



Nordea

Nordea Kredit Covered Bonds

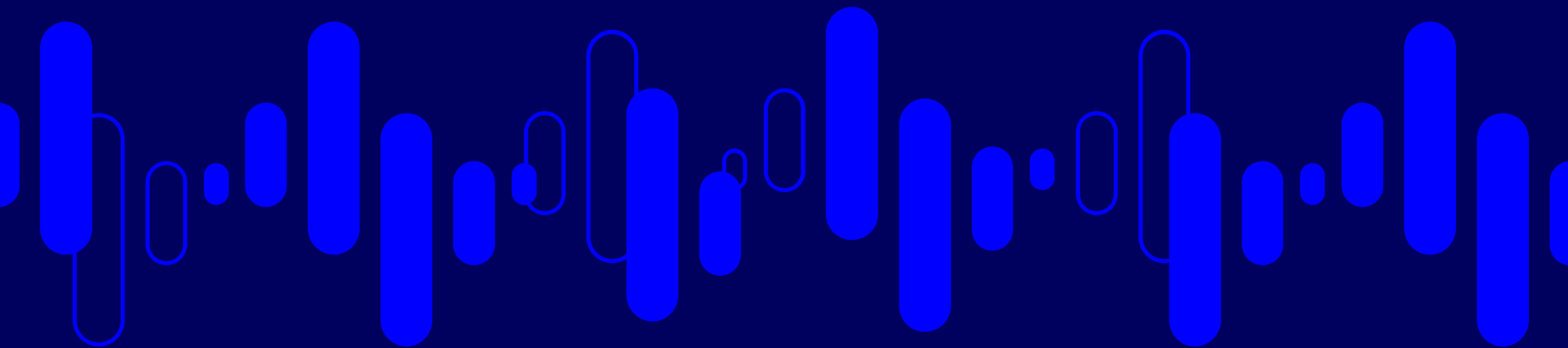
Q4 2024 Debt Investor Presentation



Table of contents

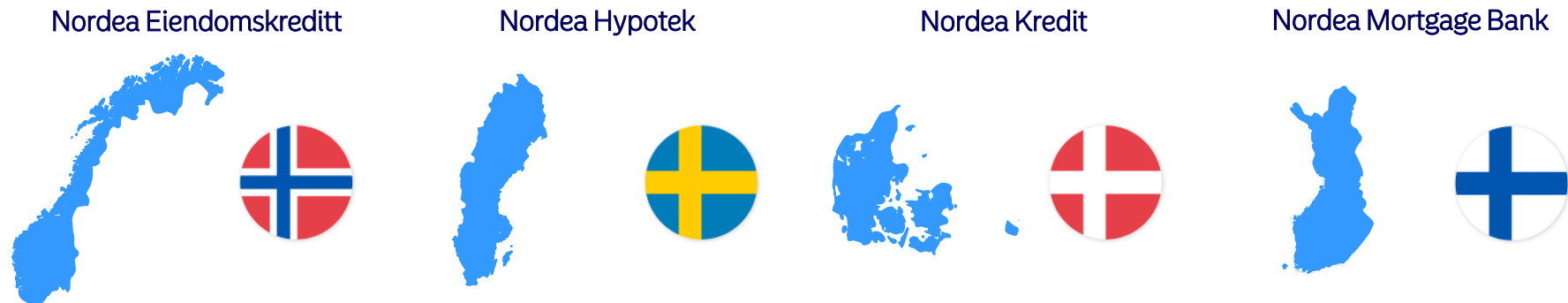
1. Nordea covered bond operations	3
2. Nordea Kredit in brief	5
3. Cover pool key characteristics	7
4. Asset quality	14
5. Underwriting criteria	17
6. Danish covered bond framework	19
7. Macroeconomy	21
8. Relevant links and contacts	26

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 36.3bn (eq.)	EUR 62.2bn (eq.)	Balance principle	Pool 1: EUR 12.2bn Pool 2: EUR 14.5bn
Covered bonds outstanding	EUR 22.9bn (eq.)	EUR 31.4bn (eq.)	EUR 56.6bn (eq.)*	Pool 1: EUR 10.4bn Pool 2: EUR 10.8bn
OC	59%	98%	7%*	Pool 1: 18% / Pool 2: 34%
Issuance currencies	NOK	SEK	DKK, EUR	EUR
Rating (Moody's / S&P)	Aaa / -	Aaa / -	- / AAA	Aaa / -
Outstanding green covered bonds	EUR 1.8bn	EUR 1.6bn	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](#)



