

Nordea

# Nordea Kredit Covered Bonds

Q1 2025 Debt Investor Presentation

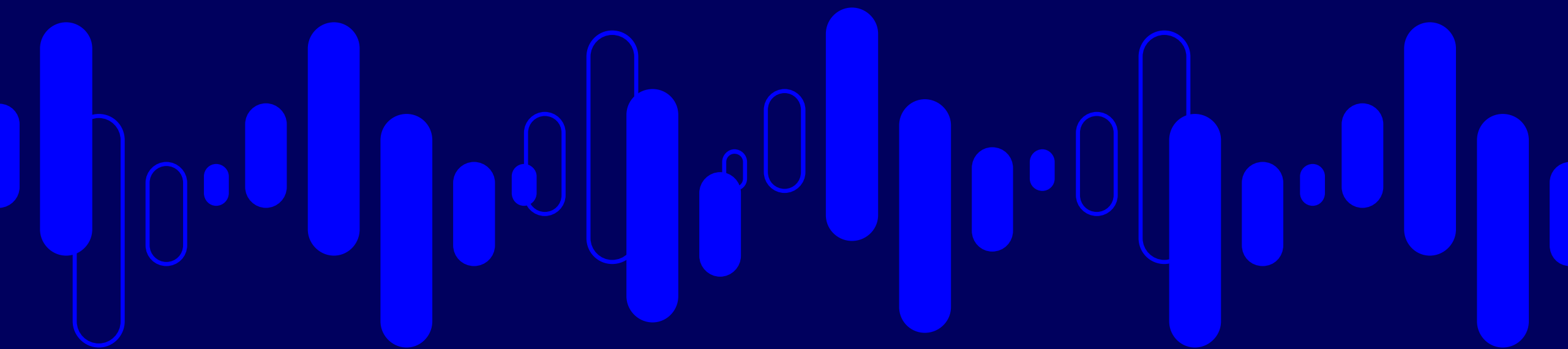




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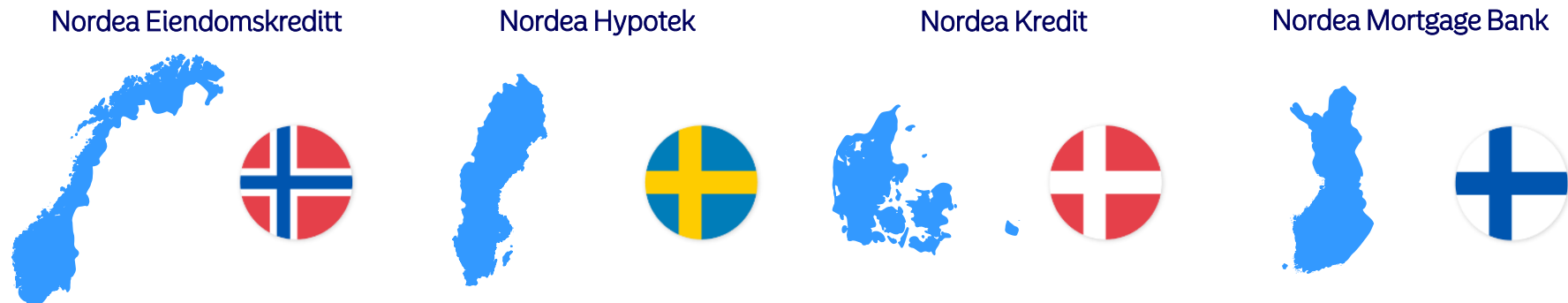
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# 1. Nordea covered bond operations



## Nordea covered bond operations

*Four aligned covered bond issuers with complementary roles*



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 37.0bn (eq.)	EUR 66.3bn (eq.)	Balance principle	Pool 1: EUR 11.9bn Pool 2: EUR 15.3bn
Covered bonds outstanding	EUR 23.0bn (eq.)	EUR 35.7bn (eq.)	EUR 56.7bn (eq.) <sup>1</sup>	Pool 1: EUR 10.4bn Pool 2: EUR 10.8bn
OC	61%	86%	8% <sup>1</sup>	Pool 1: 15% / Pool 2: 43%
Issuance currencies	NOK	SEK	DKK, EUR	EUR
Rating (Moody's / S&P)	Aaa / -	Aaa / -	- / AAA	Aaa / -
Outstanding green covered bonds	EUR 1.8bn	EUR 1.7bn	EUR 2.3bn	EUR 2.8bn

- 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 2025 [Nordea green funding framework](#)

<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



## 2. Nordea Kredit - in brief

## Nordea Kredit – in brief

- 100% owned subsidiary of Nordea Bank Abp - the largest Nordic financial institution
- Operates as a mortgage credit institution with the purpose of granting mortgage credit loans funded by issuing mortgage credit bonds (covered bonds)
- Founded in 1993 and supervised by the Danish FSA (DFSA, Finanstilsynet)
- All mortgage credit bonds (covered bonds) issued by Nordea Kredit are rated AAA by Standard & Poor's
- Full support from Nordea Bank Abp to ensure compliant daily liquidity management
- More information at [nordeakredit.dk](https://nordeakredit.dk)

Key Figures and Ratios	2024	2023	Y/Y
Profit Before Tax, EURm	191	206	-7.0%
Cost-Income Ratio	51.7%	52.0%	-0.3pp
Capital Ratio <sup>1</sup>	21.6%	30.7%	-9.1pp
Tier 1 Capital Ratio	20.1%	28.5%	-8.4pp

<sup>1)</sup> Nordea Kredit's capital ratio decrease from 30.7% to 21.6% due to implementation of new IRB retail risk models in Q3 2024.

