

An aerial photograph of a city, likely Stockholm, Sweden, featuring a prominent church spire, historic buildings, and a harbor with a large ship docked. The sun is low on the horizon, creating a warm glow.

Nordea

Q2 2024 Debt investor presentation
Nordea Hypotek Covered Bonds

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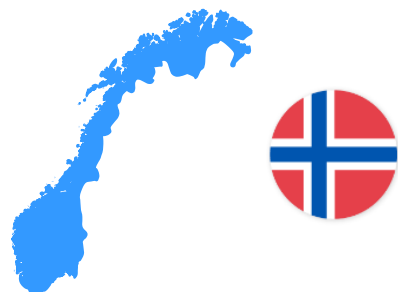
1. In brief

Covered bonds

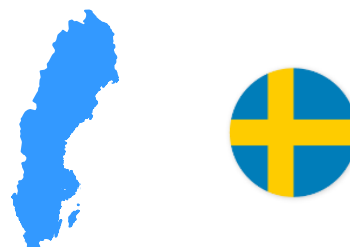
Nordea covered bond operations

Four aligned covered bond issuers with complementary roles

Nordea Eiendoms kreditt



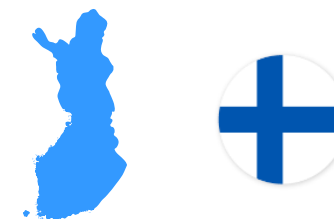
Nordea Hypotek



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 27.8bn (eq.)	EUR 60.1bn (eq.)	Balanced principle	Pool 1: EUR 13.5bn/ Pool 2: EUR 10.9bn
Covered bonds outstanding	EUR 18.7bn (eq.)	EUR 34.6bn (eq.)	EUR 59.0bn (eq.)*	Pool 1: EUR 11.5bn/ Pool 2: EUR 7.8bn
OC	49%	74%	7%*	Pool 1: 18% / Pool 2: 41%
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 2.1bn	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](#)



¹⁾ 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 Hypotek– overview

Q2 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

Q2 2024

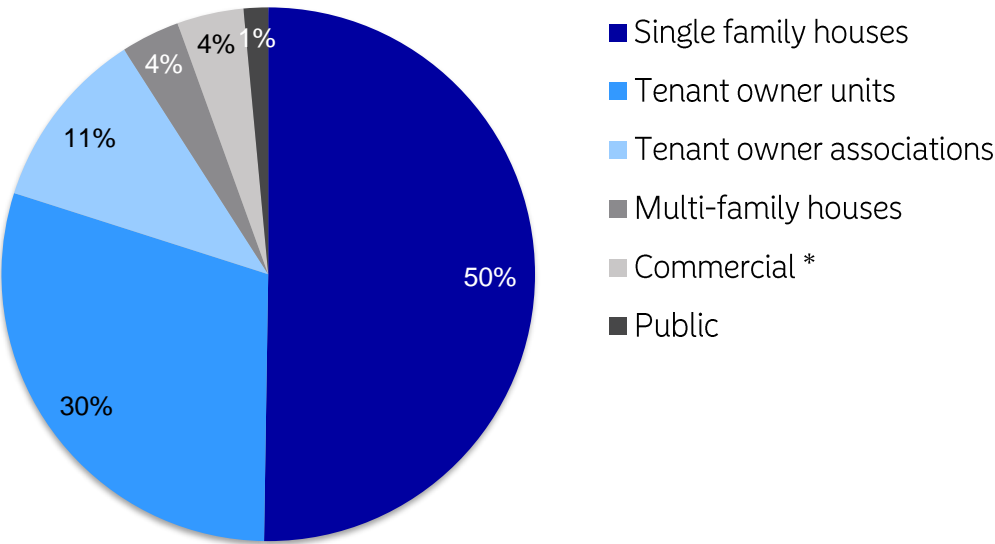
Cover pool summary

Loans in cover pool	SEK 697.0bn
Outstanding covered bonds	SEK 401.6bn
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	94.5% residential, 2.3% commercial, 1.7% agricultural, 1.5% public sector
Weighted average LTV*	54.2% (indexed)
Average loans size*	SEK 801.2k
Over collateralization, OC	74%
Rate type**	Floating 67.9%, Fixed 32.1%
Amortization**	Bullet/ interest only 37.1%, Amortizing 62.9%
Pool type	Dynamic
Loans originated by	Nordea Hypotek