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

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

3. Cover pool key characteristics

Cover pool key characteristics

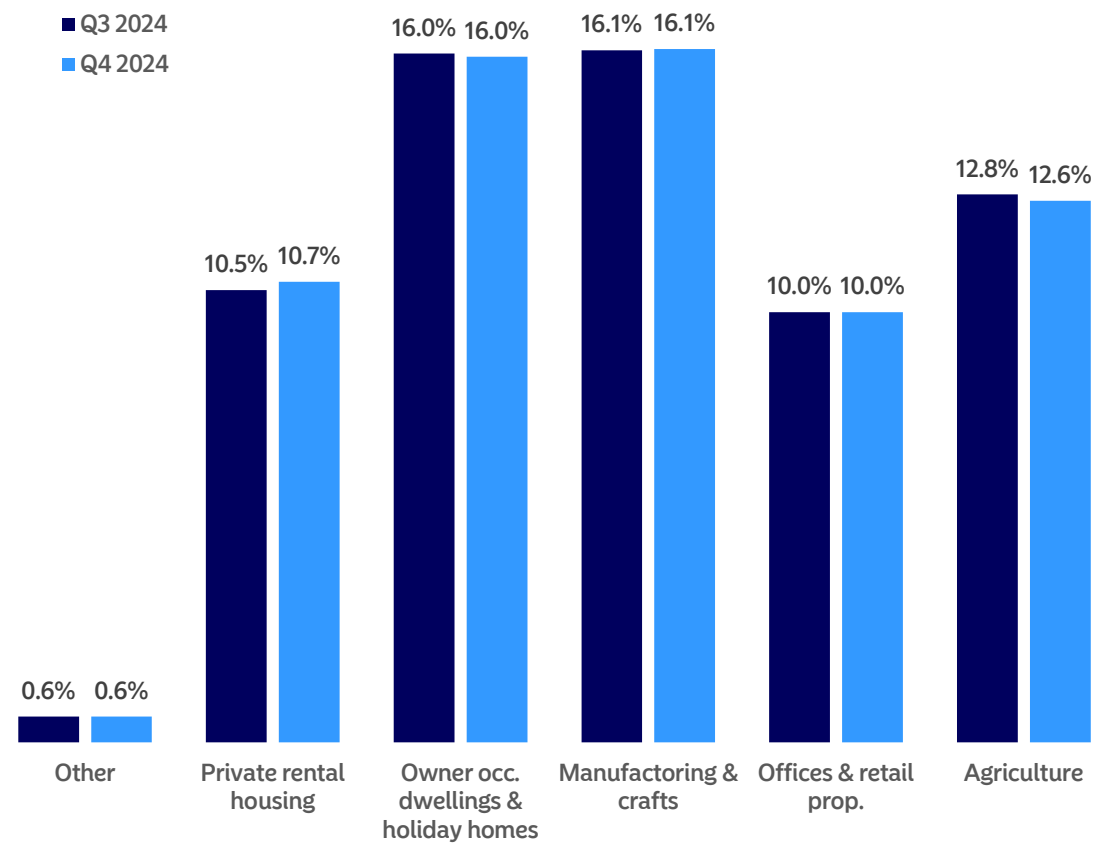
Q4 2024

Outstanding covered bonds	EUR 56.6bn
Cover pool content	Mortgage credit loans secured by mainly residential property (total: EUR 60.5bn including substitute assets)
Geographic distribution	Throughout Denmark with concentration in urban areas
Weighted average LTV	49.0%
Average residential loan size	EUR 210,121
Over-collateralisation, OC	7.0%
Interest rate type (bonds)	Fixed rate 74.9%, Floating rate 25.1%
Amortization of underlying loans	Interest only 53.7%, Amortizing 46.3%
Substitute assets	EUR 5.547bn
Pool type	Static
Loans originated by	Nordea Kredit CC2

