

A family consisting of a man, a woman, and two children are walking away from the camera on a path covered in fallen autumn leaves. They are in a forest with tall trees and sunlight filtering through the canopy. A blue bar chart with five bars of increasing height is overlaid on the right side of the image. The Nordea logo is in the top left corner.

Nordea

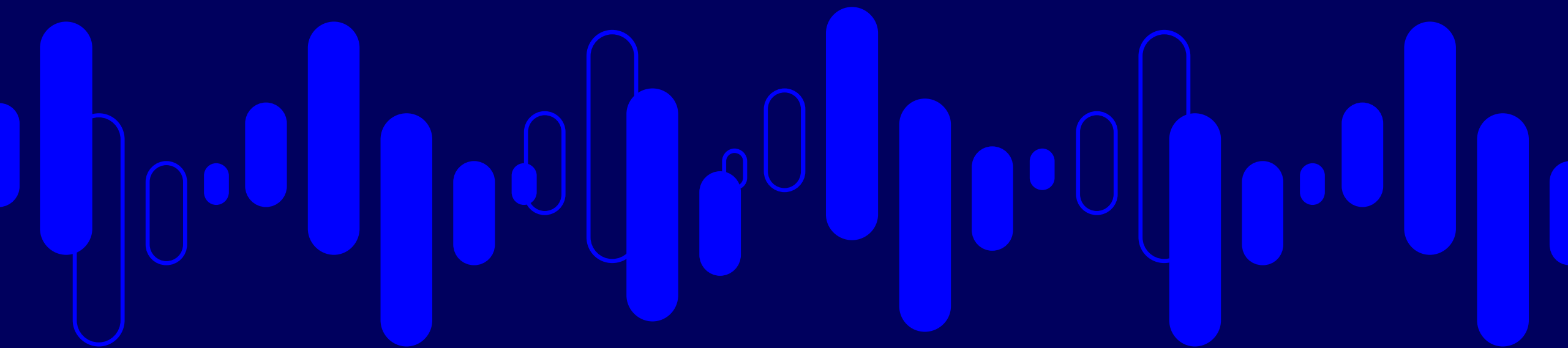
Nordea Kredit Covered Bonds

Q3 2024 Debt Investor Presentation

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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 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 56.2bn (eq.)*	Pool 1: EUR 11.4bn Pool 2: EUR 7.8bn
OC	48%	102%	7%*	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](#)

^{*)} The figures for Nordea Kredit only include capital centre2 (SDRO) unless otherwise stated.. Nordea Kredit no longer reports for capital centre1 (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

Key Figures and Ratios*	Q2 2024	Q2 2023	Y/Y
Profit Before Tax, EURm	77.5	114.6	-32.4%
Cost-Income Ratio	58.5%	45.2%	13.3pp
Capital Ratio	31.0%	30.8%	0.2pp
Tier 1 Capital Ratio	28.8%	28.7%	0.1pp

*Profit before tax, EURm and Cost-income Ratio are for the first half of 2024 and 2023, respectively while, Capital Ratio and Tier 1 Capital Ratio are as per end of June the respective year

3. Cover pool key characteristics

Cover pool key characteristics

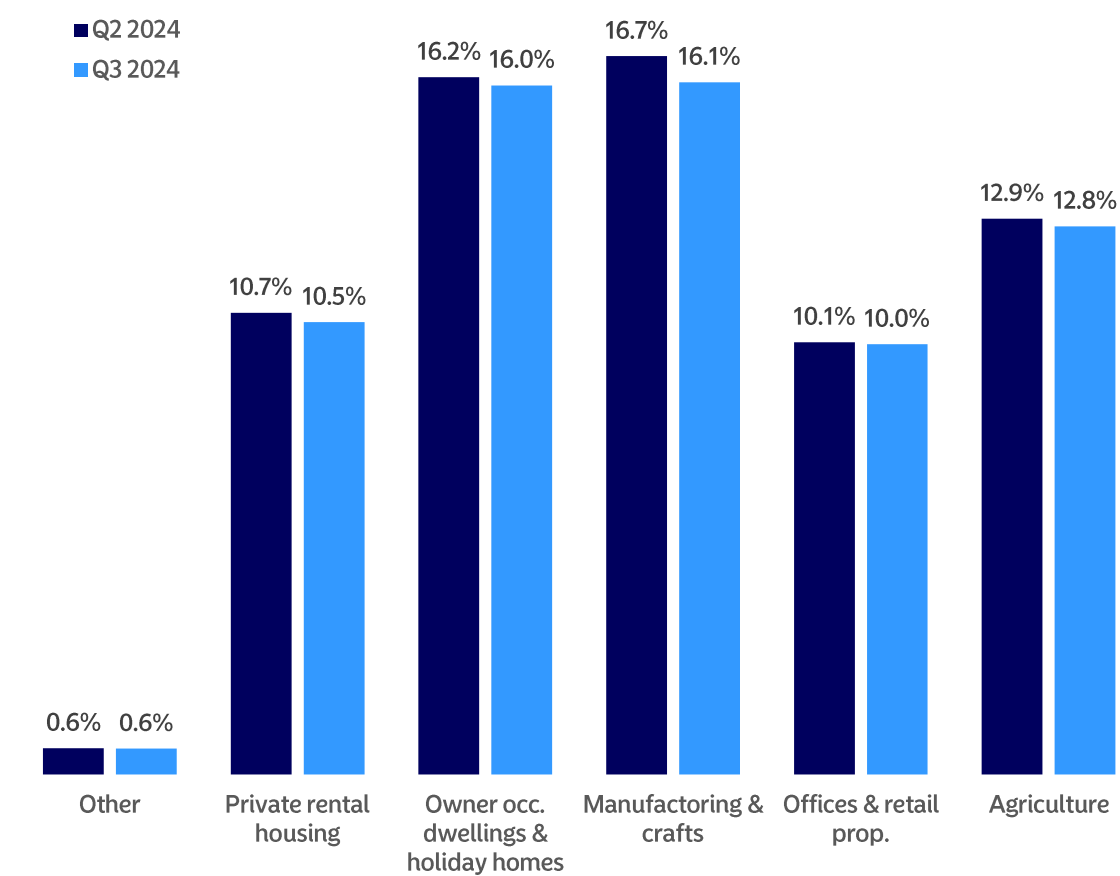
Q3 2024

Outstanding covered bonds	EUR 56.2bn
Cover pool content	Mortgage credit loans secured by mainly residential property (total: EUR 60.4bn including substitute assets)
Geographic distribution	Throughout Denmark with concentration in urban areas
Weighted average LTV	48.9%
Average residential loan size	EUR 207,488
Over-collateralisation, OC	7.4%
Interest rate type (bonds)	Fixed rate 74.9%, Floating rate 25.1%
Amortization of underlying loans	Interest only 53.6%, Amortizing 46.4%
Substitute assets	EUR 5.688bn
Pool type	Static
Loans originated by	Nordea Kredit CC2