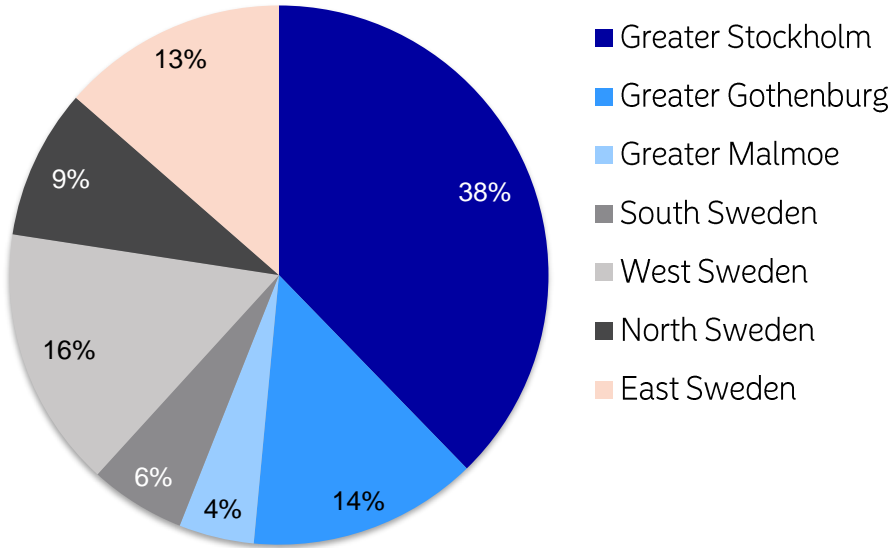
Cover pool key characteristics (2)