### 3. Cover pool key characteristics

# Cover pool key characteristics

Q1 2025

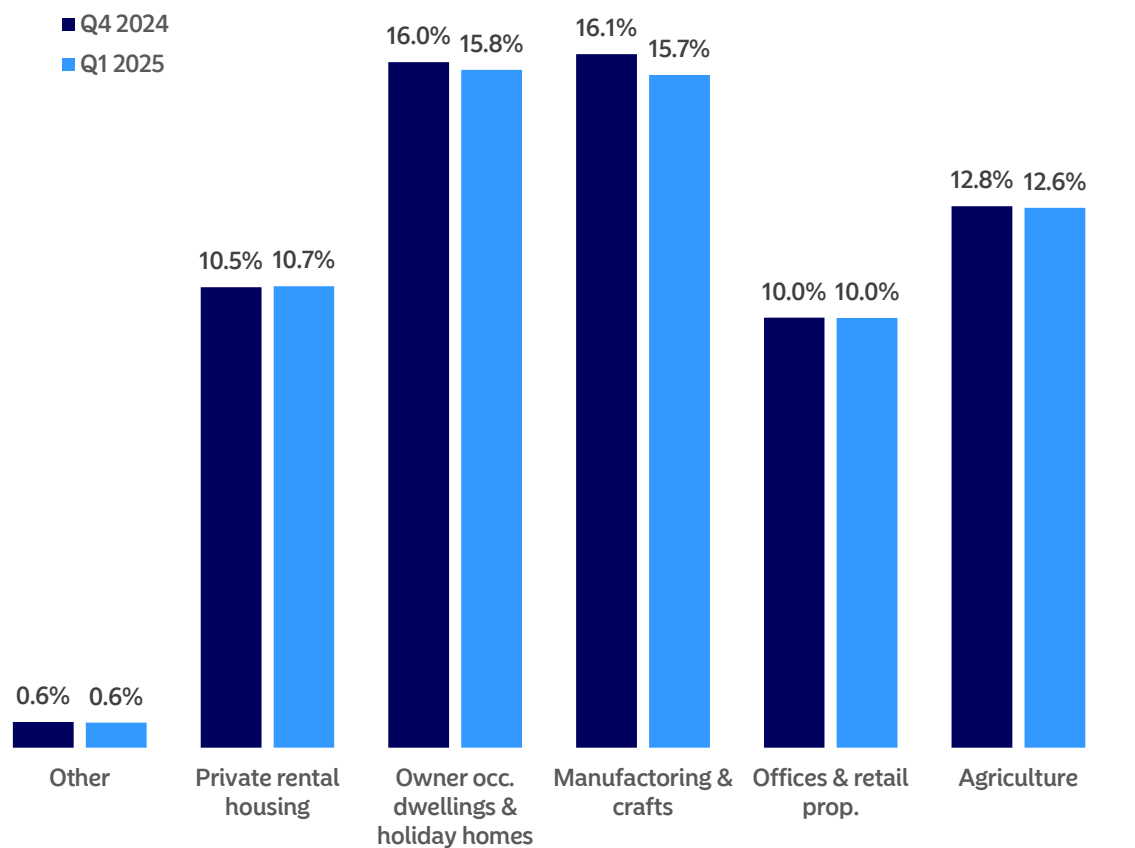
<b>Outstanding covered bonds</b>	EUR 56.7bn
<b>Cover pool content</b>	Mortgage credit loans secured by mainly residential property (total: EUR 61.1bn including substitute assets)
<b>Geographic distribution</b>	Throughout Denmark with concentration in urban areas
<b>Weighted average LTV</b>	48.2%
<b>Average residential loan size</b>	EUR 211,145
<b>Over-collateralisation, OC</b>	7.7%
<b>Interest rate type (bonds)</b>	Fixed rate 75.1%, Floating rate 24.9%
<b>Amortization of underlying loans</b>	Interest only 53.7%, Amortizing 46.3%
<b>Substitute assets</b>	EUR 6.2 bn
<b>Pool type</b>	Static
<b>Loans originated by</b>	Nordea Kredit CC2



