Q3 2024 Debt investor presentation

Nordea

Nordea Hypotek Covered Bonds

THE REPORT OF

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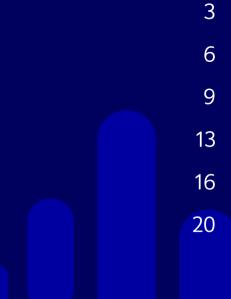
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1. In brief



Covered bonds Nordea covered bond operations



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 framework0
- 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

COVERED BOND

LABEL

Nordea Hypotek- overview

Q3 2024



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



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

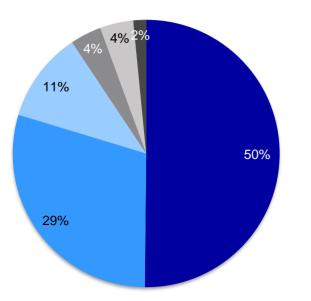
Q3 2024

Cover pool summary	
Loans in cover pool	SEK 703.9bn
Outstanding covered bonds	SEK 348.3bn
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	94.4% residential, 2.3% commercial, 1.7% agricultural, 1.6% public sector
Weighted average LTV*	53.9% (indexed)
Average loans size*	SEK 807.9k
Over collateralization, OC	102%
Rate type**	Floating 69.9%, Fixed 30.1%
Amortization**	Bullet/ interest only 36.9%, Amortizing 63.1%
Pool type	Dynamic
Loans originated by	Nordea Hypotek

Cover pool key characteristics (2)

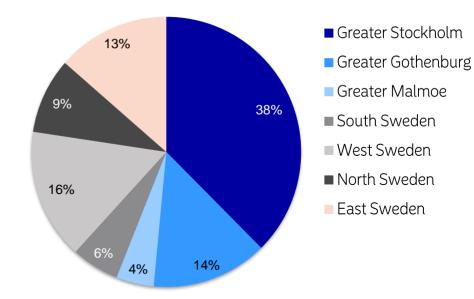
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Cover pool balance by loan category



Single family houses
Tenant owner units
Tenant owner associations
Multi-family houses
Commercial *
Public

Cover pool balance by region**



* of which 1.7% agricultural ** excluding Public sector

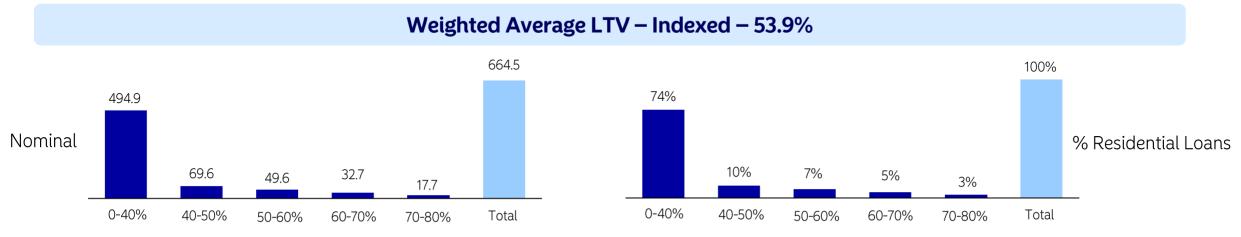
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3. Asset quality

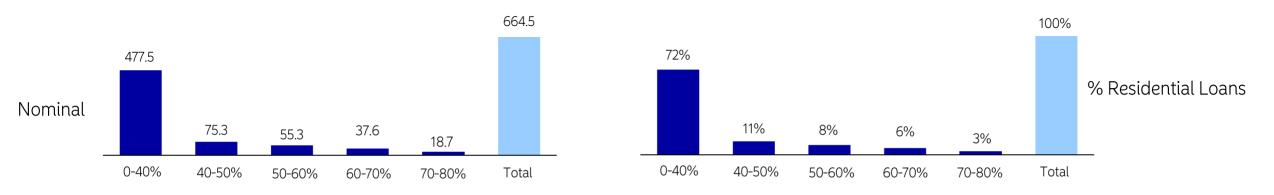


Continuous distribution where each loan can exist in multiple buckets **Loan To Value (LTV)***