Q2 2024

Cover pool balance by loan category



Cover pool balance by region**



* of which 1.7% agricultural

** excluding Public sector

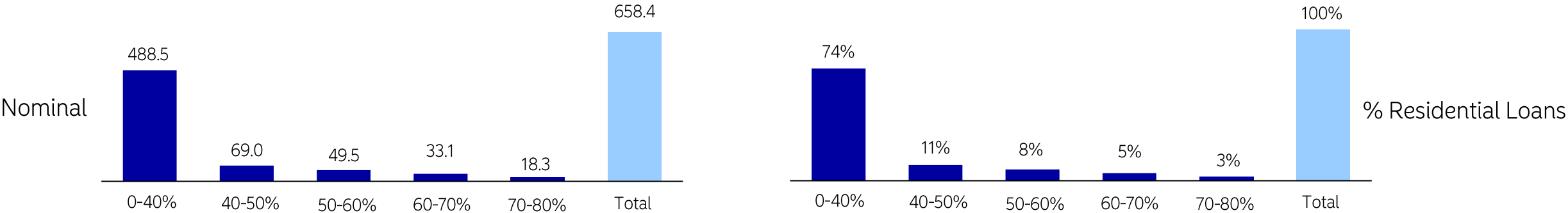
3. Asset quality

Continuous distribution where each loan can exist in multiple buckets

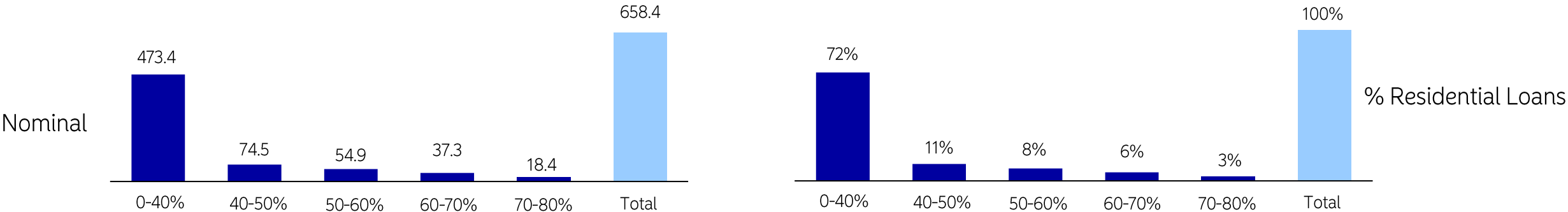
Loan To Value (LTV)*

Q2 2024

Weighted Average LTV – Indexed – 54.2%



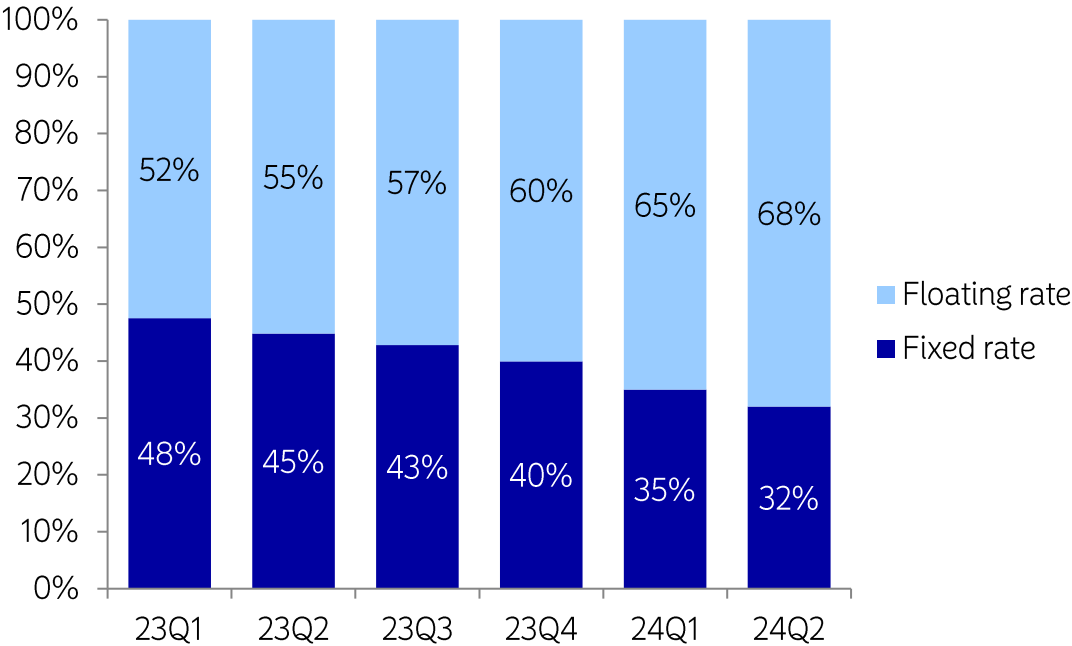
Weighted Average LTV – Unindexed – 56.5%



