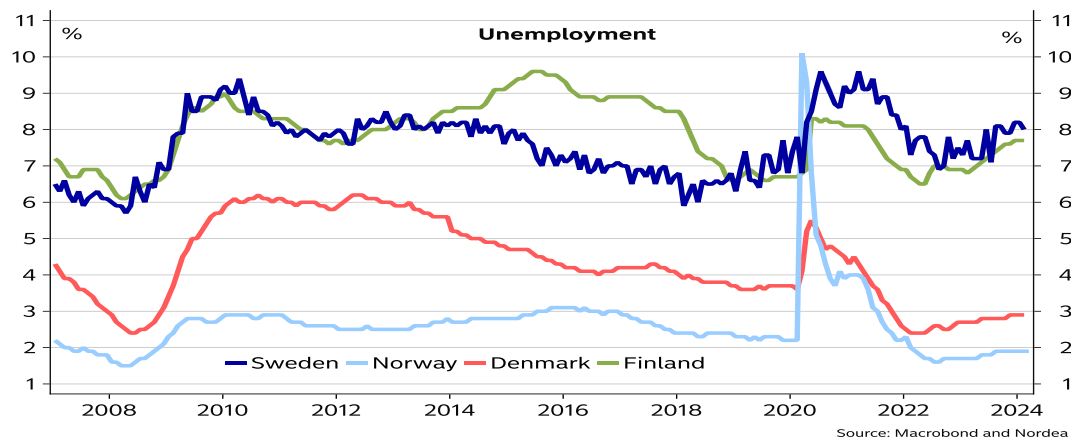
Nordic economic development

Recovery continues

GDP



Unemployment rate



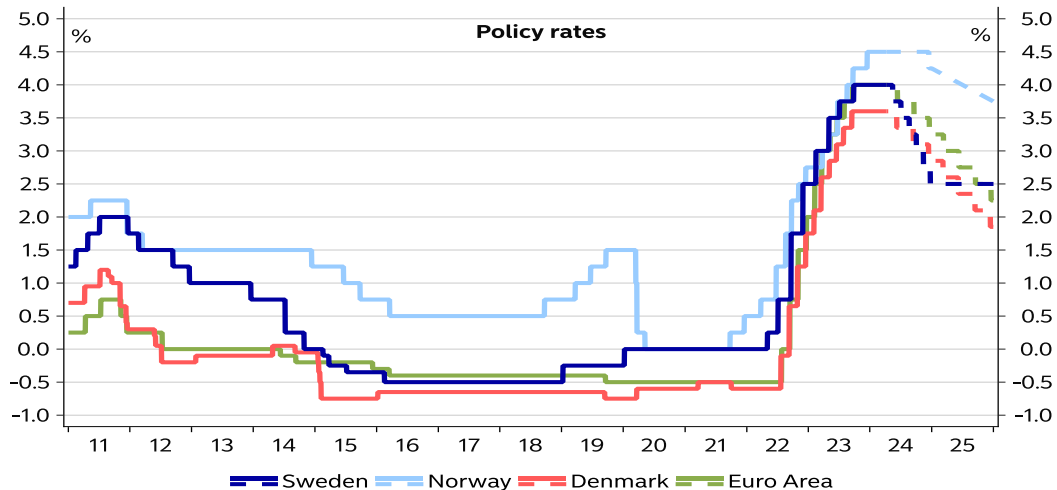
- The Nordic economies have shown mixed trends on the back of surging inflation and higher interest rate. However, the economic development has generally been better than previously anticipated.
- Normalising inflation and central banks moving closer to cutting policy rates this year should ease financial conditions going forward.
- The labour market is expected to further weaken before stabilising during the second half of 2024.