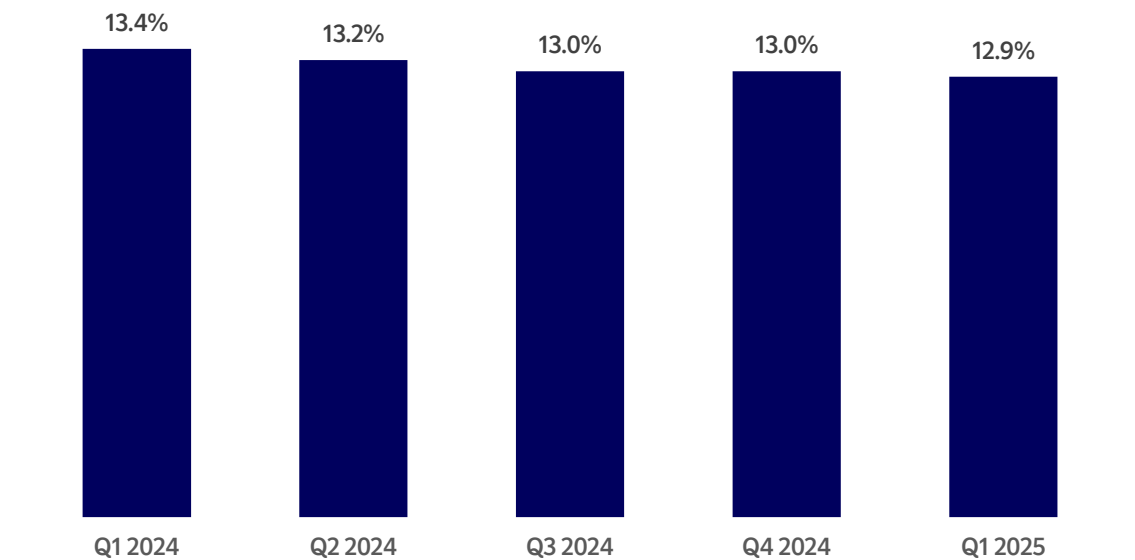
# Loan portfolio

Q1 2025

Market share<sup>1</sup> by property category



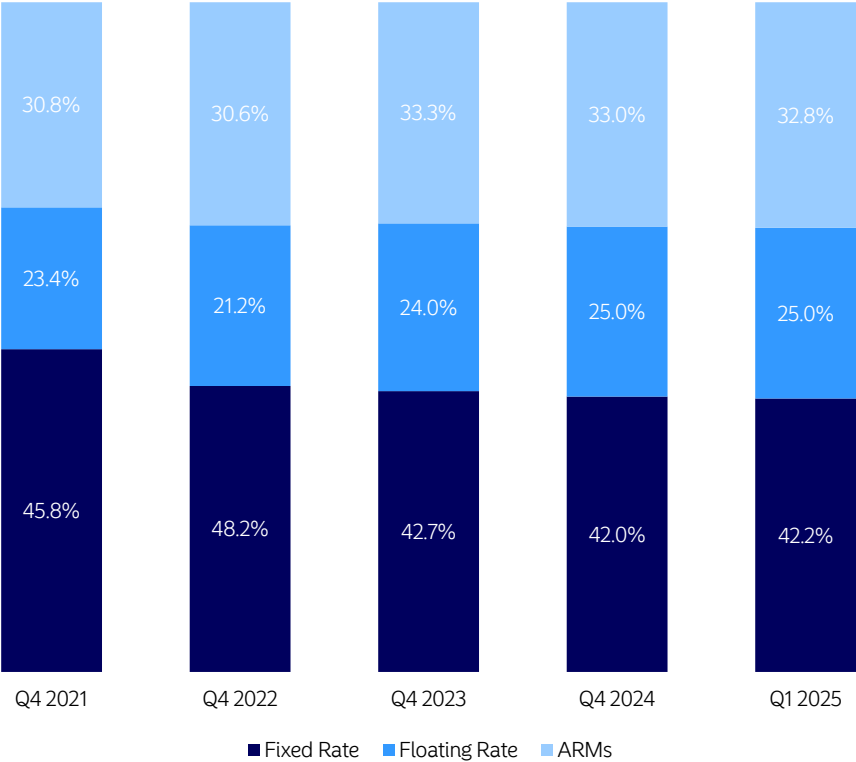
Market share<sup>1</sup> – overall



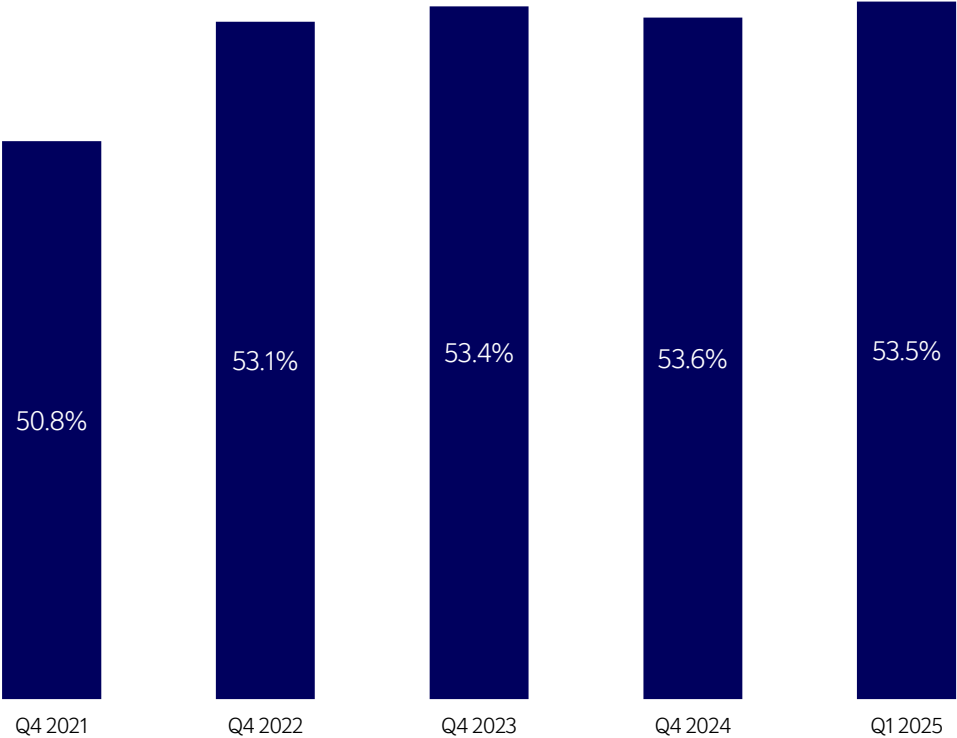
# Total loan portfolio (CC1 and CC2)