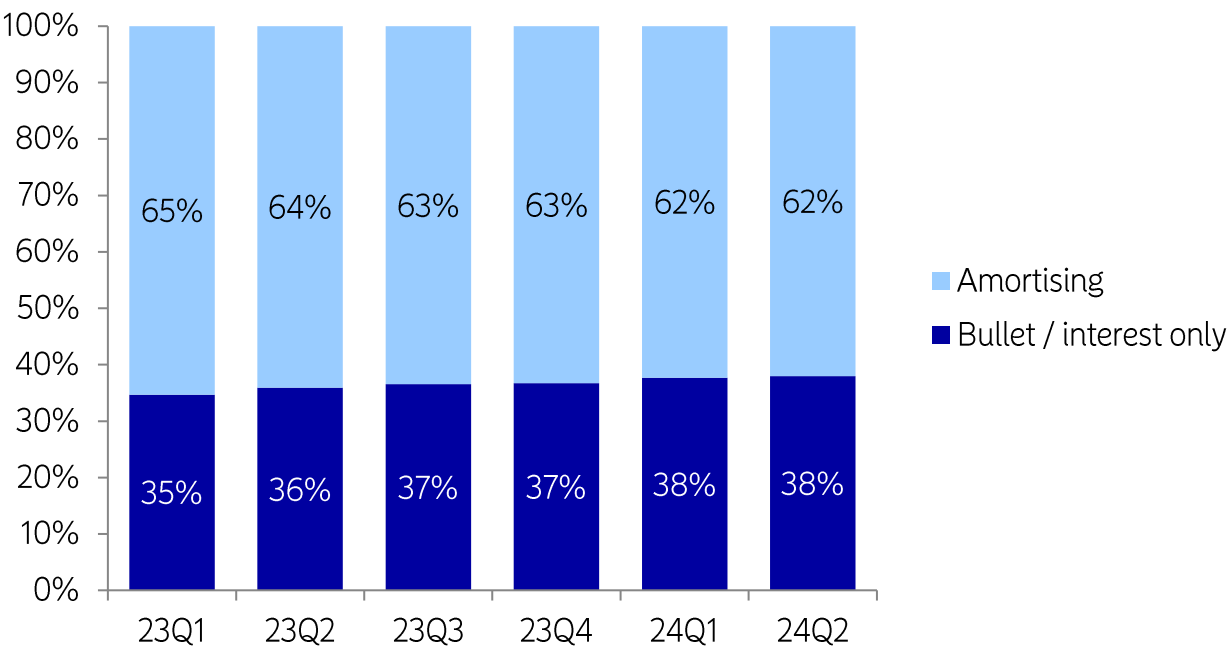
Loan structure

Q2 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

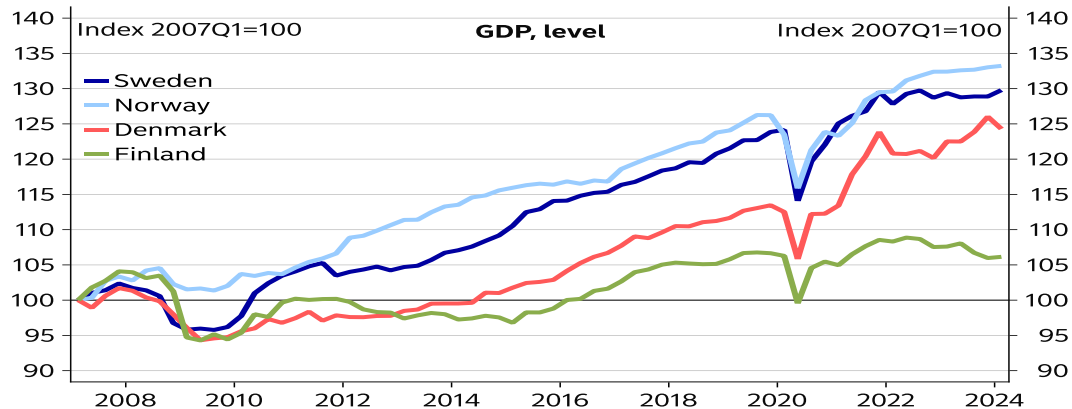
- Finansinspektionen will appoint an independent inspector for each issuing institution
- The inspector is required to look after that the register is maintained in a correct manner and in accordance with the provisions of the Act

5. Macroeconomy

Nordic economic development

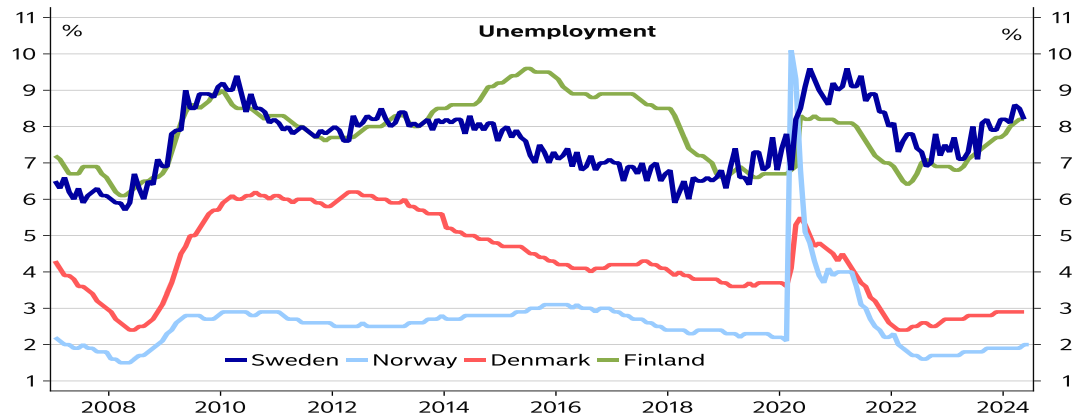
Continued normalisation

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
- Normalising inflation and lower policy rates should ease financial conditions and improve the growth outlook going forward
- The labour market is expected to weaken further before stabilising during the latter part of this year