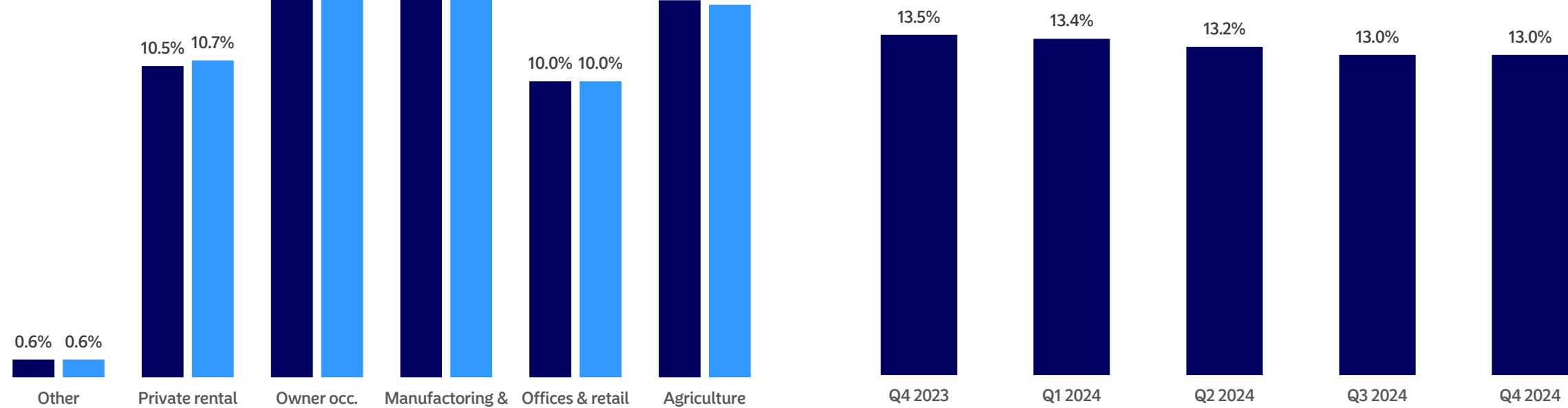
Loan portfolio

Q4 2024

Market share¹ by property category



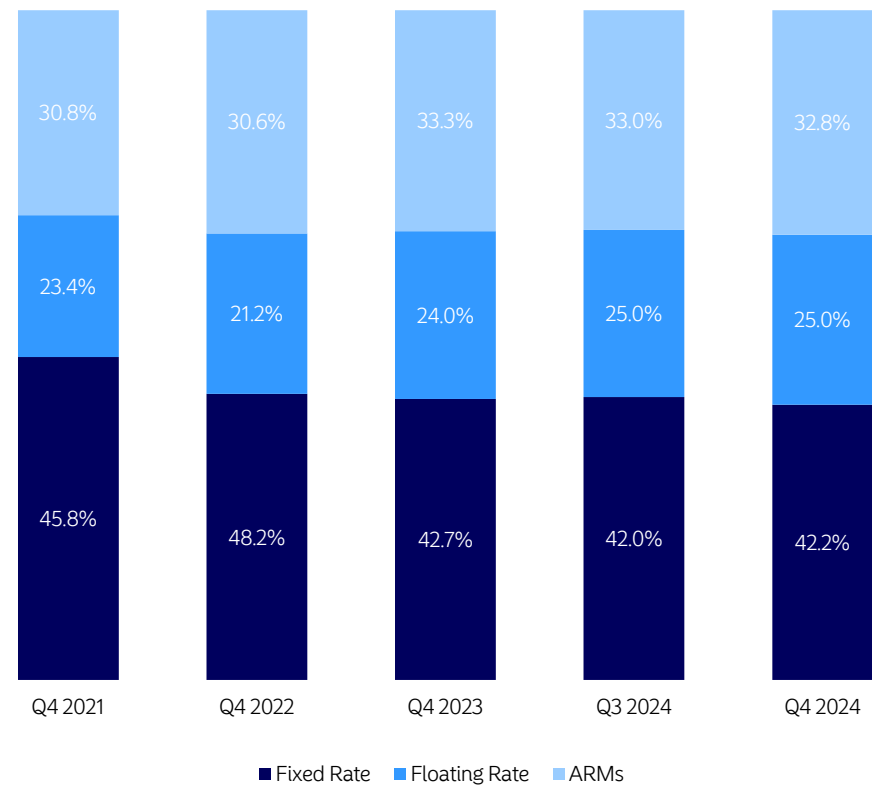
Market share¹ – overall



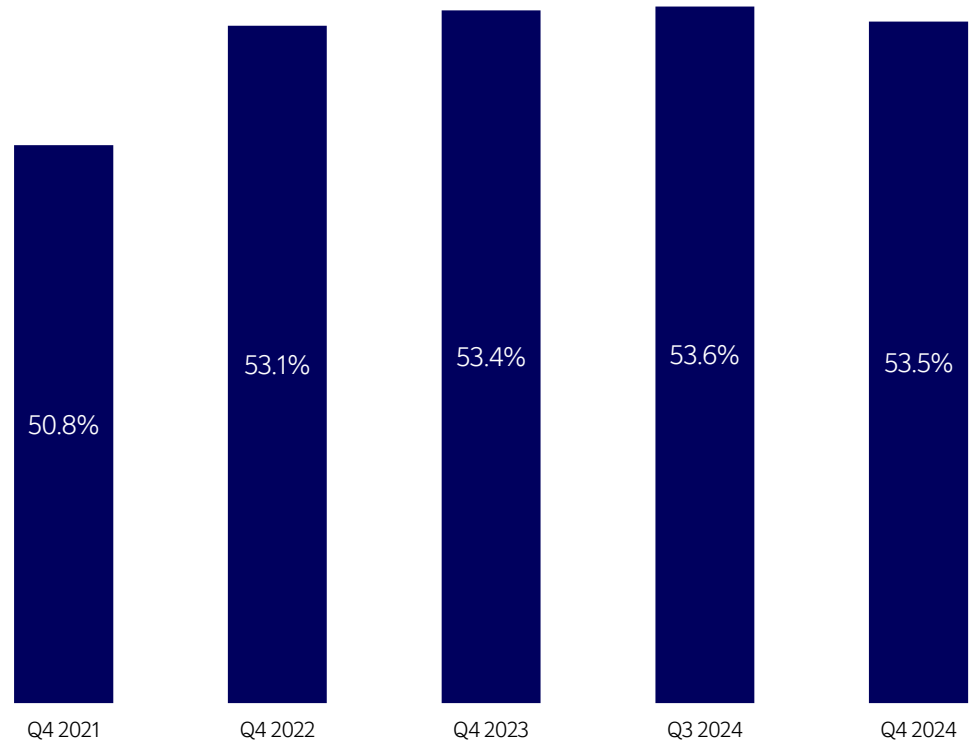
Total loan portfolio (CC1 and CC2)