Q1 2025

Loan portfolio by loan type



Share of interest-only mortgages

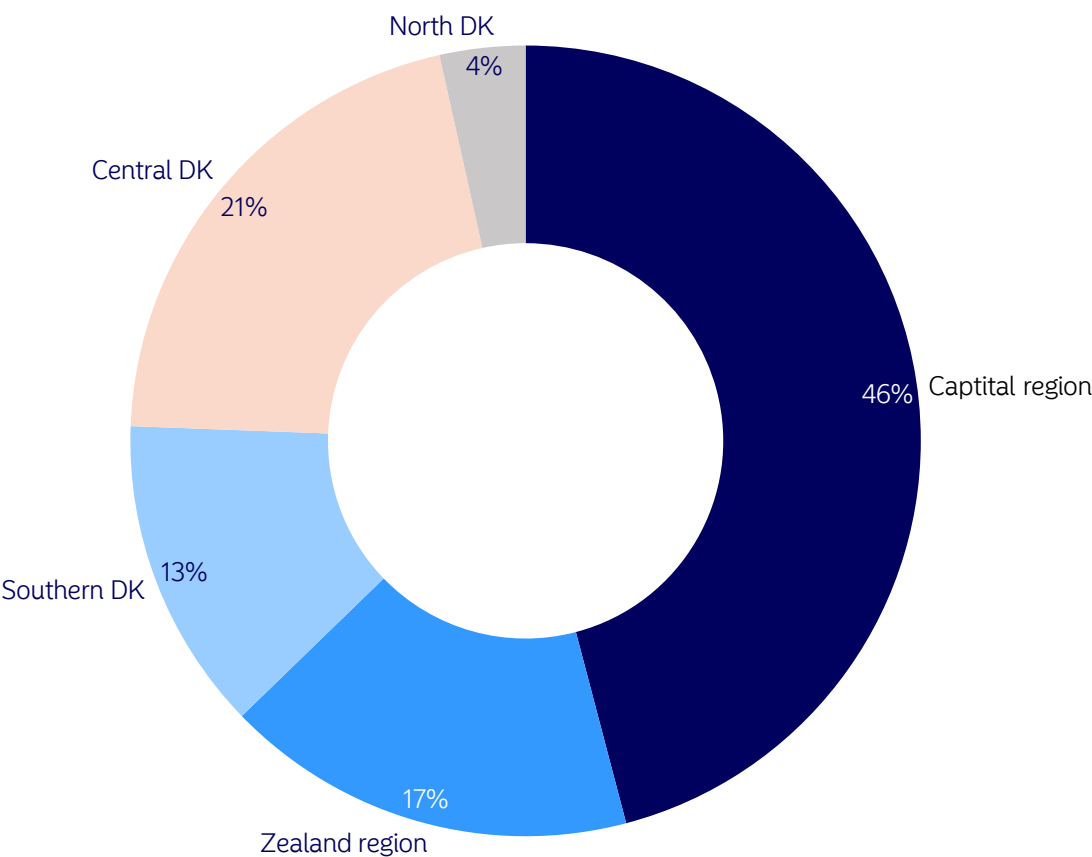


- In percent of the total loan balance

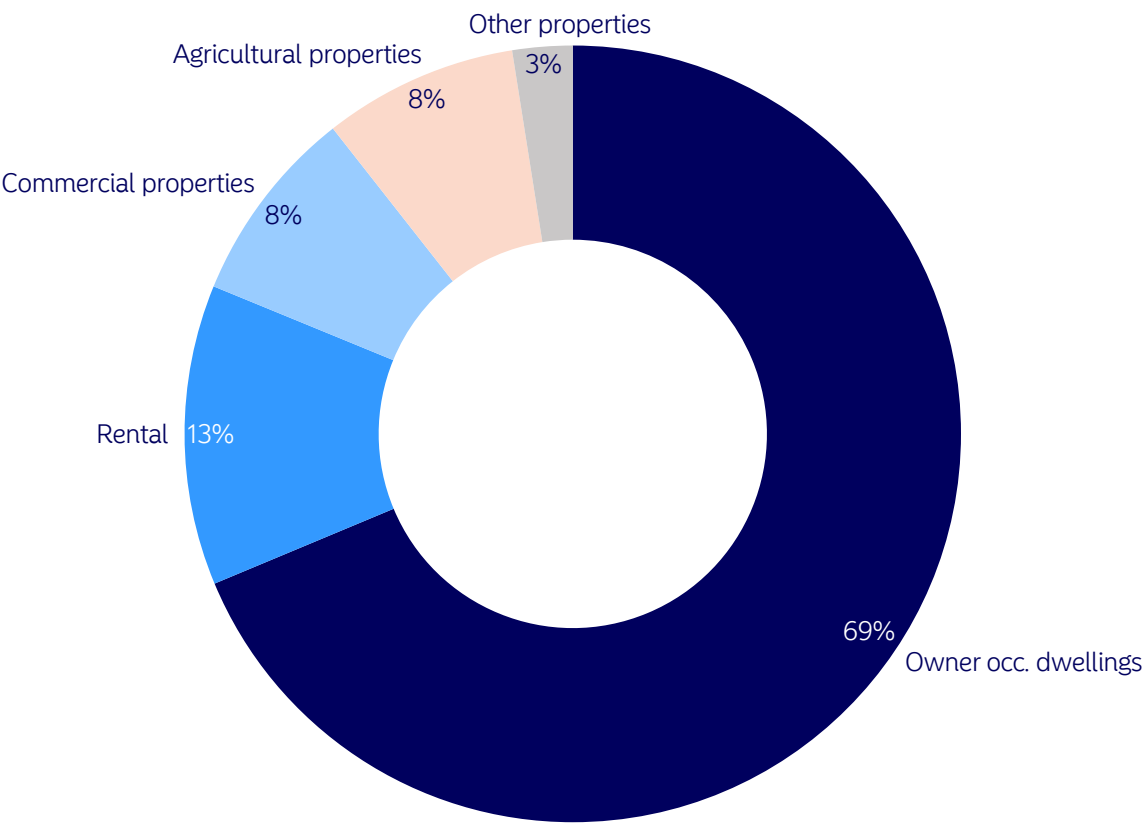
# Loan portfolio

Q1 2025

Loan balance by region



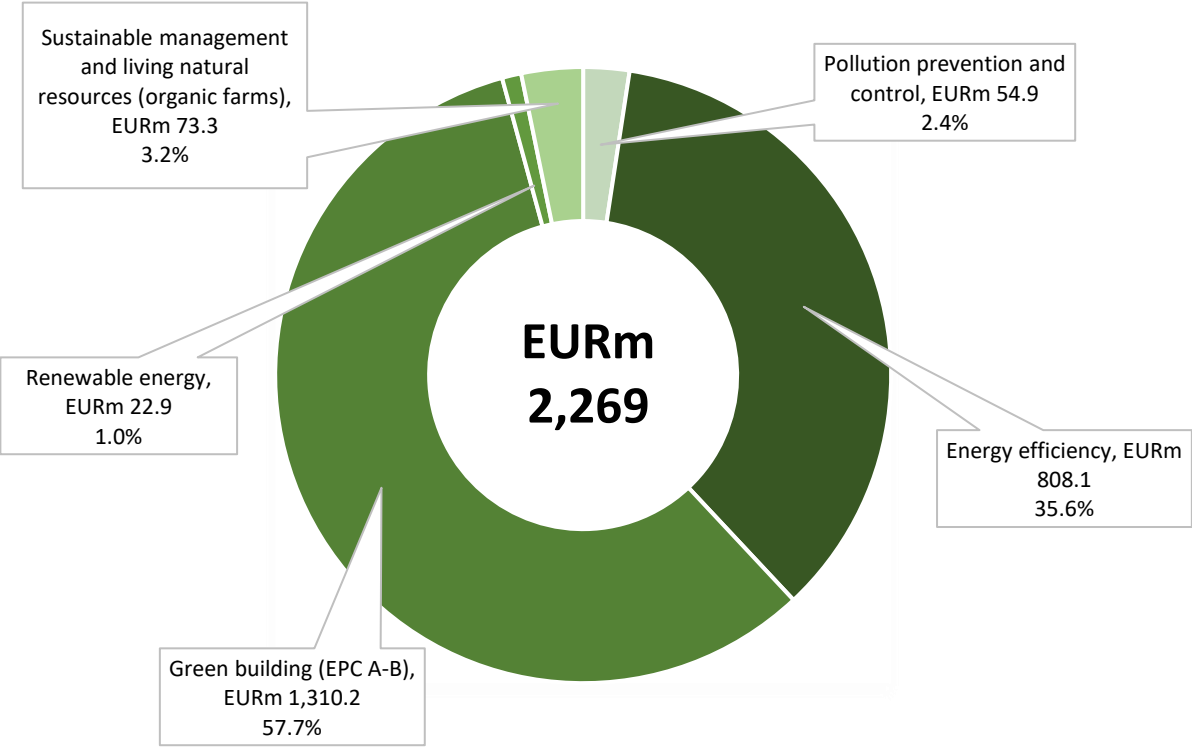
Loan balance by property category



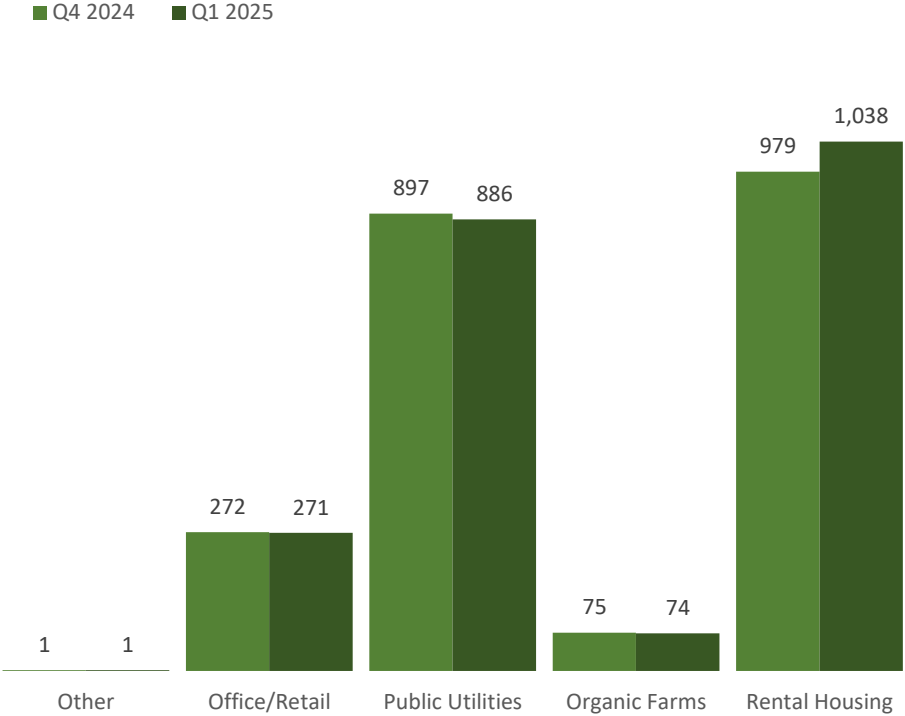
# Green Bonds

Q1 2025

Green lending by asset category



Green lending by property category - EURm



# Financed emissions – and portfolio by EPCs

Q1 2025

Type of property	Financed emissions <sup>1)</sup>											
	Total volume DKKbn	Q4	Coverage (volume)	Q4	Total emission tCO2	Q4	Financed emission tCO2	Q4	Financed emission CO2/DKKbn	Q4	Total emission CO2/sqm	Q4
Owner. occ. dwellings	256	262	98.7%	99.7%	402,755	447,295	189,550	215,888	0.74	0.83	17	19
Commercial residential	46	45	94.6%	93.8%	75,257	72,815	28,340	27,819	0.61	0.63	10	9
Offices & retail prop.	26	25	84.2%	82.0%	109,305	94,791	42,222	37,727	1.63	1.50	16	15
Other properties <sup>2)</sup>	46	42	0.0%	0.0%								
<b>Total</b>	<b>374</b>	<b>374</b>	<b>84.3%</b>	<b>85.0%</b>	<b>587,317</b>	<b>614,901</b>	<b>260,112</b>	<b>281,434</b>				

## Notes

- 1) Calculations and portfolio as of end of March 2025 – reduced emissions largely due to implementation of better and more accurate data. Going forward implementation of new official emission factors is expected to significantly reduce calculated emissions.
- 2) Other properties include agriculture, manufacturing and manual industries etc.
- 3) Energy Performance Certificate (EPC): Theoretical calculation of the building's energy consumption.

## Disclaimer

The information on CO2 emissions is presented on the basis of Finance Denmark's "[Framework for Financed Emissions Accounting](#)" and Nordea Kredit's "[Approach for estimations of CO2-emissions for the lending portfolio of Nordea Kredit](#)".