Unemployment rate

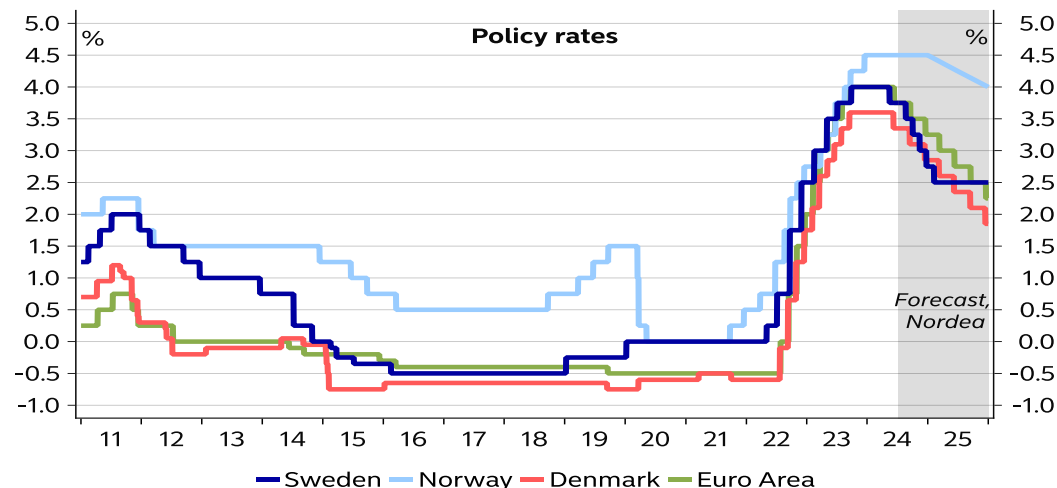


GDP, % y/y, Economic Outlook April 2024

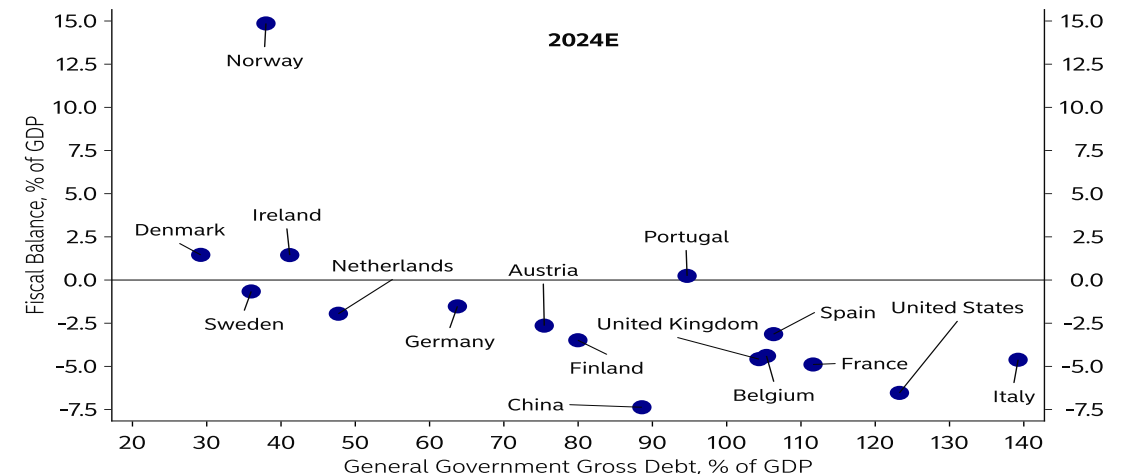
Country	2022	2023	2024E	2025E
Denmark	1.5	2.5	2.5	1.5
Finland	1.3	-1.2	-1.0	1.5
Norway (mainland)	3.7	0.7	1.0	1.7
Sweden	1.5	0.1	0.4	2.1