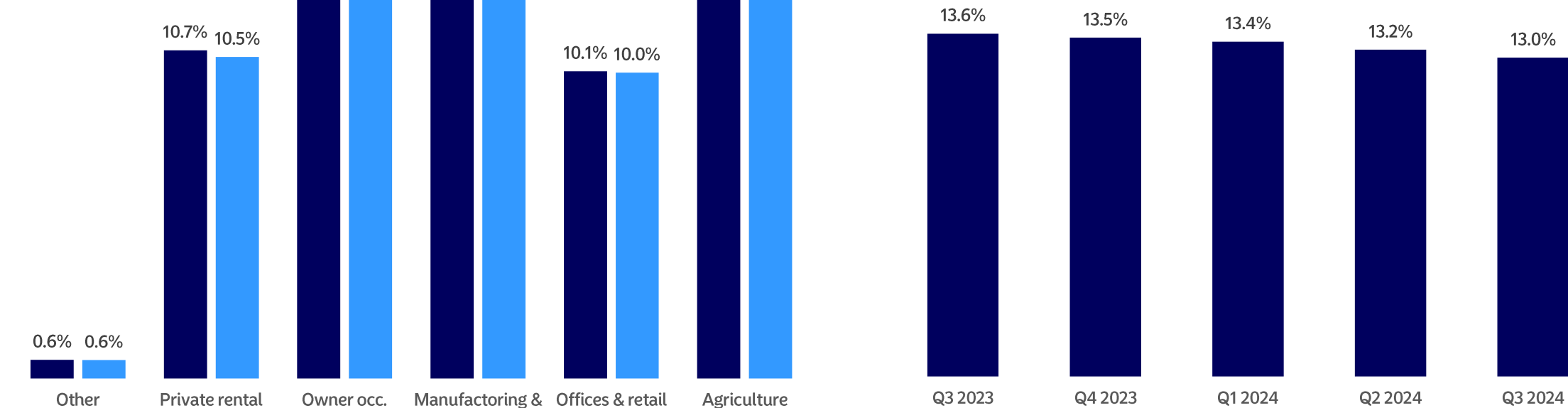
Loan portfolio

Q3 2024

Market share¹ by property category



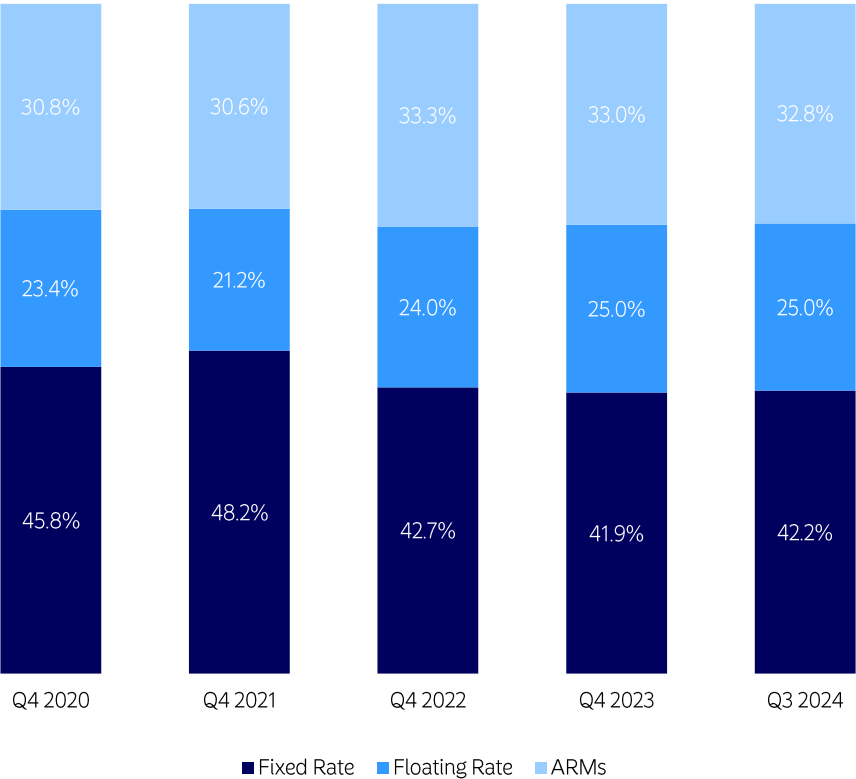
Market share¹ – overall



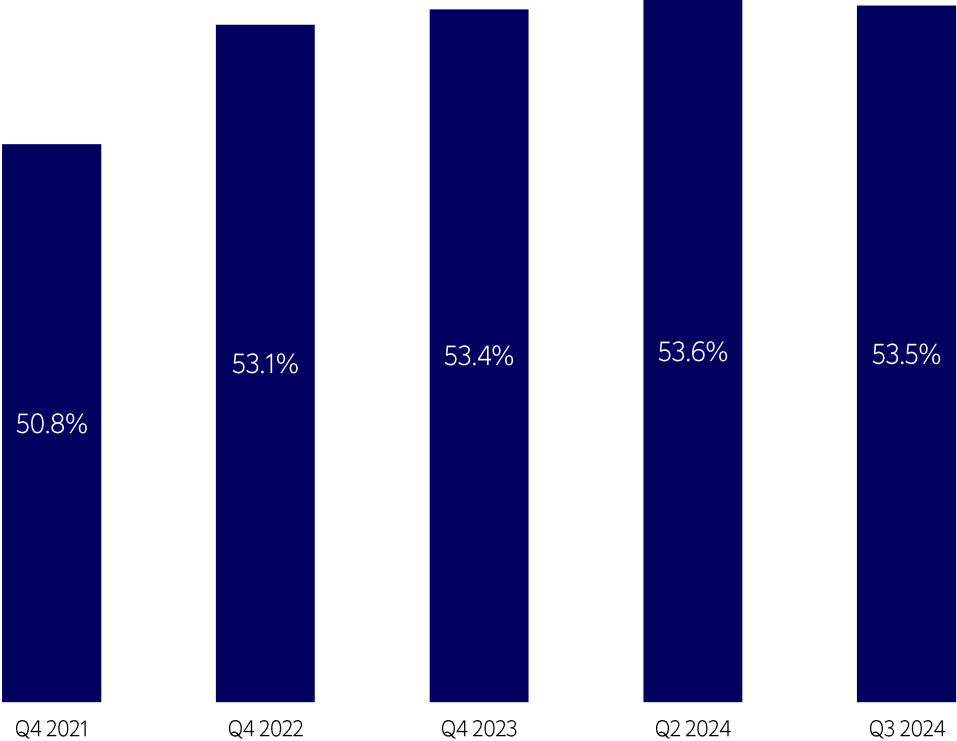
Total loan portfolio (CC1 and CC2)