The reported information on CO2 emissions has been prepared by Nordea Kredit using publicly available information considered reliable – including e.g. The Building and Housing Register (heating source etc.) and The Danish Energy Agency ([information on EPCs](#)). However, Nordea Kredit has not independently verified the contents hereof.

Nordea Kredit has taken reasonable care to ensure that the information and data used are not misleading, however, no representation or warranty, should be placed on the accuracy or completeness of the information presented above.

Portfolio by EPCs <sup>1,3)</sup>		
EPC	Volume DKKbn	Q4
A2020	8	8
A2015	25	23
A2010	13	13
B	19	18
C	72	69
D	54	51
E	20	19
F	8	7
G	4	4
N/A	152	162
<b>Total</b>	<b>374</b>	<b>374</b>

## 4. Asset quality



# Loan to value (LTV) – loans for residential and commercial properties

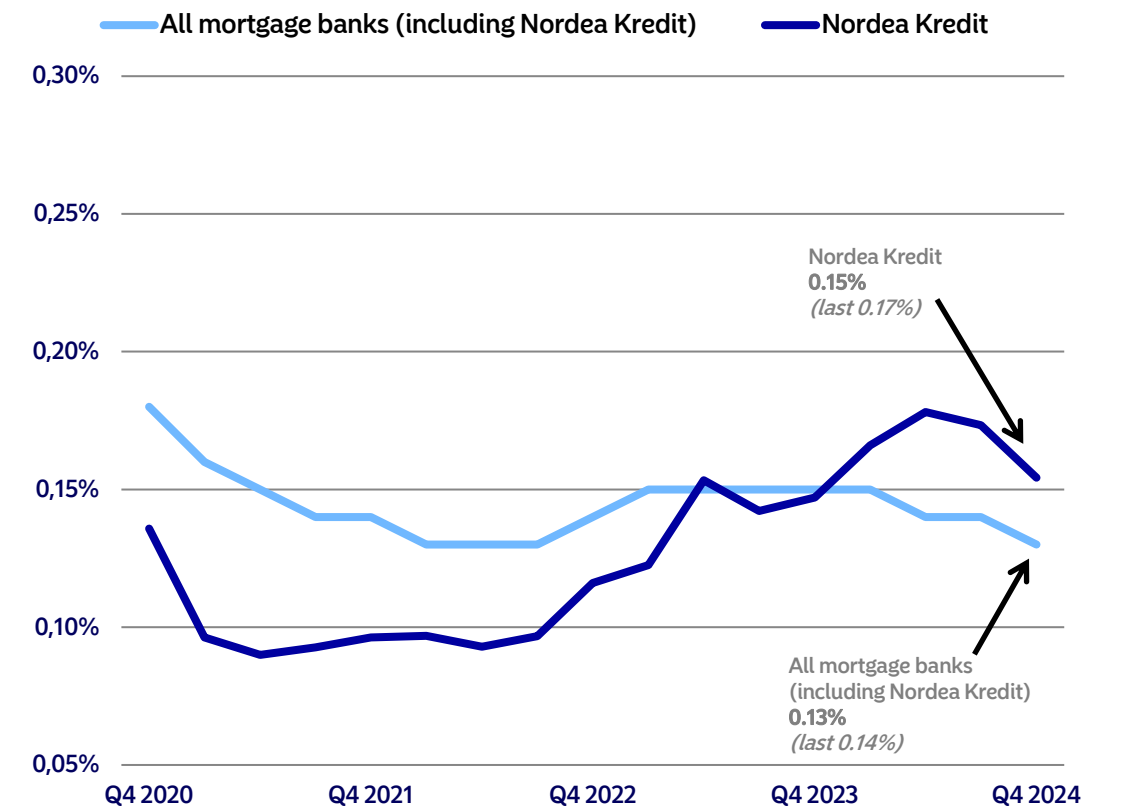
Q1 2025

Loan type	Mortgage credit loans (residential)		Mortgage credit loans (commercial)	
Weighted average LTV – indexed	52.5%		40.7%	
LTV buckets	Nominal (EURm)	% Loans	Nominal (EURm)	% Loans
> 0 - ≤ 40 %	33,134	73.4%	7,639	78.1%
> 40 - ≤ 50 %	5,513	12.2%	1,376	14.1%
> 50 - ≤ 60 %	3,637	8.1%	668	6.8%
> 60 - ≤ 70 %	1,925	4.3%	93	0.9%
> 70 - ≤ 80 %	791	1.8%	8	0.1%
>80%	33	0.3%	2	0.0%
Total	45,133	100.0%	9,785	100.0%

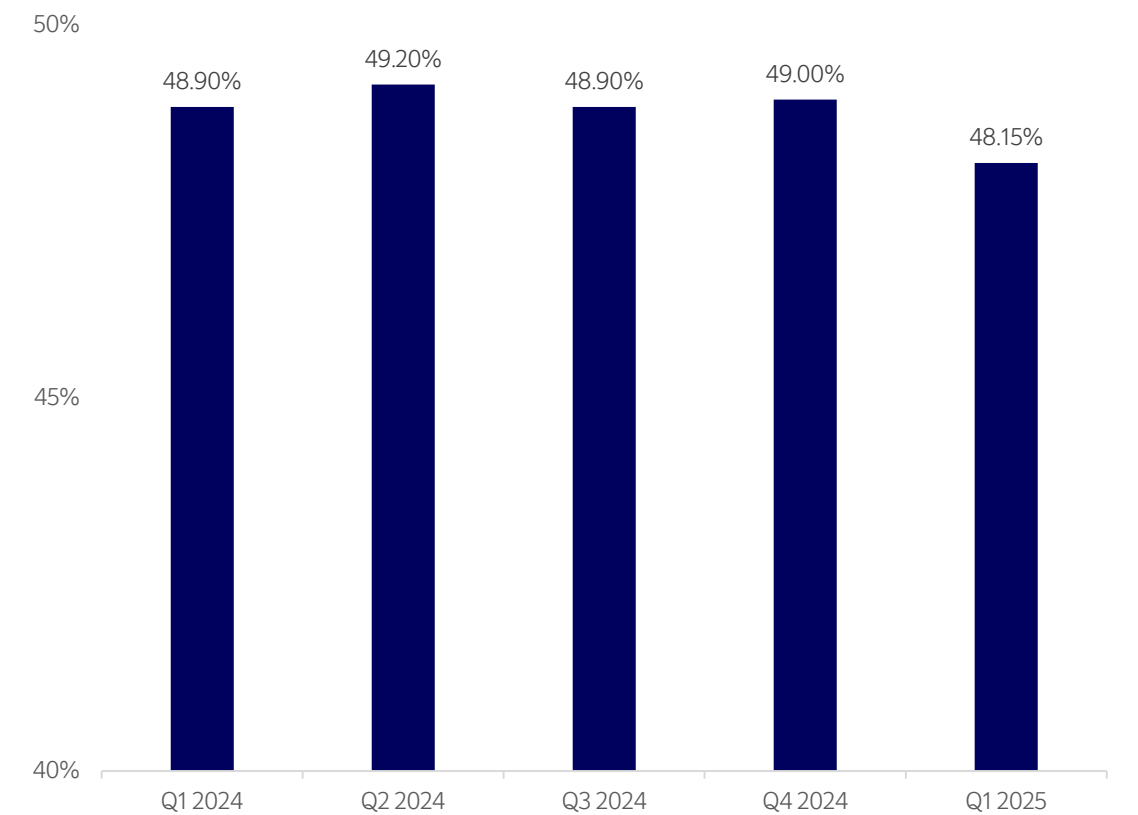
# Asset quality

Q1 2025

Arrears (owner occupied dwellings and holiday homes) <sup>1)</sup>



Loan to value (LTV) weighted average (all loans)



1) Arrears as a percentage of the Q4, 2024 scheduled payments – 3½ months after due date  
2) The development in arrears for Nordea Kredit has been influenced by a pause of legal collection in Nordea Denmark in general since Q1 2023. Legal collection has been partly resumed since May 2024, including resuming of legal collection of loans in Nordea Kredit.