GDP, % y/y, Economic Outlook January 2024

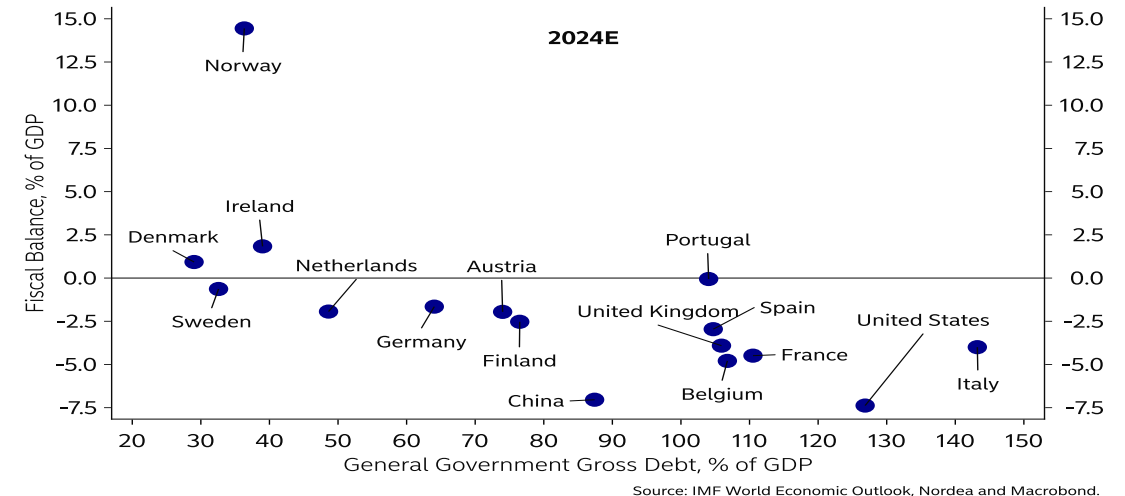
Country	2022	2023	2024E	2025E
Denmark	2.7	1.9	1.0	1.7
Finland	1.3	-1.0	-1.0	2.0
Norway (mainland)	3.7	0.7	1.0	1.5
Sweden	2.7	0.0	-0.5	2.2

Central banks moving closer to cutting policy rates

Policy rates



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

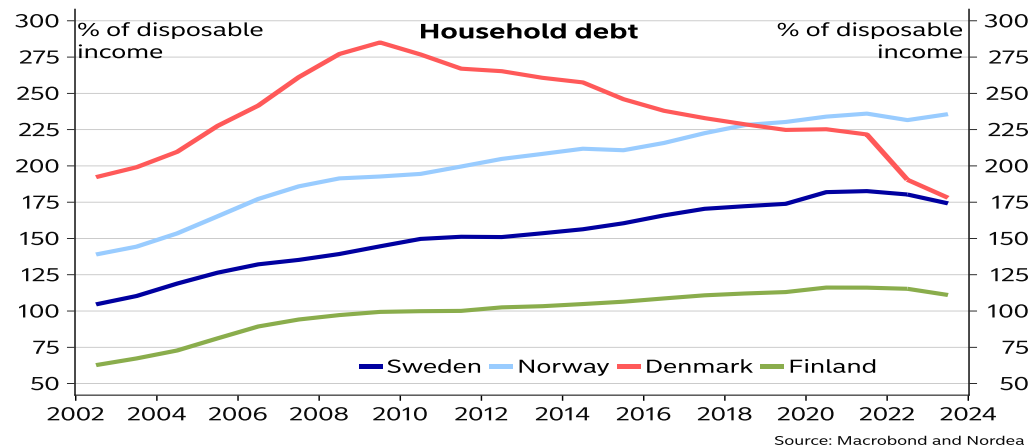


- The Swedish Riksbank, ECB, Danmarks Nationalbank and Norges Bank are not expected to raise policy rates any further
- The Riksbank is expected to start cutting the policy rate in May, by 0.25 percentage points to 3.75%, and cut five additional times during this year to 2.50% in December, according to Nordea Market's forecast. The ECB will start cutting the policy rates in June and thereafter lower the level by 0.25 percentage points each quarter until they reach 2.25%
- Norges Bank is expected to cut the policy rate by 0.75 percentage points, from 4.50 to 3.75%, until year-end 2025
- The ECB and the Riksbank are reducing their balance sheets
- Policy rates are expected to remain well above pre-pandemic levels, despite the expected rate cuts
- Solid public finances will help Nordic governments to support the economic recovery ahead