The policy rate cutting cycle has commenced

Policy rates



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

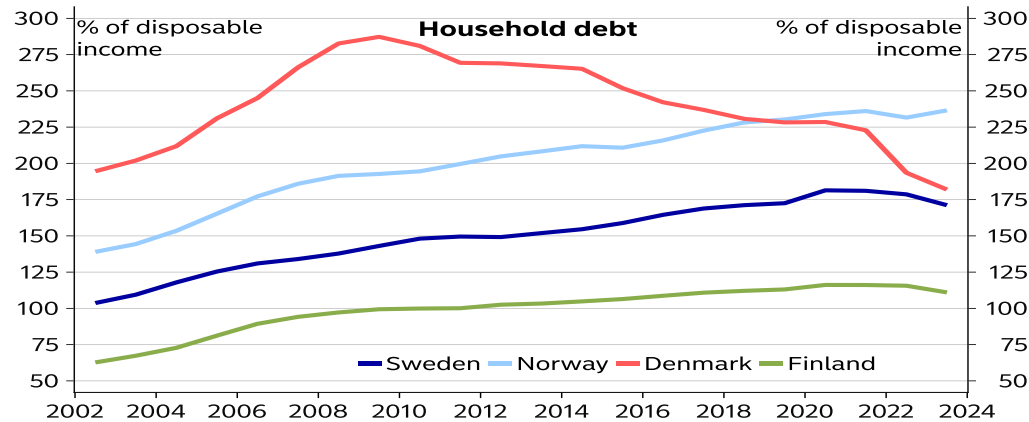


- The Riksbank cut its policy rate in May and the ECB, as well as Danmarks Nationalbank, followed suit in June
- The Riksbank is expected to cut its policy rate four additional times this year and one time in early 2025 to 2.50%
- The ECB is expected to lower rates gradually by 0.25 percentage points per quarter, until they reach 2.25% by the end of 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%
- The ECB and the Riksbank are reducing their balance sheets
- Solid public finances will help Nordic governments to support the economic recovery ahead

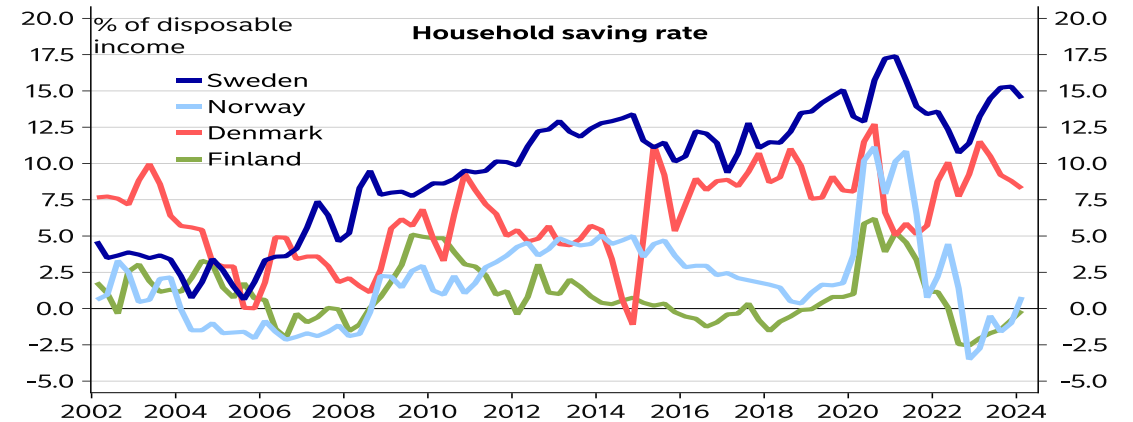
Households

Purchasing power is increasing, but from low levels

Household debt

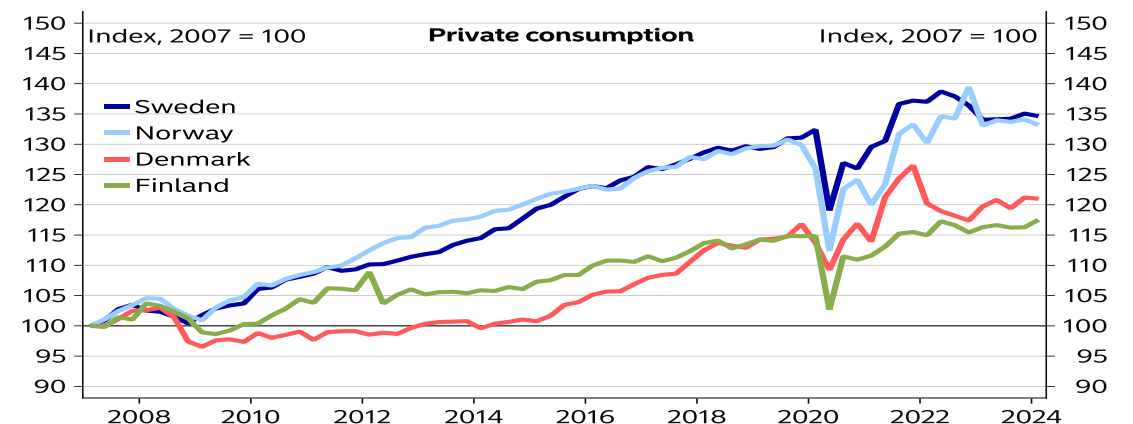


Household savings



- Household consumption will remain sluggish due to a continued high interest burden this year. Danish households are expected to fare better than their Nordic counterparts, primarily due to higher positive real wage growth
- Households' purchasing power will continue to improve as inflation normalises and wage growth remains higher than before the pandemic
- In most of the Nordics, households' debt ratios have decreased whilst savings rates have increased