## 5. Underwriting criteria

# Underwriting criteria

## Private households

- Behavioural score and individual credit assessment are conducted based on income information, e.g. payslips and tax information
- "Before-after loan" household budgets are made and used in the assessment (based on a 30-year fixed interest rate annuity loan)
  - If the borrower chooses adjustable or floating interest rate loans, an additional stress test based on the current fixed interest rate +1 percentage point is conducted
  - If the LTV (loan to value) is > 60 and the LTI (loan to income) is > 4, the customer can only choose:
    - Fixed rate loans OR
    - amortising floating rate, fixed for minimum 5 years
- An individual valuation is made of the pledged property

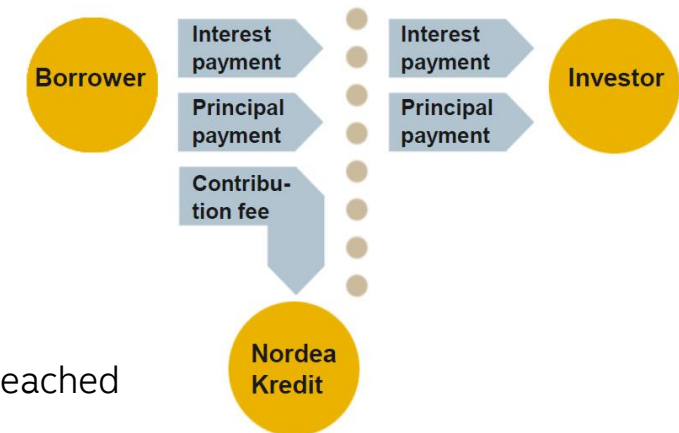
## Corporates, agriculture etc.

- A financial analysis of the customer is made, including adjustments for current market conditions
- Key ratios and other requirements in Nordea real estate lending policy are verified
- Rating of the customer according to Nordea's in-house models
- An individual valuation is made of the pledged property
- Yearly margin repricing based on reassessment

## 6. Danish covered bond framework

# Danish covered bond framework

- Legal framework
  - The Financial Business Act
  - The Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act with several implementing executive orders
- Registration
  - An issuing institution is required to maintain a static cover pool
  - Mortgage deeds must be registered in the Danish Public Land Registry
- Limits on LTV ratios – based on the value of the property at loan origination
  - 80% for mortgage loans in residential property
  - 60% for mortgage loans in commercial real estate (legislative limit 70%)
  - Static cover pools – issuer must provide supplementary capital if LTV-limits are breached
- Matching rules
  - Nordea Kredit complies with the specific balance principle utilising match funding, hence Nordea Kredit only has insignificant interest rate and currency risk
- Public supervision
  - The DFSA performs supervision and on-site inspections on an ongoing basis

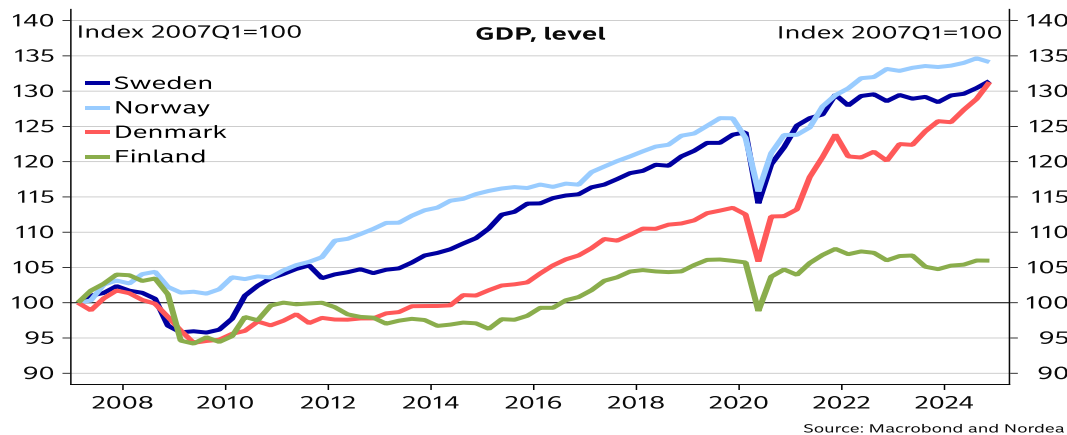




## 7. Macroeconomy

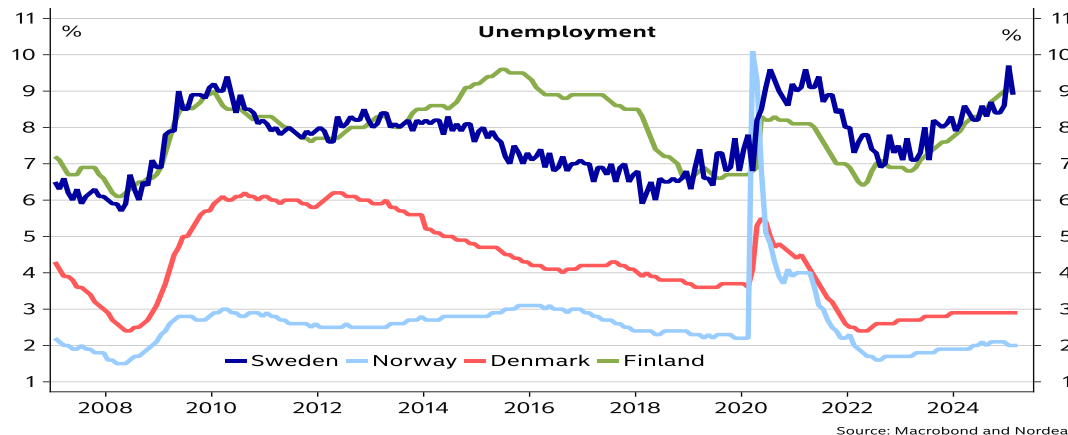
## Uncertainty

### GDP



- The economic activity in the Nordics will be positive in both 2025 and 2026, according to Nordea's forecast, mainly attributed to lower interest rates.
- Labour markets are still under pressure but are expected to stabilise soon.
- However, the global, and thus the Nordic, economic outlook remains highly uncertain amid geopolitical risks and the escalation in trade tensions between the world's leading economies.