Q3 2024

Loan portfolio by loan type



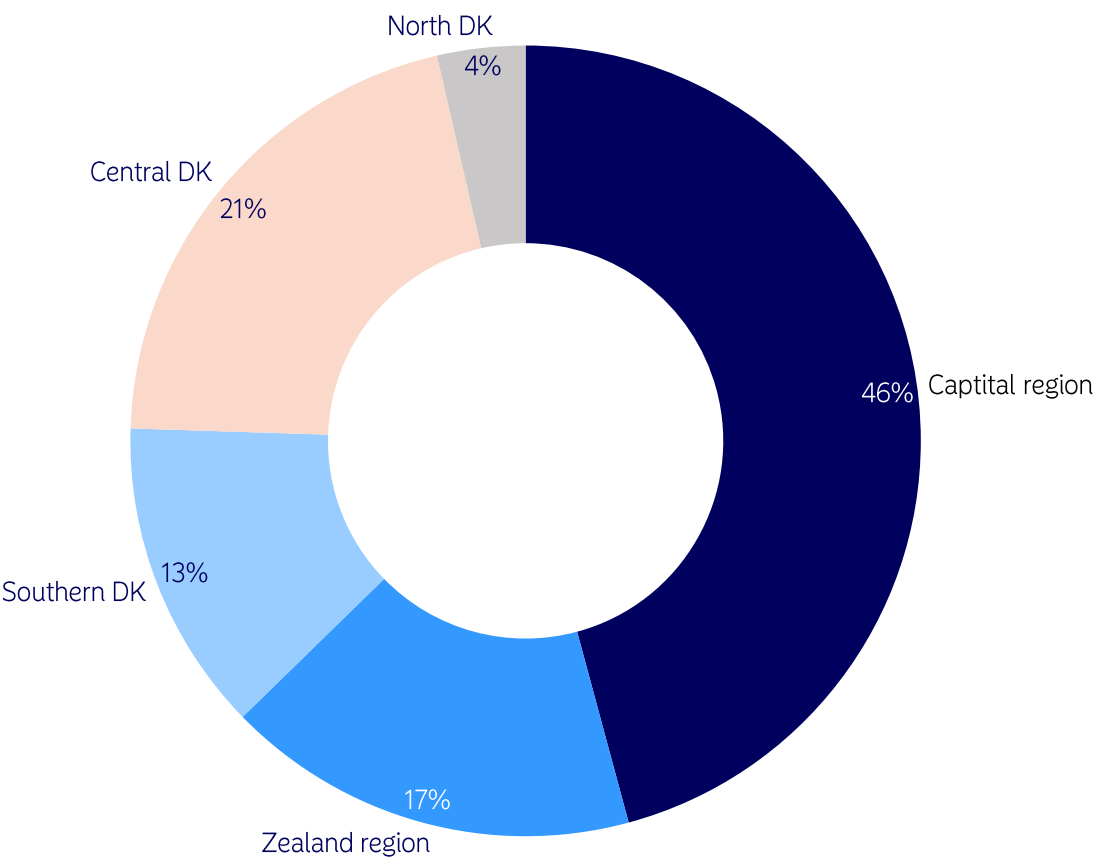
Share of interest-only mortgages



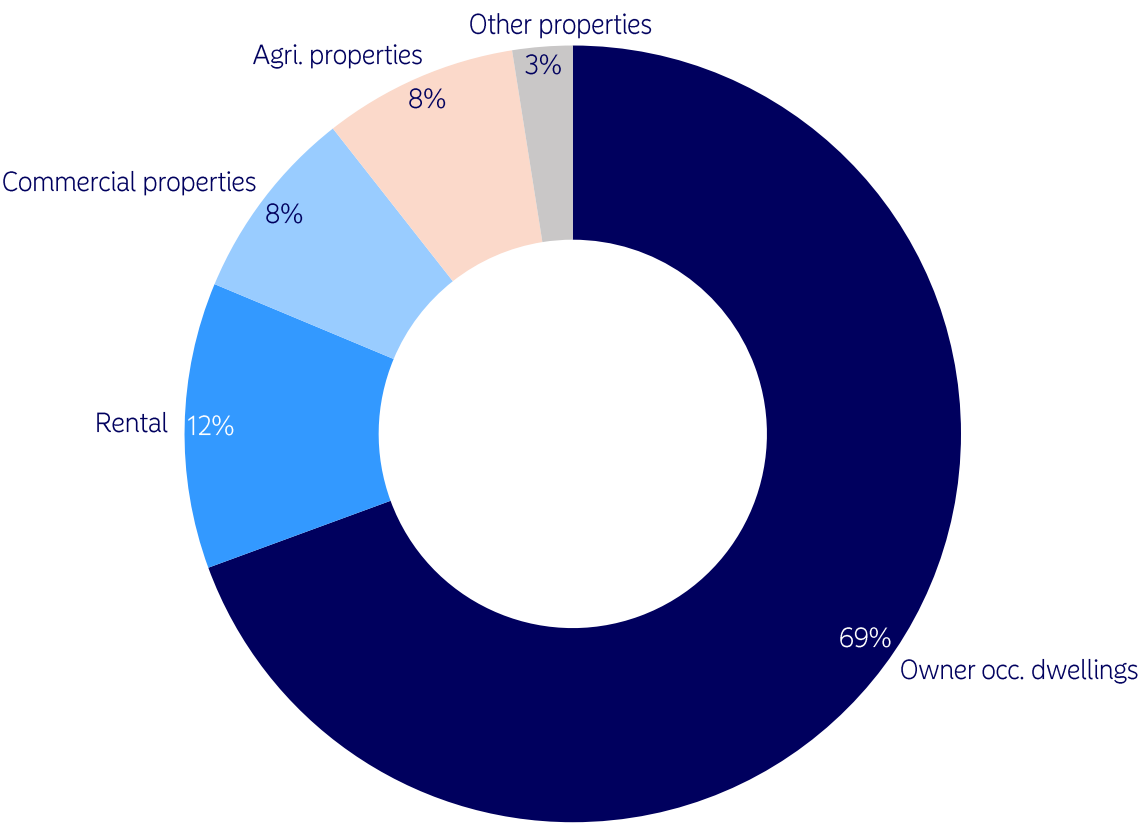
Loan portfolio

Q3 2024

Loan balance by region



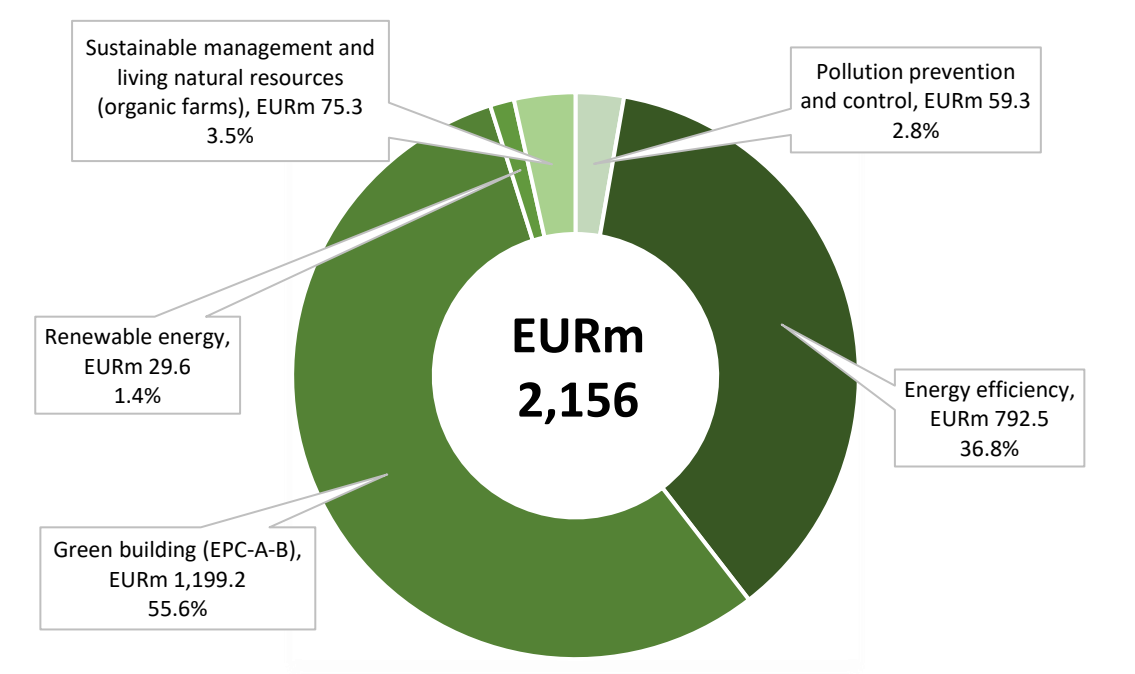
Loan balance by property category



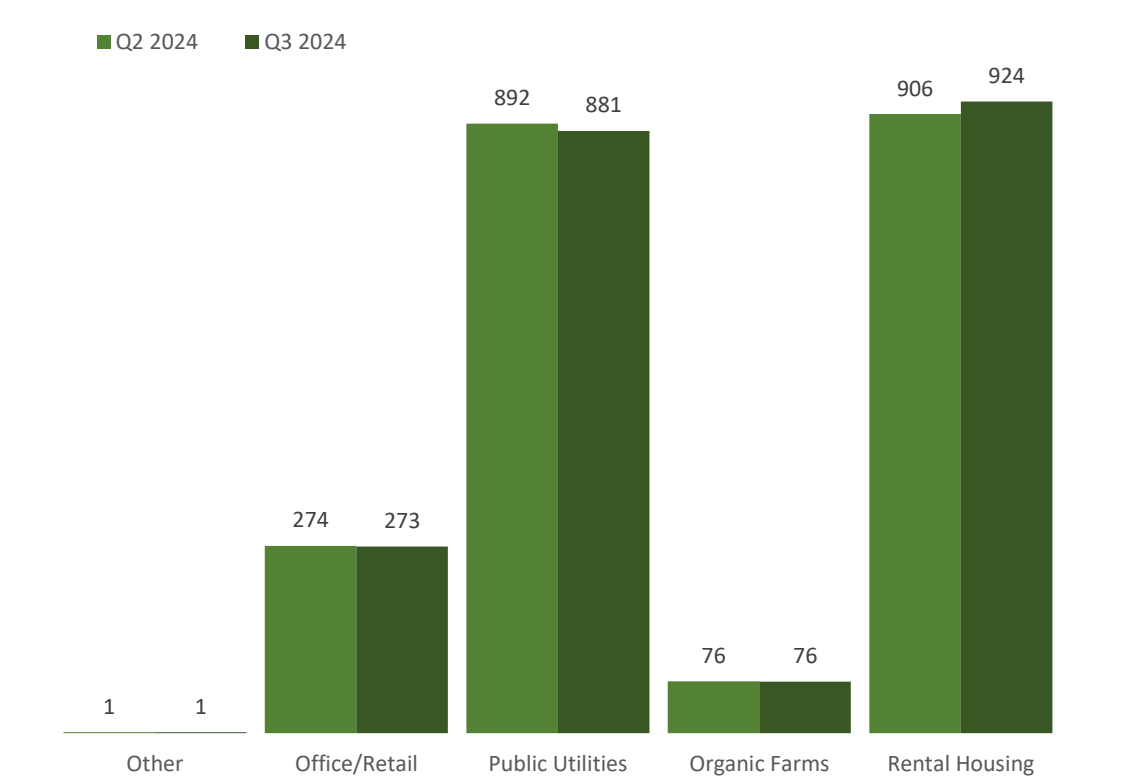
Green Bonds

Q3 2024

Green lending by asset category



Green lending by property category - EURm



Financed emissions – and portfolio by EPCs

Q3 2024

Type of property	Financed emissions ¹⁾												Portfolio by EPCs ^{1, 3)}				
	Total volume DKKbn	Q2	Coverage (volume)	Q2	Total emission tCO2	Q2	Financed emission tCO2	Q2	Financed emission CO2/DKKbn	Q2	Total emission CO2/sqm	Q2	EPC	Volume DKKbn	Q2		