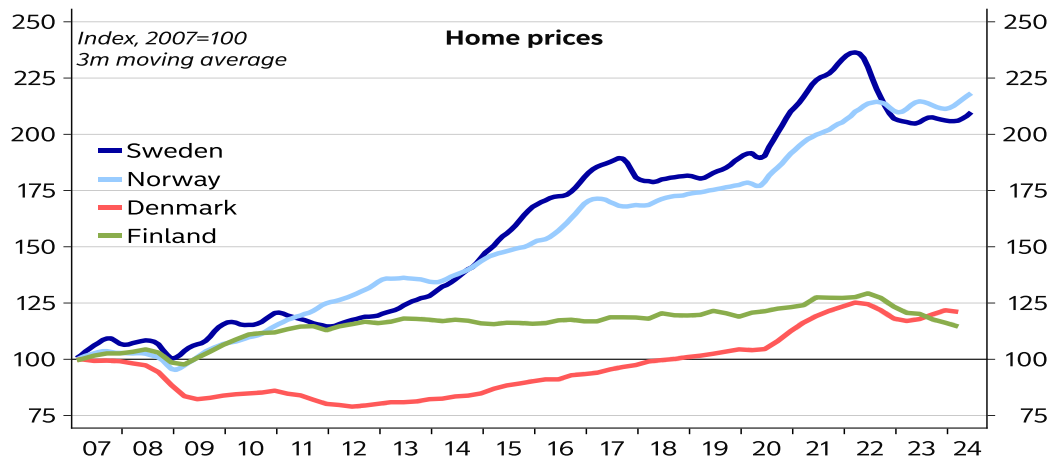
Private consumption



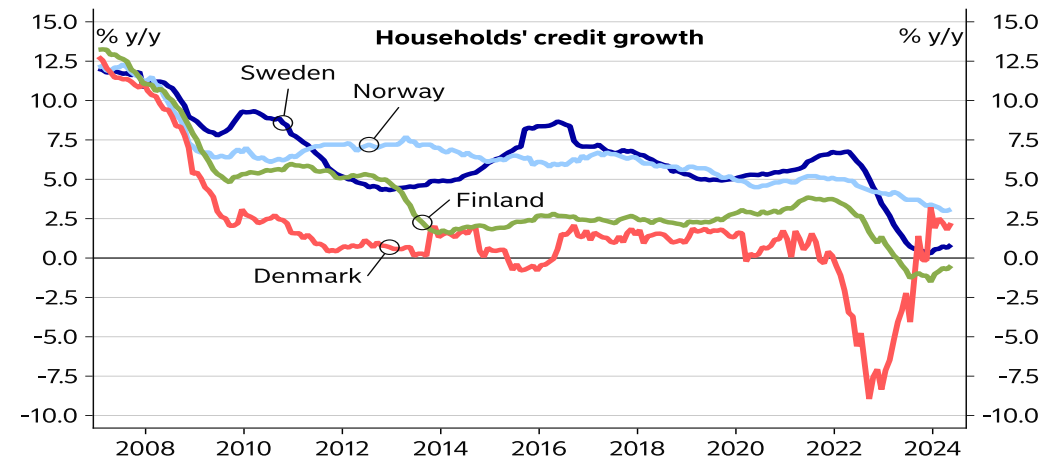
Housing markets

Stabilisation process

Home prices



Households' credit growth



- Home prices have stabilised in the Nordics, possibly attributed to households' expectations of lower interest rates. Prices have modestly started to increase in Sweden and Norway
- Monetary policy will remain restrictive for the better part of 2024 despite most central banks commencing policy rate 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 suggest 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 Hypotek – outstanding benchmark covered bonds

Q2 2024

Breakdown by ISIN				
Serial no.	Currency	Amount (m)	Maturity	Coupon
5534	SEK	58 017	18/09/2024	1%
5535	SEK	82 800	17/09/2025	1%
5536	SEK	78 550	16/09/2026	0.5%
5537	SEK	63 350	16/06/2027	1%
5731	SEK	6 000*	25/11/2027	3.375%
5538	SEK	58 300	20/09/2028	3.5%
5733	SEK	6 000*	27/10/2028	4.0%
5539	SEK	32 500	26/10/2029	3.5%

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