Q3 2024

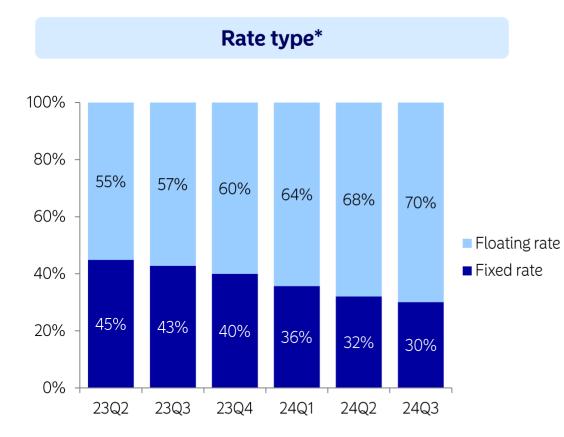


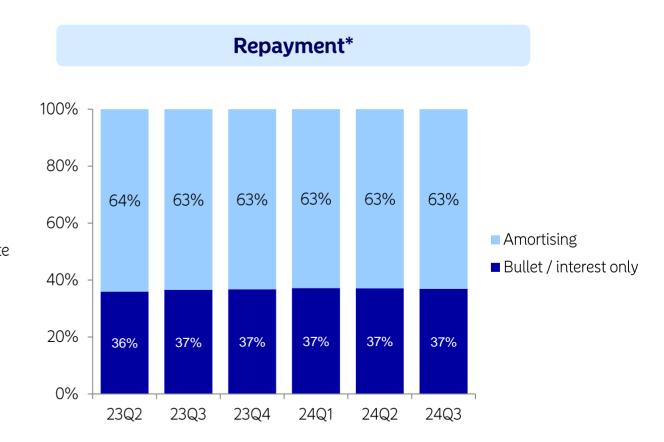
Weighted Average LTV – Unindexed – 56.6%



Loan structure

Q3 2024







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

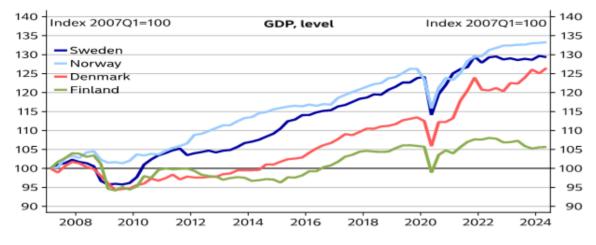
- Finansinspektionen will appoint an independent inspector for each issuing institution
- The inspector is required to look after that the register is maintained in a correct manner and in accordance with the provisions of the Act

5. Macroeconomy



Nordic economic development 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