Q4 2024

Loan portfolio by loan type



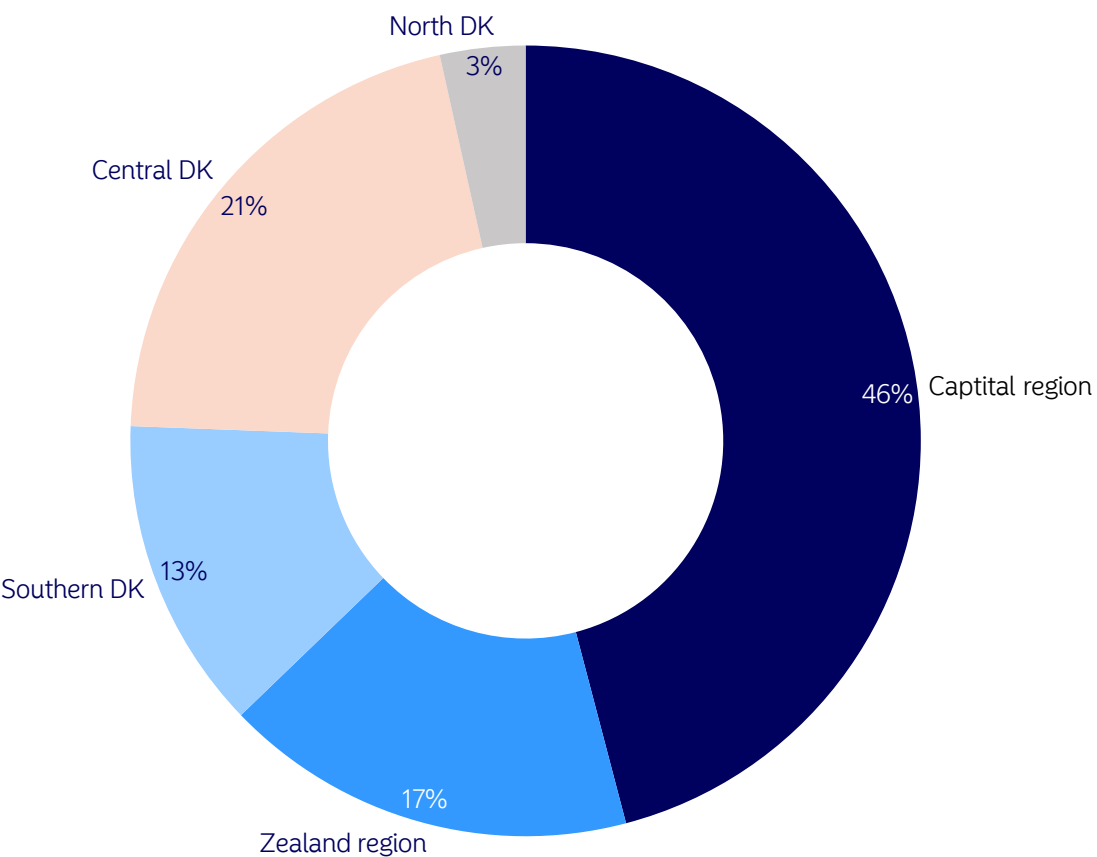
Share of interest-only mortgages



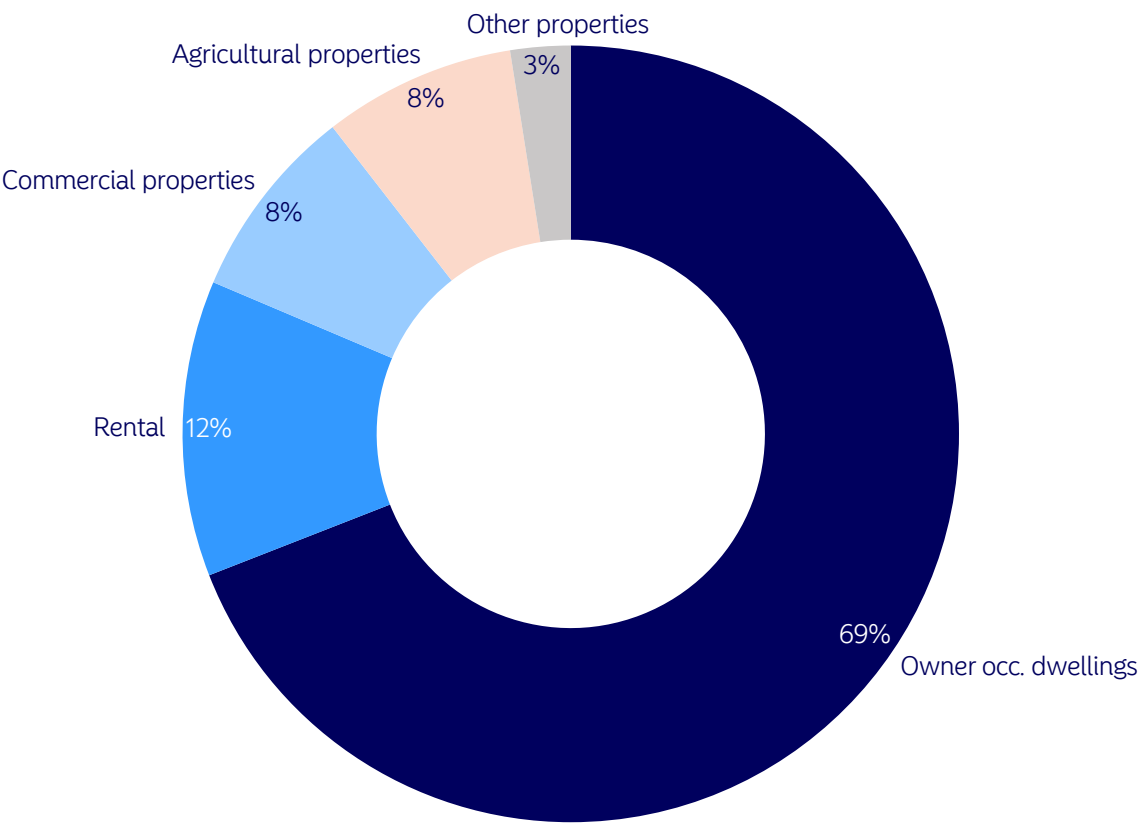
Loan portfolio

Q4 2024

Loan balance by region



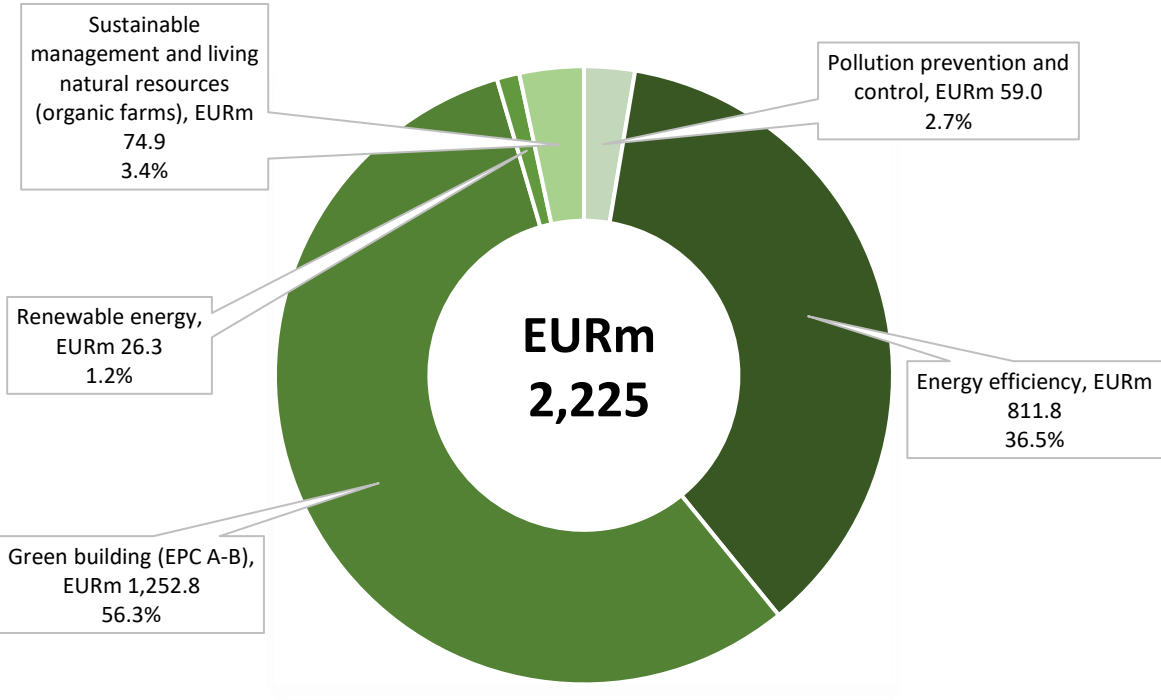
Loan balance by property category



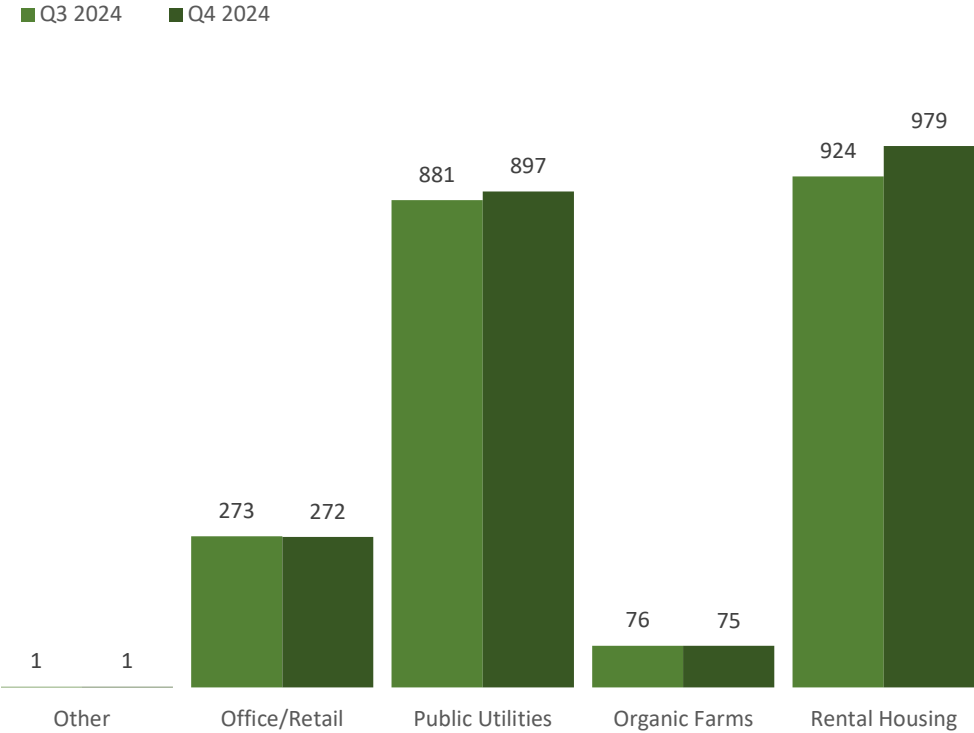
Green Bonds

Q4 2024

Green lending by asset category



Green lending by property category - EURm



Financed emissions – and portfolio by EPCs

Q4 2024

Type of property	Total volume DKKbn		Coverage (volume)		Financed emissions ¹⁾		Financed emissions ¹⁾		Financed emissions ¹⁾		Financed emissions ¹⁾	
					Total emission tCO2	Q3	Total emission tCO2	Q3	Financed emission CO2/DKKbn	Q3	Total emission CO2/sqm	Q3
Owner. occ. dwellings	262	261	99.7%	99.4%	447,295	451,491	215,888	217,182	0.83	0.83	19	19
Commercial residential	45	43	93.8%	93.3%	72,815	71,308	27,819	27,138	0.63	0.63	9	10