### Unemployment rate

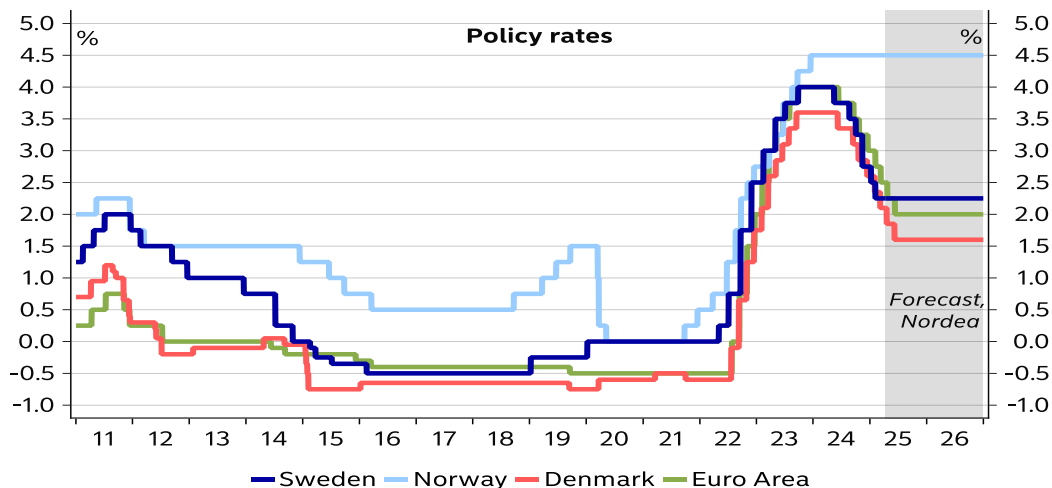


### GDP, % y/y, Economic Outlook January 2025

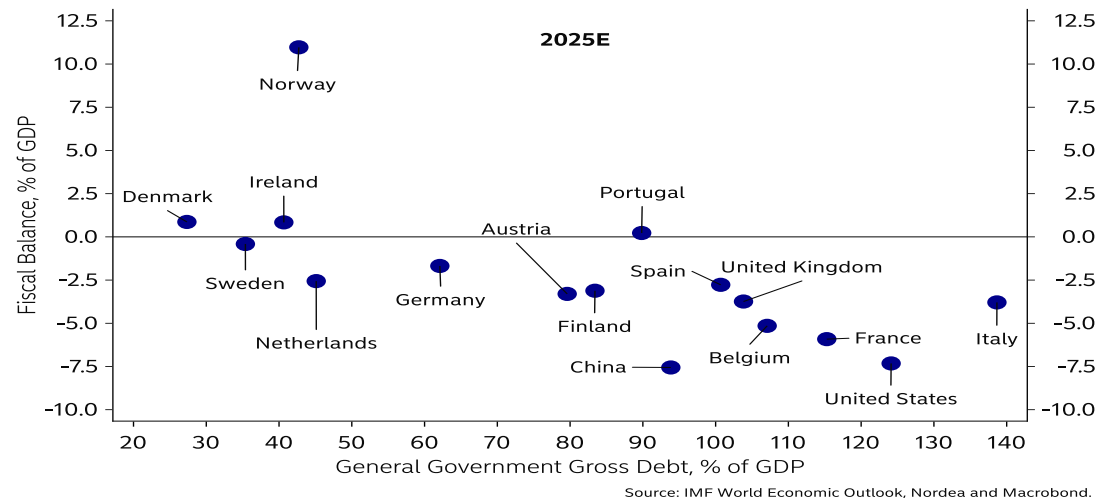
Country	2023	2024	2025E	2026E
Denmark	2.5	3.7	2.8	1.7
Finland	-0.9	-0.1	1.0	2.0
Norway (mainland)	0.7	0.6	1.8	1.8
Sweden	0.1	1.0	1.6	2.6

## On hold

### Policy rates



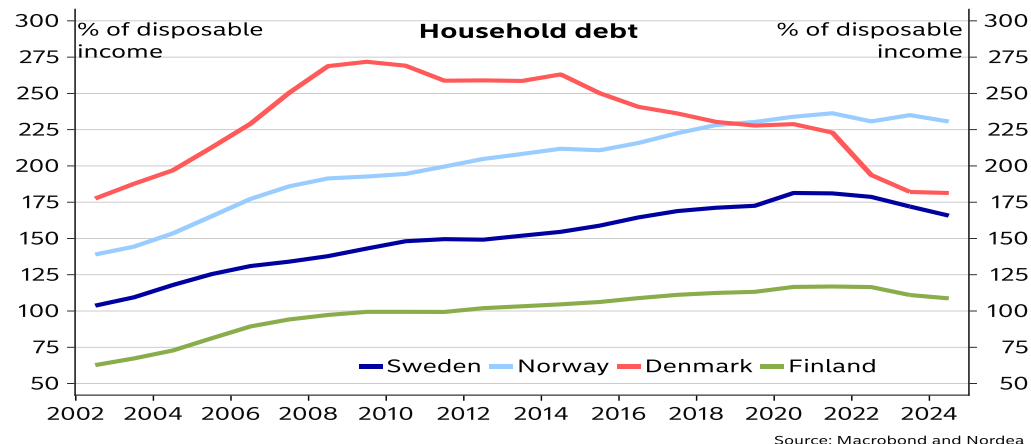
### Public balance/debt, % of GDP, 2025E (IMF)



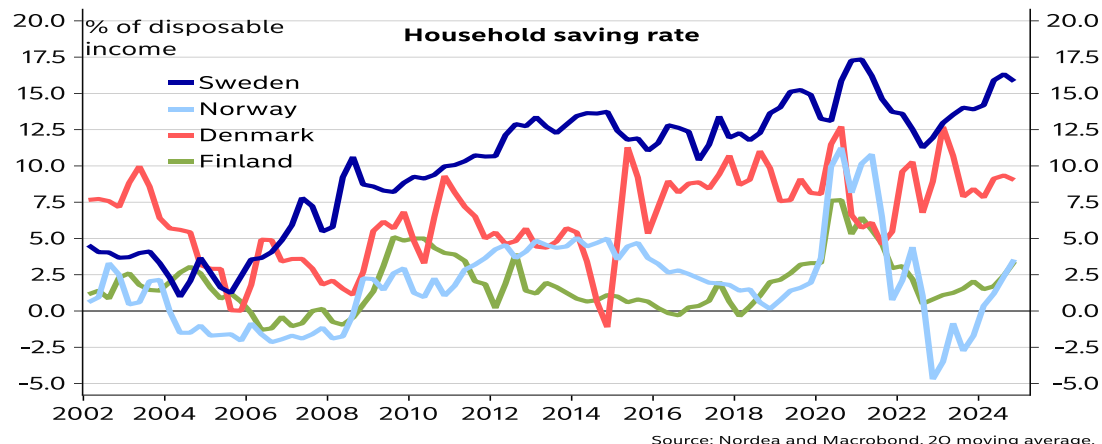
- The ECB and Danmarks Nationalbank lowered their policy rates by 0.25 percentage points in March, while the Riksbank and Norges Bank stayed on hold.
- The Riksbank is expected to leave its policy rate unchanged at 2.25% this year, according to Nordea's forecast.
- Norges Bank is expected to leave its policy rate unchanged at 4.50% this year, according to Nordea's forecast.
- The ECB is expected to lower its policy rate by 0.25 percentage points in April and June, down to 2.00%.
- The central banks are expected to stay on hold in 2026, leaving their policy rates unchanged, according to Nordea's forecast.
- Solid public finances will help most of the Nordic governments to support the economic recovery ahead.