Owner. occ. dwellings	261	256	99.4%	99.4%	451,491	457,523	217,182	221,539	0.83	0.86	19	19	A2020	8	8		
Commercial residential	43	42	93.3%	92.5%	71,308	72,316	27,138	26,990	0.63	0.64	10	10	A2015	23	22		
Offices & retail prop.	25	25	82.3%	81.7%	94,744	97,409	36,040	36,749	1.44	1.49	15	15	A2010	12	12		
Other properties ²⁾	42	42	0.0%	0.0%									B	18	17		
Total	371	366	84.3%	84.0%	617,543	627,248	280,360	285,278					C	69	67		
Notes															D	51	50
1) Calculations and portfolio as of 30 September 2024.															E	18	18
2) Other properties include agriculture, manufacturing and manual industries etc.															F	7	7
3) Energy Performance Certificate (EPC): Theoretical calculation of the building’s energy consumption.															G	4	4
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 building portfolio of Nordea Kredit ”															N/A	161	160
															Total	371	366

Notes

- 1) Calculations and portfolio as of 30 September 2024.
- 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.

4. Asset quality

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

Q3 2024

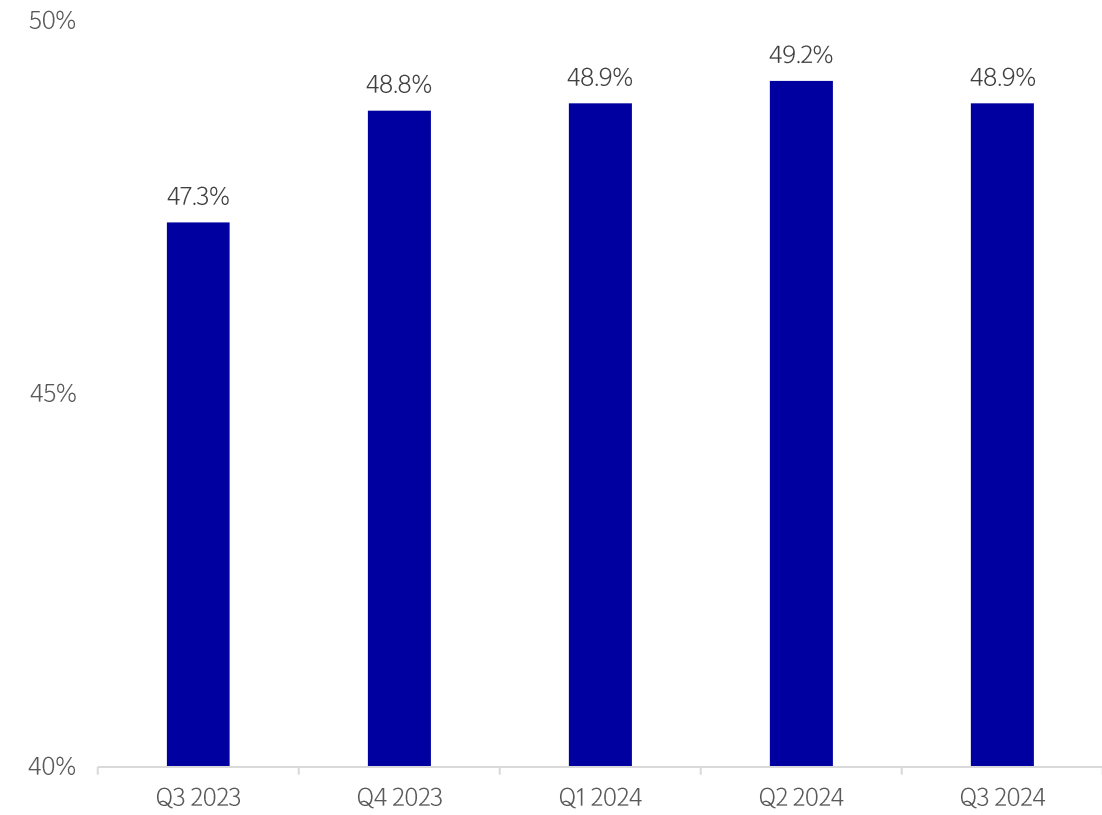
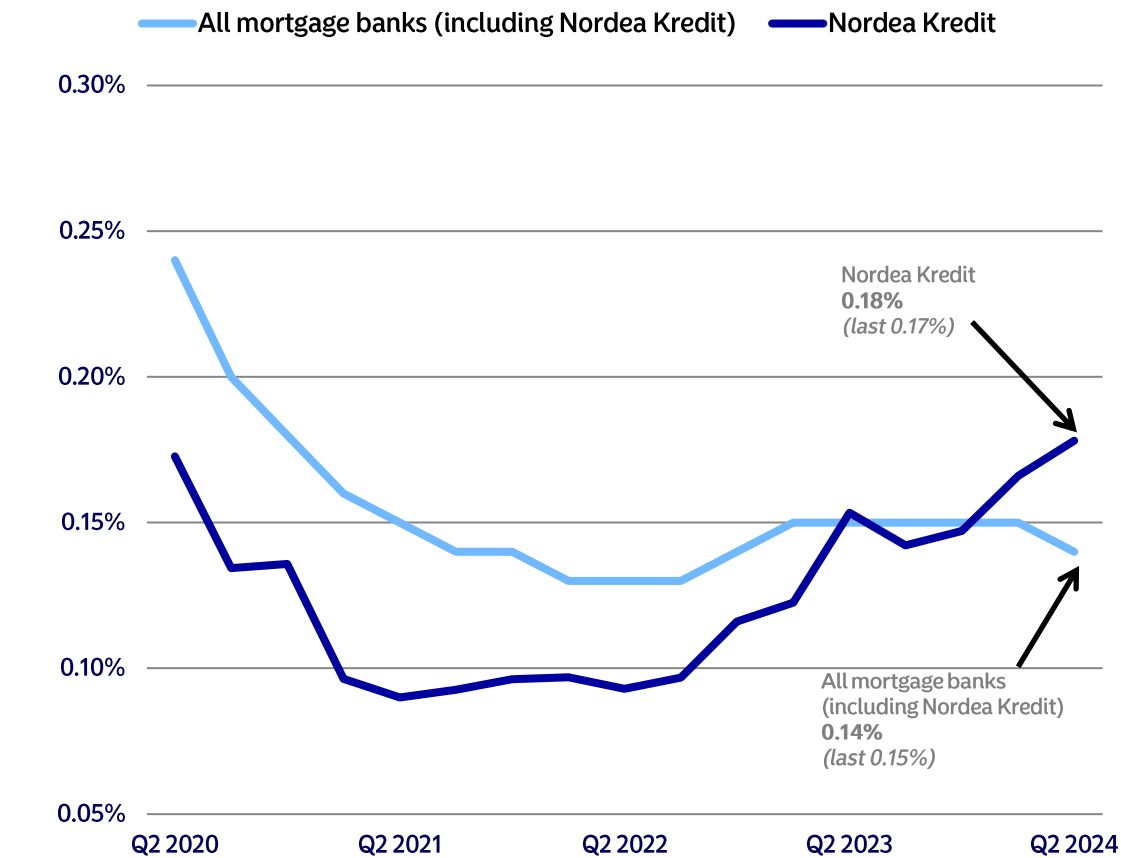
Loan type	Mortgage loans for residential properties		Mortgage loans for commercial properties	
Weighted average LTV – indexed	53.5%		42.3%	
LTV buckets	Nominal (EURm)	% Loans	Nominal (EURm)	% Loans
> 0 - ≤ 40 %	32,682	72.2%	7,636	72.7%
> 40 - ≤ 50 %	5,559	12.4%	1,366	12.4%
> 50 - ≤ 60 %	3,737	8.3%	621	8.3%
> 60 - ≤ 70 %	1,997	4.4%	94	4.4%
> 70 - ≤ 80 %	836	1.9%	8	1.9%
>80%	151	0.3%	2	0.0%
Total	44,962	100.0%	9,728	100.0%