Offices & retail prop.	25	25	82.0%	82.3%	94,791	94,744	37,727	36,040	1.50	1.44	15	15
Other properties ²⁾	42	42	0.0%	0.0%								
Total	374	371	85.0%	84.3%	614,901	617,543	281,434	280,360				

Notes

- 1) Calculations and portfolio as of 24 December 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.

Portfolio by EPCs ^{1, 3)}		
EPC	Volume DKKbn	Q3
A2020	8	8
A2015	23	23
A2010	13	12
B	18	18
C	69	69
D	51	51
E	19	18
F	7	7
G	4	4
N/A	162	161
Total	374	371

4. Asset quality

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

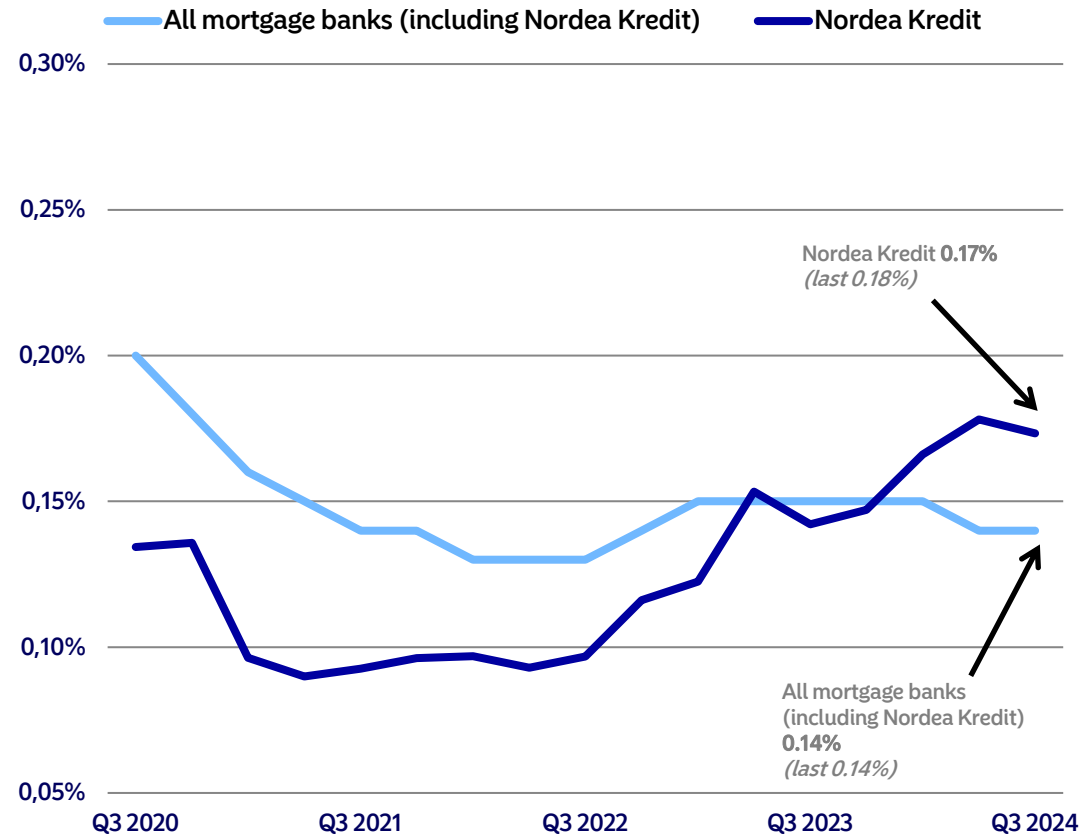
Q4 2024

Loan type	Mortgage credit loans (residential)		Mortgage credit loans (commercial)	
Weighted average LTV – indexed	53.6%		42.2%	
LTV buckets	Nominal (EURm)	% Loans	Nominal (EURm)	% Loans
> 0 - ≤ 40 %	32,799	72.5%	7,688	78.5%
> 40 - ≤ 50 %	5,601	12.4%	1,371	14.0%
> 50 - ≤ 60 %	3,778	8.4%	626	6.4%
> 60 - ≤ 70 %	2,033	4.5%	92	0.9%
> 70 - ≤ 80 %	855	1.9%	8	0.1%
>80%	152	0.3%	2	0.0%
Total	45,218	100.0%	9,766	100.0%