Households

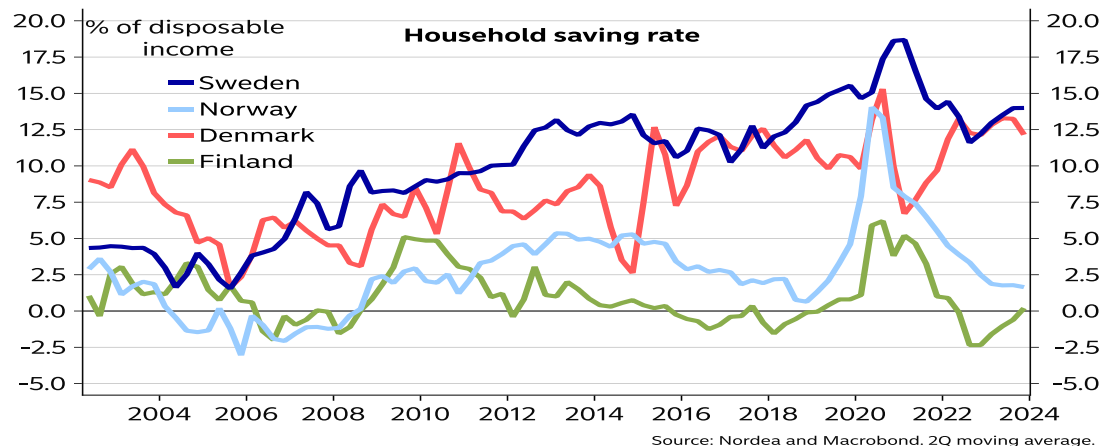
High savings rates and sluggish consumption

Household debt

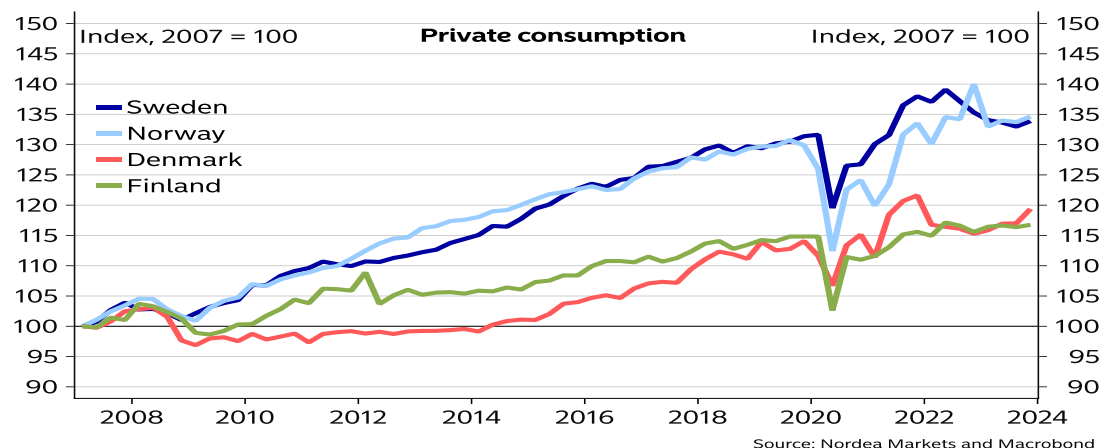


- Household consumption will remain sluggish due to high interest rates. Denmark and Norway is expected to recover faster than their Nordic counterparts
- Households' purchasing power will continue to improve as inflation normalise, and wage growth remains higher than before the pandemic
- In most of the Nordics, households' debt ratios have decreased whilst savings rate have increased