Asset quality

Q3 2024

Arrears (owner occupied dwellings and holiday homes) ¹⁾

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



1) Arrears as a percentage of the Q3, 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

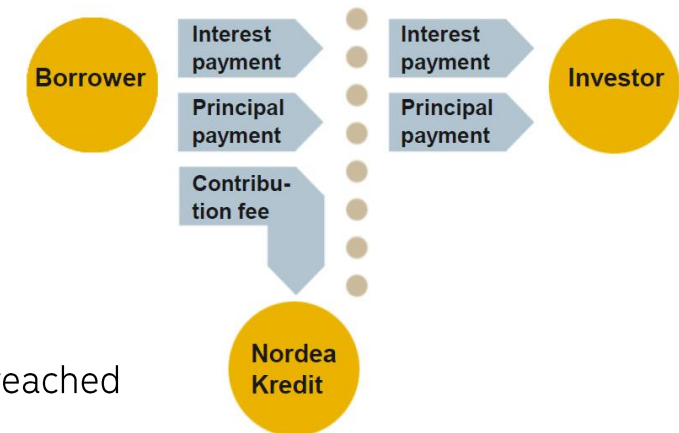
Corporates, agriculture etc.

- 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

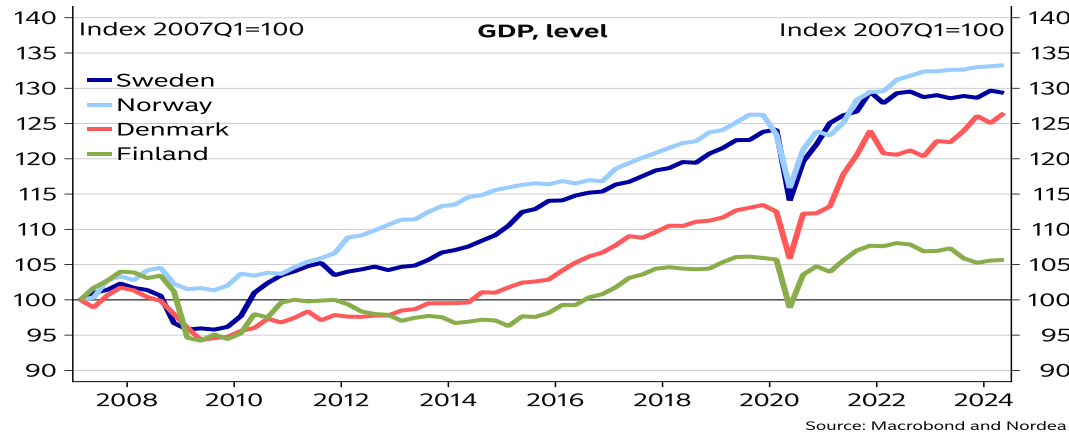
- Legal framework
 - The Financial Business Act
 - The Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act with several implementing executive orders
- Registration
 - An issuing institution is required to maintain a static cover pool
 - Mortgage deeds must be registered in the Danish Public Land 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