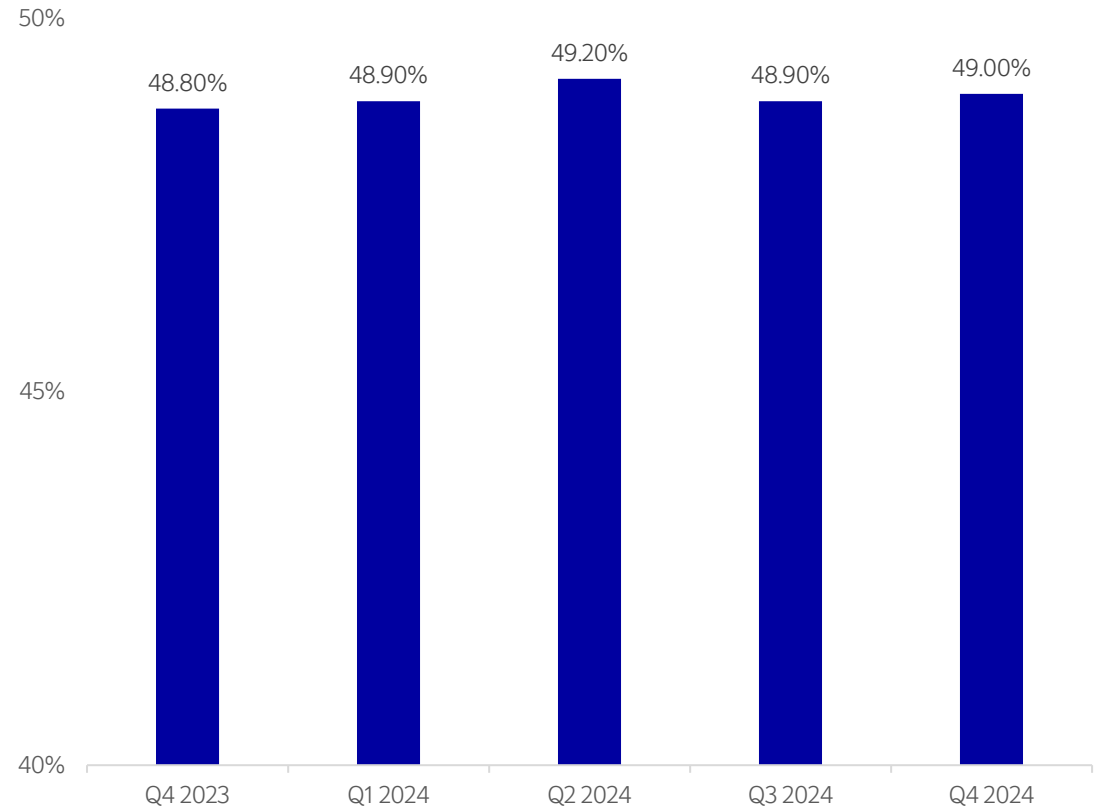
Asset quality

Q4 2024

Arrears (owner occupied dwellings and holiday homes) ¹⁾



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

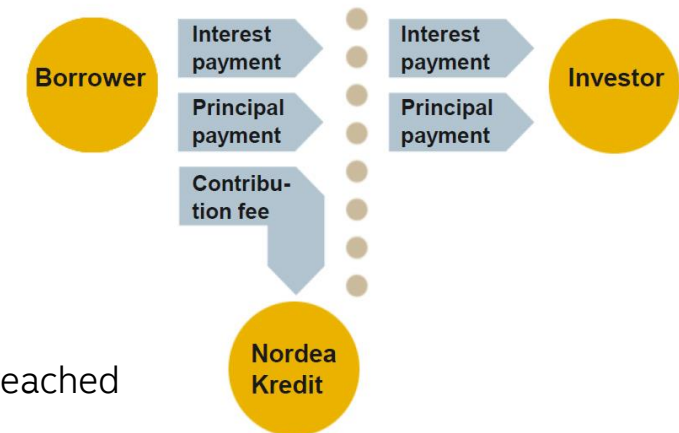
Corporates, agriculture etc.