# Increasing purchasing power

## Household debt

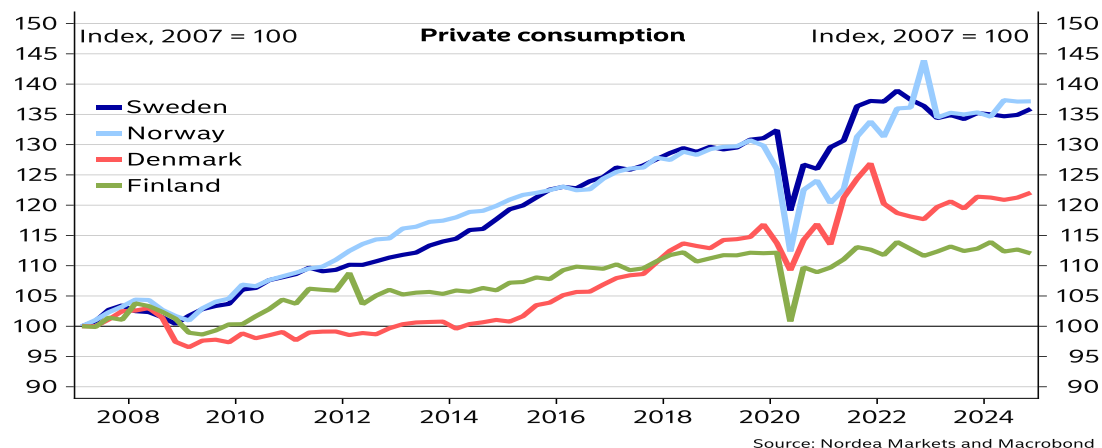


## Household savings



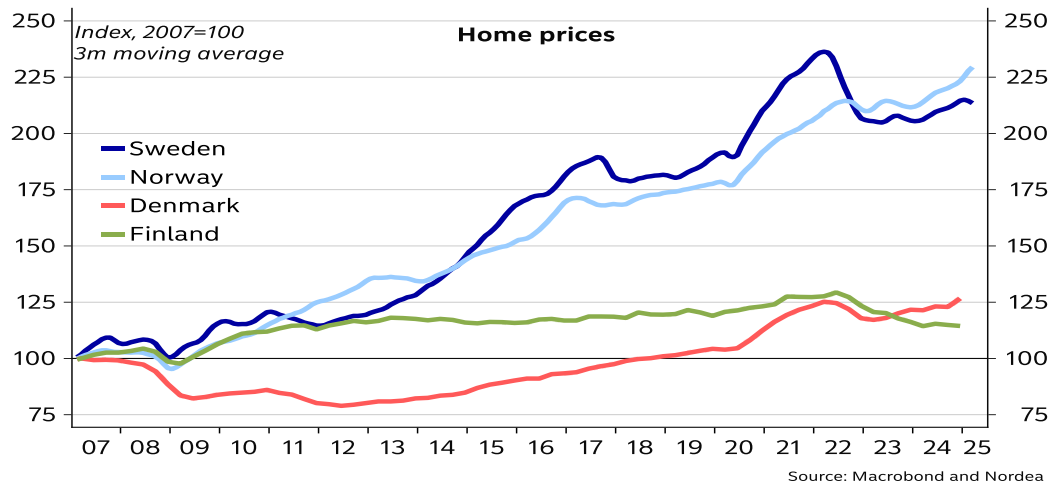
- Households' purchasing power and consumption are expected to improve as real disposable income continues to increase.
- Consumer confidence has recovered from historical low levels. However, the level is subdued and has edged down in recent months, indicating increased caution among most Nordic households.
- While households' debt ratio has decreased, the savings rate has increased.

## Private consumption

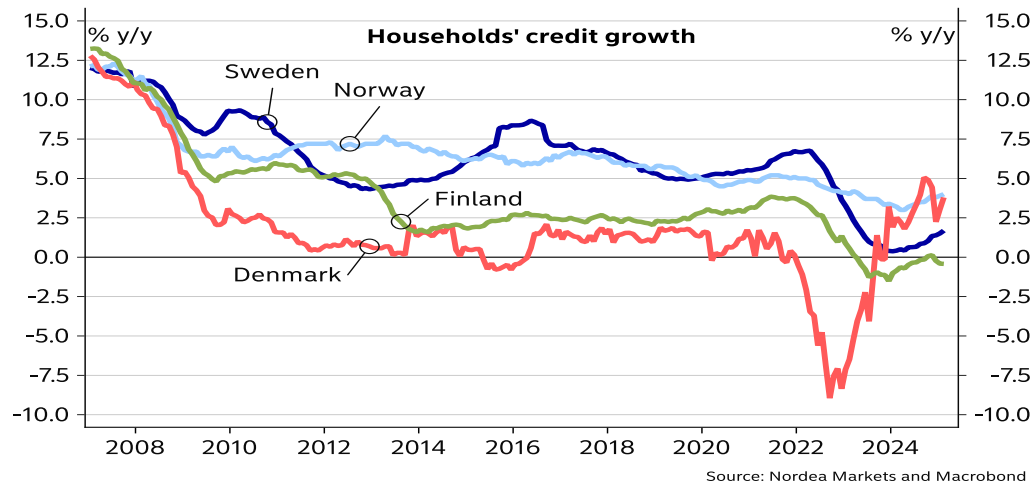


## Mixed developments

### Home prices



### Households' credit growth



- Home prices have stabilised, but developments have been mixed since the new year. Norwegian home prices have developed better than their Nordic counterparts and rose by 7.0% year-on-year in March 2025.
- Monetary policy has become less restrictive in most of the Nordic countries and should support a recovery in home prices.
- Transaction volumes are continuing to normalise. However, the higher-than-normal supply of homes suggests that the market can absorb higher demand without sharp price increases.
- Households' credit growth has turned positive in all the Nordic countries except for Finland.

## 8. Relevant links and Contacts



# Links for more information

## Nordea Kredit

- Nordea Kredit [ECBC harmonised transparency templates](https://www.nordea.com/en/investor-relations/reports-and-presentations/bonds/nordea-kredit-covered-bonds/).  
*Link: <https://www.nordea.com/en/investor-relations/reports-and-presentations/bonds/nordea-kredit-covered-bonds/>*
- Nordea Kredit [financial reports](https://www.nordea.com/en/investor-relations/reports-and-presentations/subsidiary-reports/nordeas-danish-subsidiary-reports/).  
*Link: <https://www.nordea.com/en/investor-relations/reports-and-presentations/subsidiary-reports/nordeas-danish-subsidiary-reports/>*

## Legislation

- Danish mortgage credit institutions are supervised by the Danish FSA (Finanstilsynet).  
*Link: English: <https://www.dfsa.dk/> - Danish: <https://www.finanstilsynet.dk/>*
- Selected legislation can be found in English at the Danish FSA's English website.  
*Link: <https://www.dfsa.dk/rules-and-practice/governance/acts>*
- All mortgage credit institution legislation can be found in Danish at the Danish FSA's Danish website.  
*Link: <https://www.finanstilsynet.dk/lovgivning/dansk-lovsamling/kreditinstitutomraadet>*

## Contacts

If you have any questions, please feel free to contact:

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