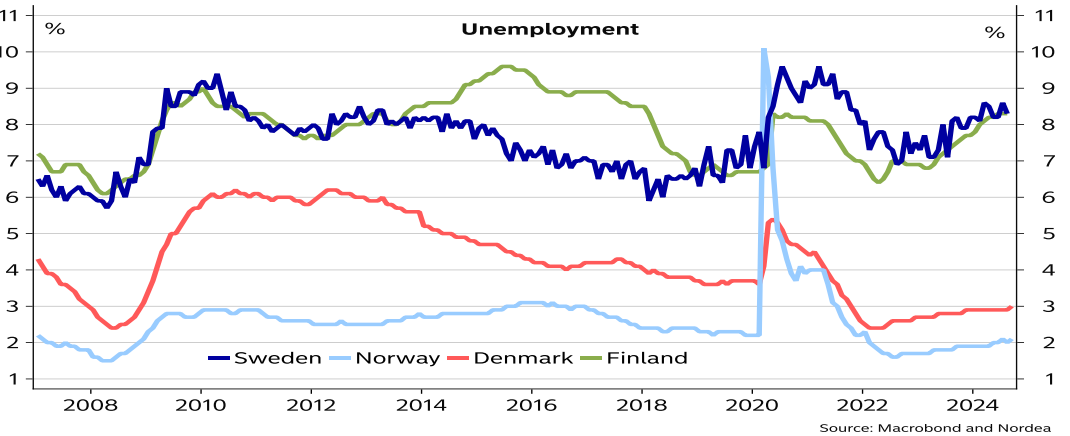
Activity picks up

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

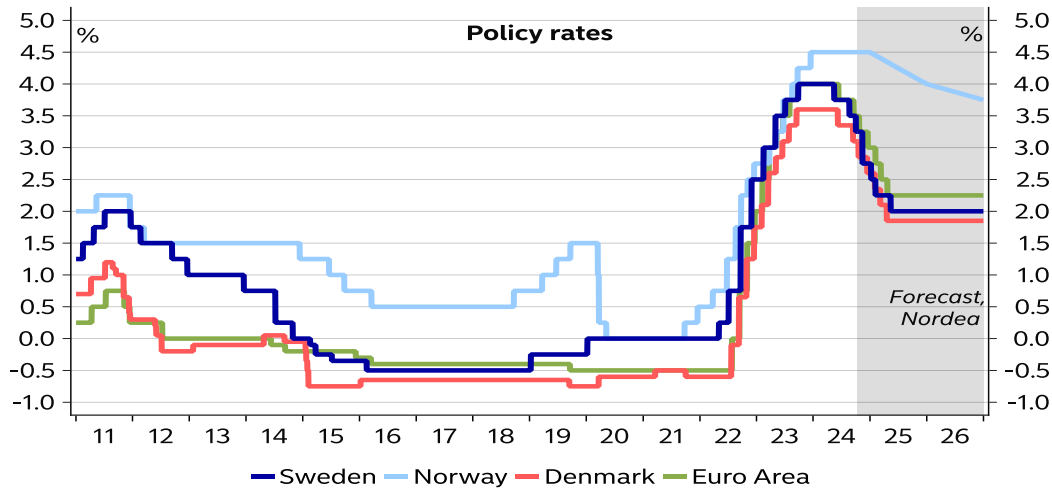


GDP, % y/y, Economic Outlook September 2024

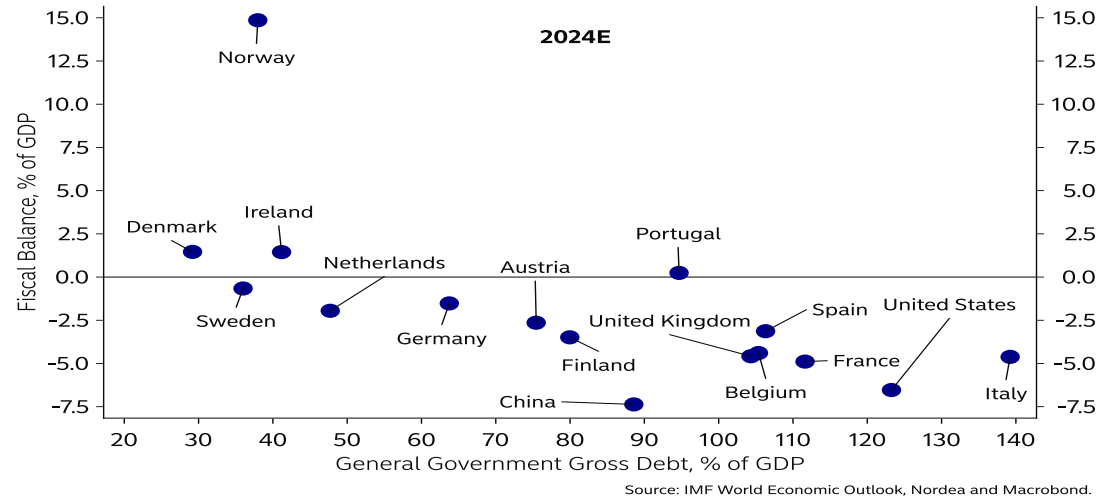
Country	2023	2024E	2025E	2026E
Denmark	2.5	1.5	1.7	1.7
Finland	-1.2	-0.5	1.5	2.0
Norway (mainland)	0.7	0.7	1.6	2.0
Sweden	-0.1	0.9	1.9	2.6

Precision play

Policy rates



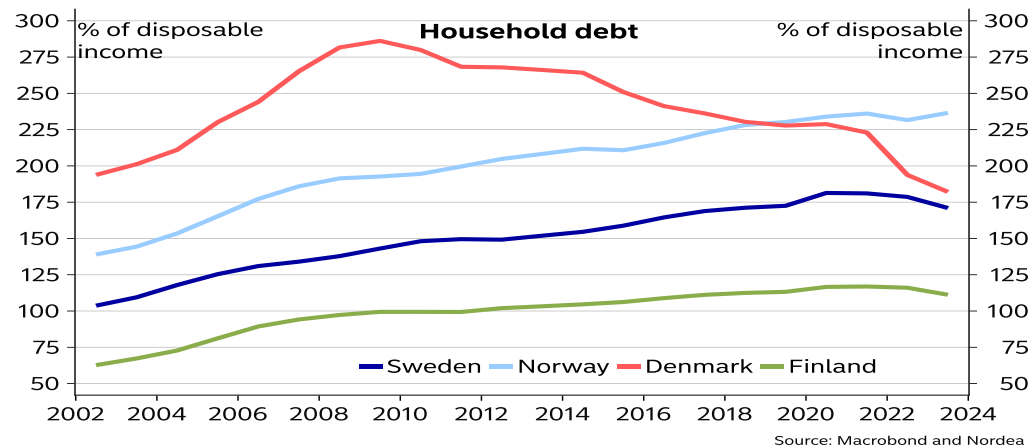
Public balance/debt, % of GDP, 2024E (IMF)