- 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

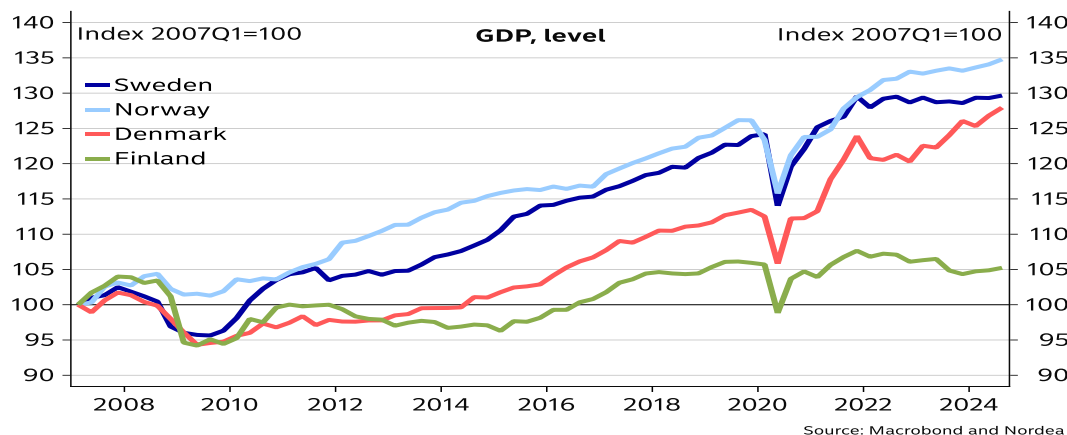


7. Macroeconomy

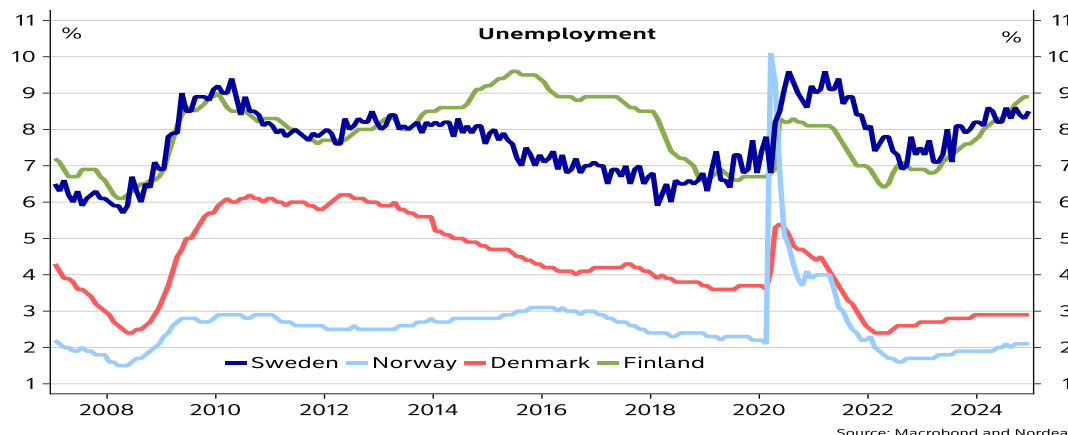
Nordic economic development

Better outlook ahead

GDP



Unemployment rate



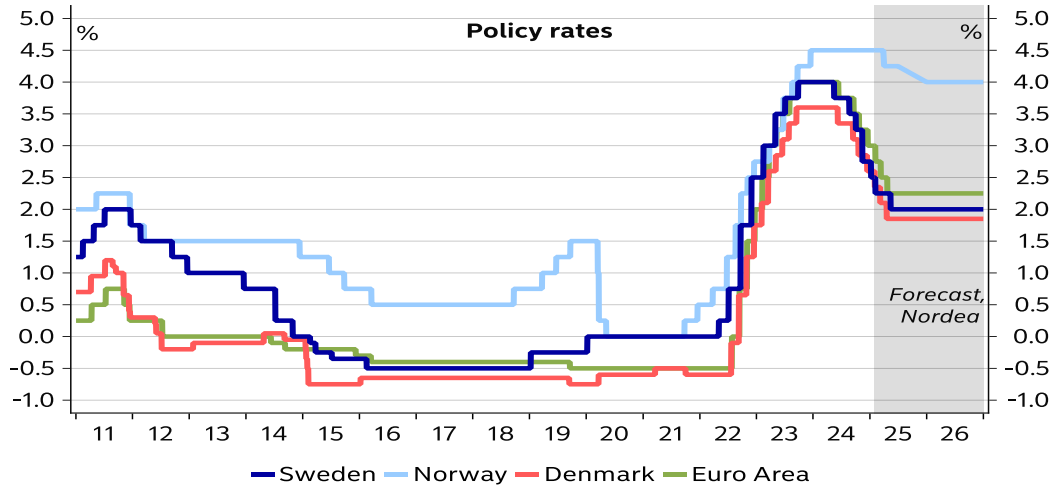
- The Nordic economies have shown mixed trends on the back of surging inflation and higher interest rates.
- Lower interest rates are expected to support economic activity going forward. GDP-growth in the Nordics will be positive in 2025 and 2026, according to Nordea's forecast.
- Labour markets are still under pressure but are expected to stabilise soon.

GDP, % y/y, Economic Outlook January 2025

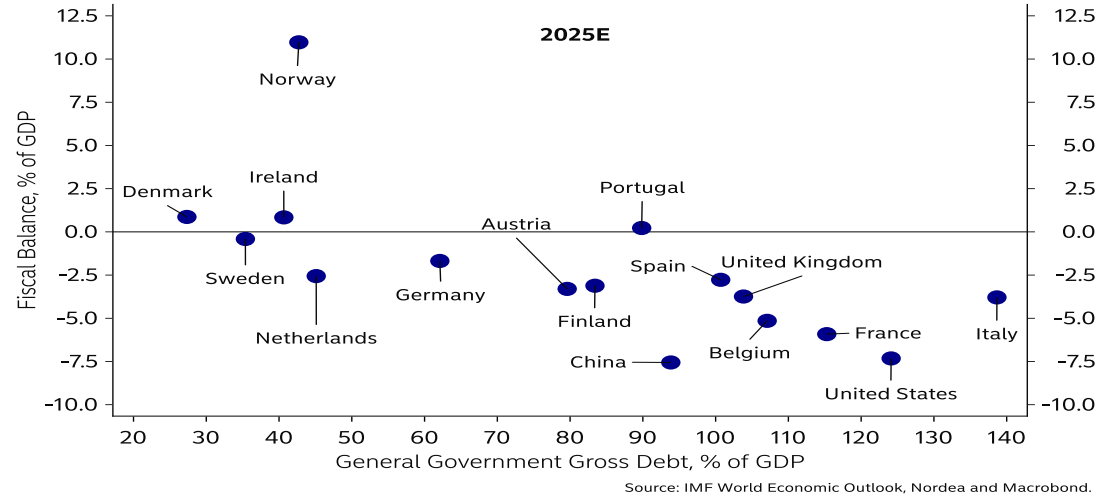
Country	2023	2024E	2025E	2026E
Denmark	2.5	2.9	2.8	1.7
Finland	-1.2	-0.5	1.0	2.0
Norway (mainland)	0.7	1.0	1.8	1.8
Sweden	0.0	0.6	1.6	2.6

Less restrictive monetary policy

Policy rates



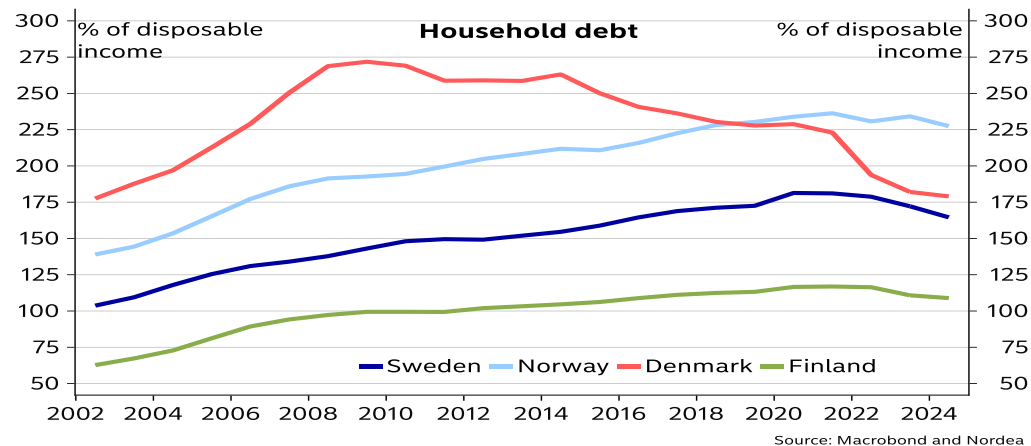
Public balance/debt, % of GDP, 2025E (IMF)



- The ECB and Danmarks Nationalbank lowered their policy rates by 0.25 percentage points in December.
- The Riksbank is expected to cut the policy rate one more time before the summer, bringing down the policy rate to 2.00%.
- The ECB is expected to lower rates by 0.25 percentage points at each meeting, until they reach 2.25% in April.
- Norges Bank is expected to cut the policy rate in March by 0.25 percentage points down to 4.25%, according to Nordea's forecast. An additional rate cut is expected during the autumn, bringing down the policy rate to 4.00% by year-end.
- 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.