Household savings

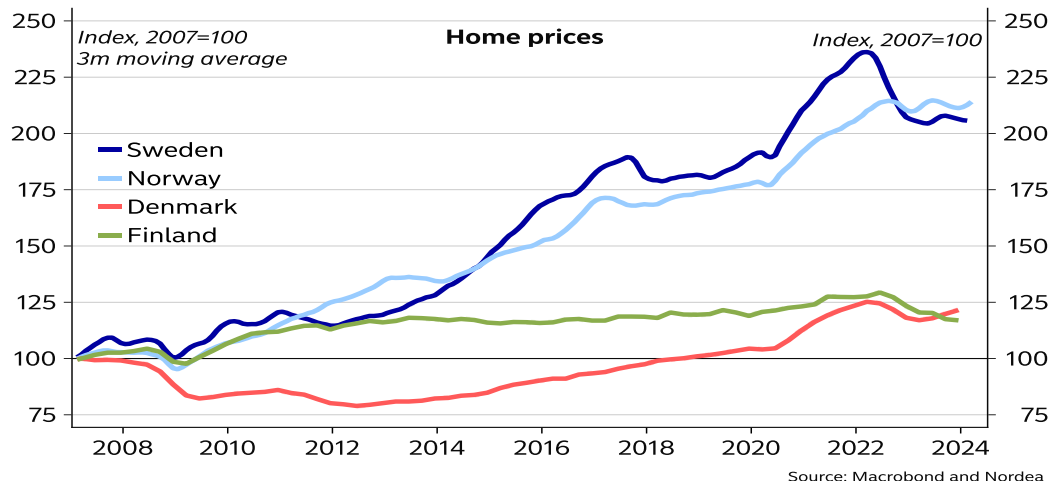


Private consumption

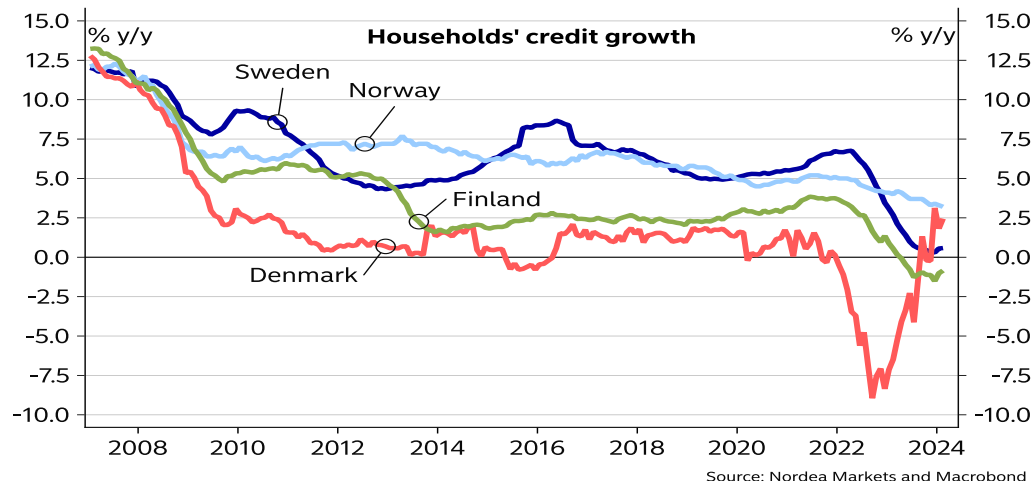


Stabilisation across the Nordic countries

Home prices



Households' credit growth



- Home prices have stabilised in Sweden and Norway at the start of this year, likely attributed to households' expectations of lower interest rates. Developments were mixed last year in the Nordics following the record-high levels in 2022
- Monetary policy will remain restrictive for the better part of 2024 despite central banks starting to cut rates
- Home prices are expected to bottom out by the summer and to recover gradually in the second half of this year
- Households' credit growth has stabilised close to zero in Sweden and Finland. Norwegian credit growth remains high but continues to slow down. In Denmark, credit growth has bounced back from record low levels

6. Further information

Nordea Hypotek – outstanding benchmark covered bonds

Q1 2024

Breakdown by ISIN				
Serial no.	Currency	Amount (m)	Maturity	Coupon
5534	SEK	73 128	18/09/2024	1%
5535	SEK	82 800	17/09/2025	1%
5536	SEK	75 550	16/09/2026	0.5%
5537	SEK	63 100	16/06/2027	1%
5731	SEK	6 000*	25/11/2027	3.375%
5538	SEK	51 450	20/09/2028	3.5%
5733	SEK	6 000*	27/10/2028	4.0%
5539	SEK	28 500	26/10/2029	3.5%

Contacts

Investor Relations

Maria Caneman

Head of Debt IR and Ratings
Tel: +46 10 156 50 19
Mobile: +46 768 24 92 18
maria.caneman@nordea.com

Group Treasury

Cecilia Tannerfeldt

Lead Dealer
Tel: +46 8 407 91 05
Mobile: +46 733 21 44 33
cecilia.tannerfeldt@nordea.com

Morten Kiel

Head of Covered bonds
Tel: +45 3333 1875
Mobile: +45 6177 3100
morten.keil@nordea.com