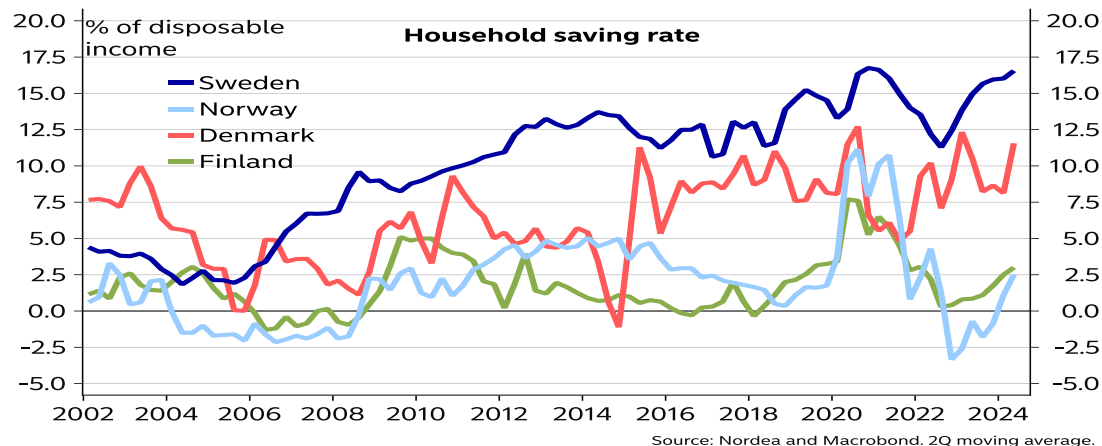
- The Riksbank and the ECB lowered their policy rates by 0.25 percentage points to 3.25% and 3.50%, respectively, in September.
- The Riksbank is expected to cut the policy rate by 0.5 percentage points in November and 0.25 percentage points in December, according to Nordea's forecast. Two more rate 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

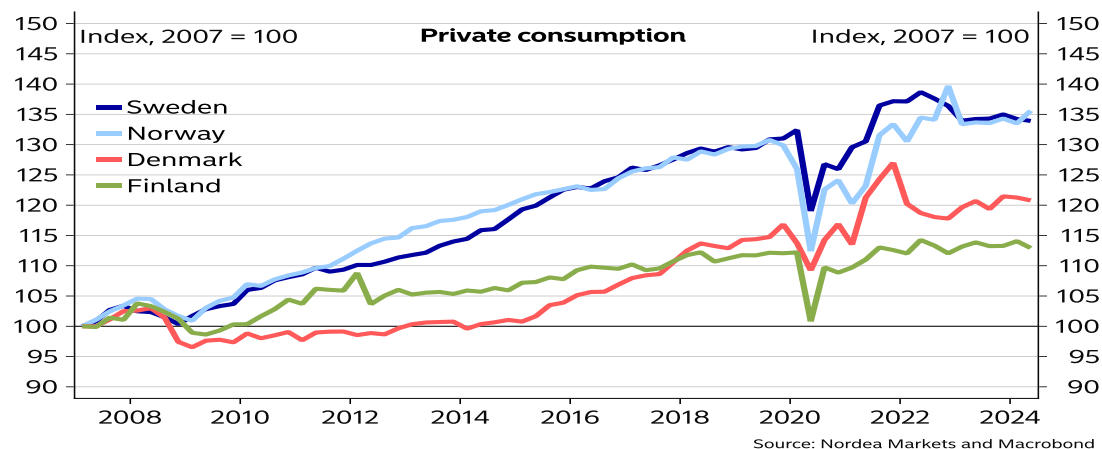


Household savings



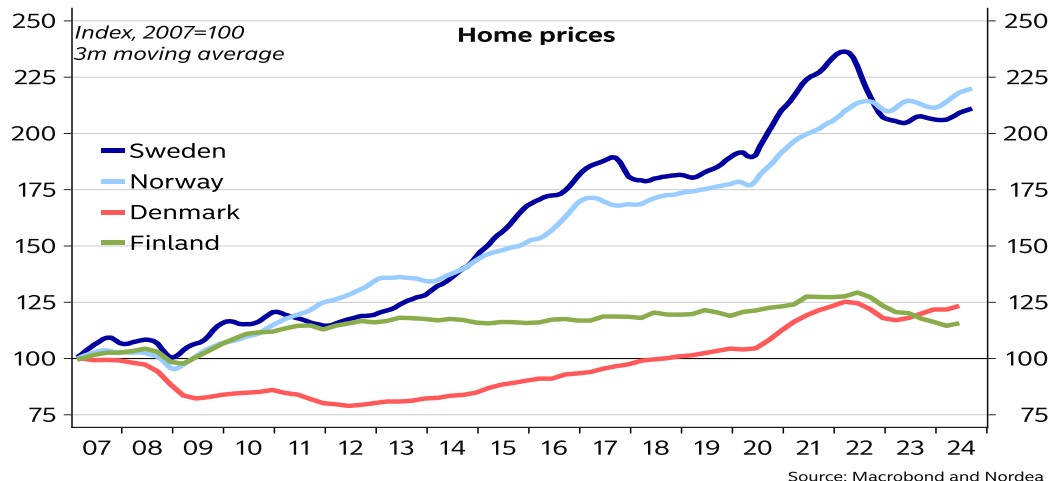
- Household consumption in most of the Nordics will only increase modestly throughout the rest of the year due to a continued high interest burden.
- Danish and Norwegian households are expected to fare better than their Nordic counterparts, primarily due to higher positive real wage growth.
- Going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

Private consumption

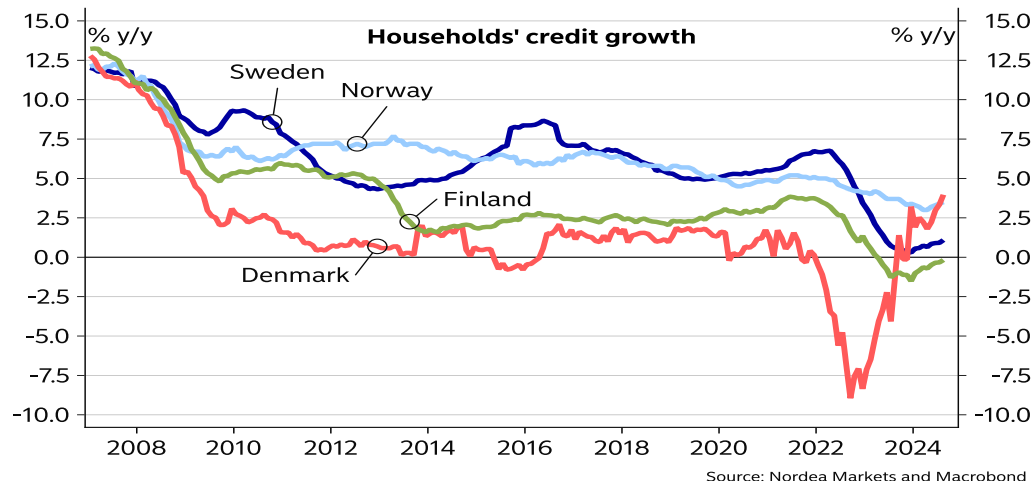


Brighter outlook

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.

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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