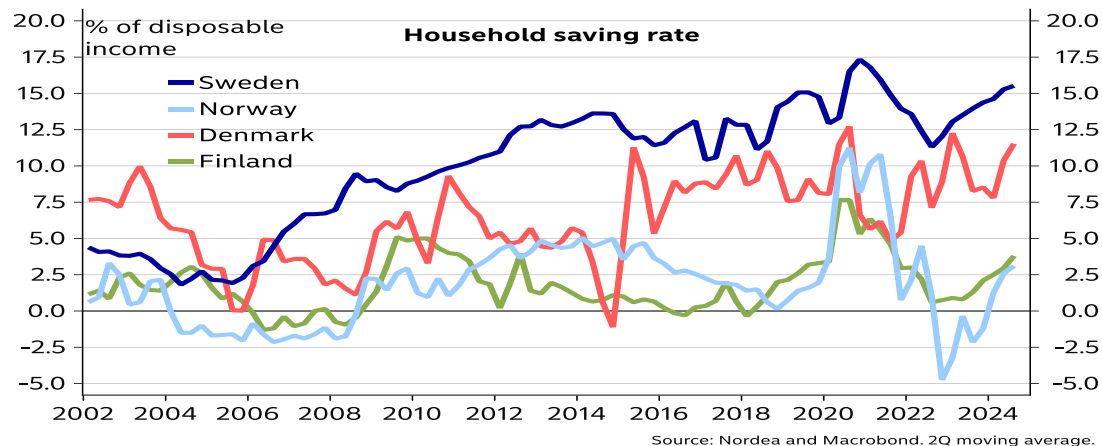
Increasing purchasing power

Household debt

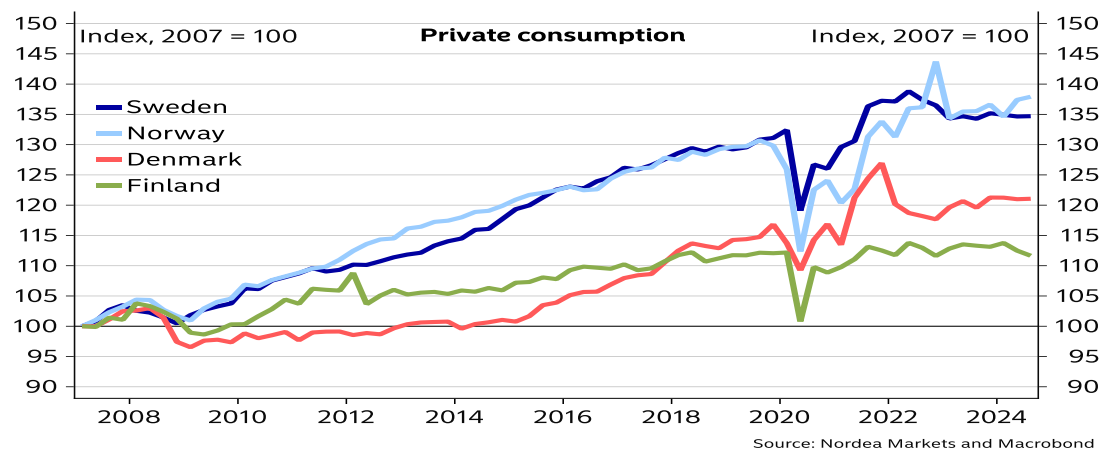


- Households' purchasing power and consumption are expected to improve as real disposable income continues to increase.
- Consumer confidence have risen from very low levels but remains subdued, indicating caution among households.
- Households' debt ratios have decreased whilst the savings rates have increased.

Household savings

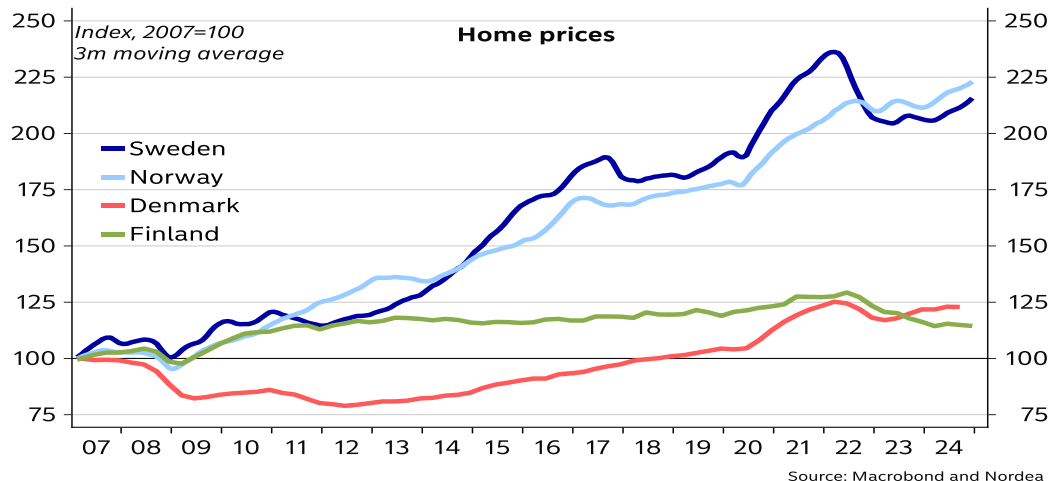


Private consumption

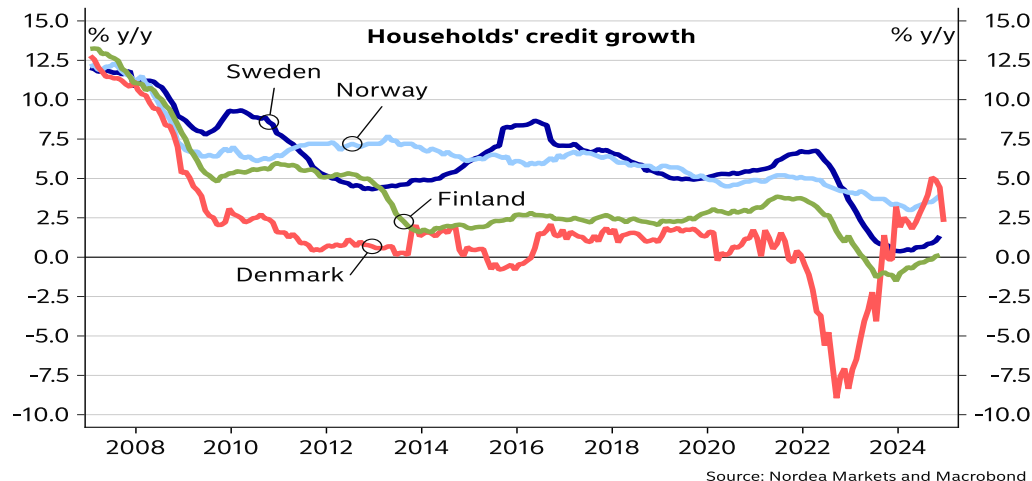


Increased activity

Home prices



Households' credit growth



- Home prices have stabilised and modestly started to increase in most of the Nordic countries. Norwegian home prices have developed better than their Nordic counterparts and rose by 6.4% in 2024.
- Monetary policy has become less restrictive in most of the Nordics which should support a recovery in home prices.
- Transaction volumes are picking up from low levels. However, imbalances remain, and the higher-than-normal supply of homes suggests the markets can absorb a higher demand without sharp price increases.
- Households' credit growth have turned positive in all the Nordic countries. Credit growth is expected to increase as central banks continue to lower 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:

Peter Brag

Lead Dealer, Long Term Funding & Structuring
+45 3333 1663
Peter.brag@nordea.com

Morten Keil

Head of Covered Bonds, Long Term Funding & Structuring
+45 3333 1875
morten.keil@nordea.com