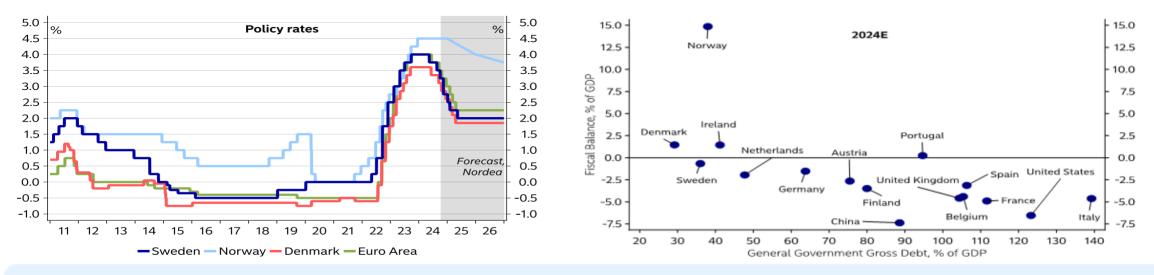


GDP, % y/y, Economic Outlook September 2024

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

Nordic economies Precision play

Policy rates

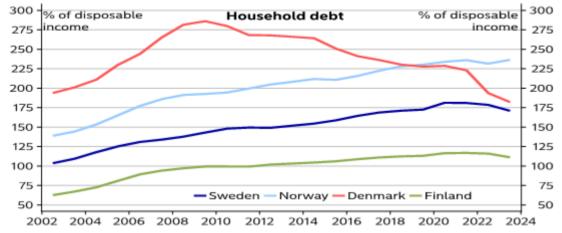


Public balance/debt. % of GDP. 2024E (IMF)

- 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

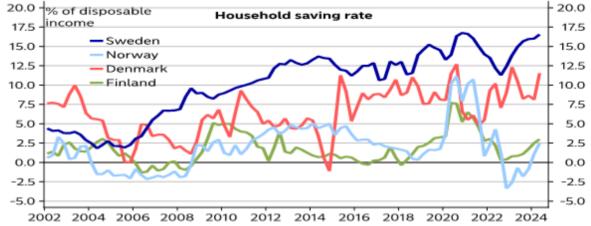
Households Purchasing power is increasing, but from low levels

Household debt

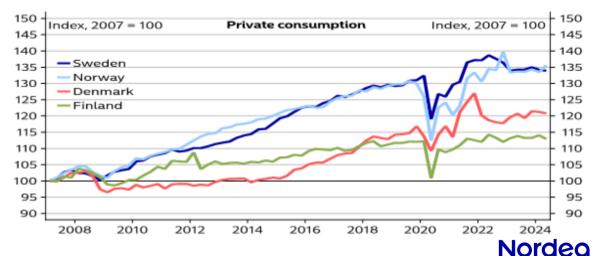


- Household consumption in most of the Nordics will only increase modestly throughout the rest of the year due to a continued high interest burden
- Danish and Norwegian households are expected to fare better than their Nordic counterparts, primarily due to higher positive real wage growth
- Going forward,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

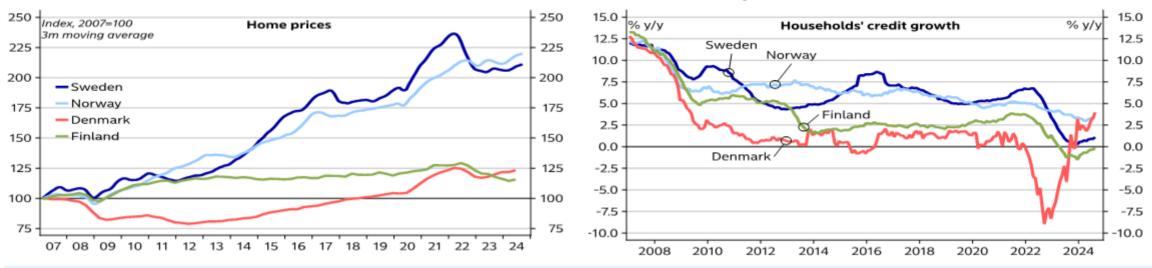
Household savings



Private consumption



Housing markets Brighter outlook



Households' credit growth

Home prices

- 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 Hypotek – outstanding benchmark covered bonds Q3 2024

		Breakdown by ISIN			
Serial no.	Currency	Amount (m)	Maturity	Coupon	
5535	SEK	82 800	17/09/2025	1%	
5536	SEK	79 227	16/09/2026	0.5%	
5537	SEK	65 600	16/06/2027	1%	
5731	SEK	6 000*	25/11/2027	3.375%	
5538	SEK	59 100	20/09/2028	3.5%	
5733	SEK	6 000*	27/10/2028	4.0%	
5539	SEK	35 200	26/10/2029	3.5%	



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