

Nordea

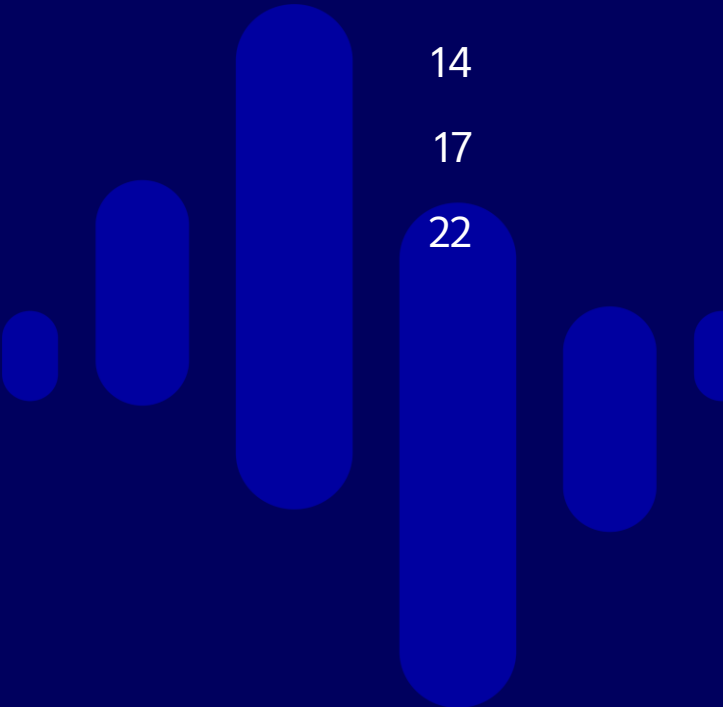
Q4 2024 Debt investor presentation

Nordea Mortgage Bank Covered Bonds

Cover pools 1 & 2

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1. In brief

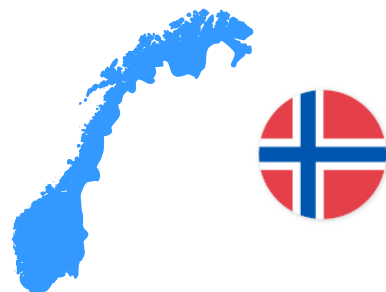


Covered bonds

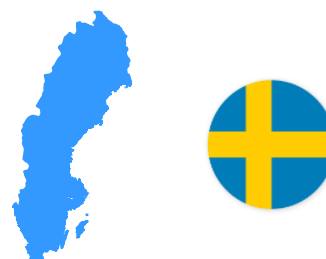
Nordea covered bond operations

Four aligned covered bond issuers with complementary roles

Nordea Eiendoms kreditt



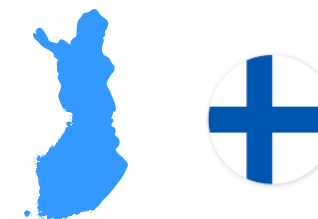
Nordea Hypotek



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 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 57.8bn (eq.)*	Pool 1: EUR 10.4bn Pool 2: EUR 10.8bn
OC	59%	98%	8%*	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

Nordea Mortgage Bank Plc – overview

Q4 2024



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



Operates as a mortgage credit institution with the main purpose of issuing covered bonds



Issuing covered bonds according to the Finnish covered bond legislation

Legacy bonds

Old Covered Bond Act (688/2010), secured by Covered Pool I

New covered bonds

New Mortgage and Covered bond Act (151/2022), secured by Covered Pool II



Acting in a healthy and conservative Finnish housing market. Market share of Nordea ~30% of the Finnish mortgage market (housing loans)



Dedicated liquidity line provided by Nordea Bank Abp to manage daily cash needs and ensure compliance with external and internal requirements regarding liquidity management

MOODY'S

Covered bonds rated Aaa by Moody's

2. Cover pool characteristics



Cover pool key characteristics

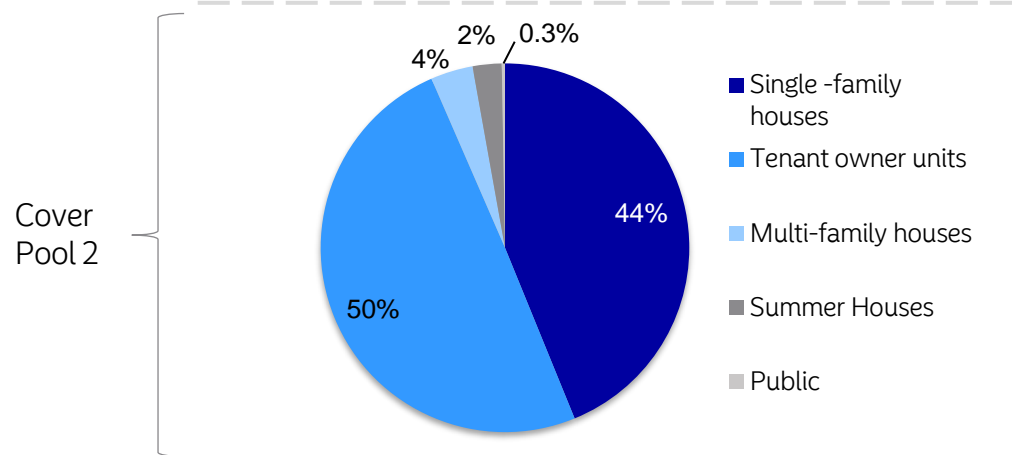
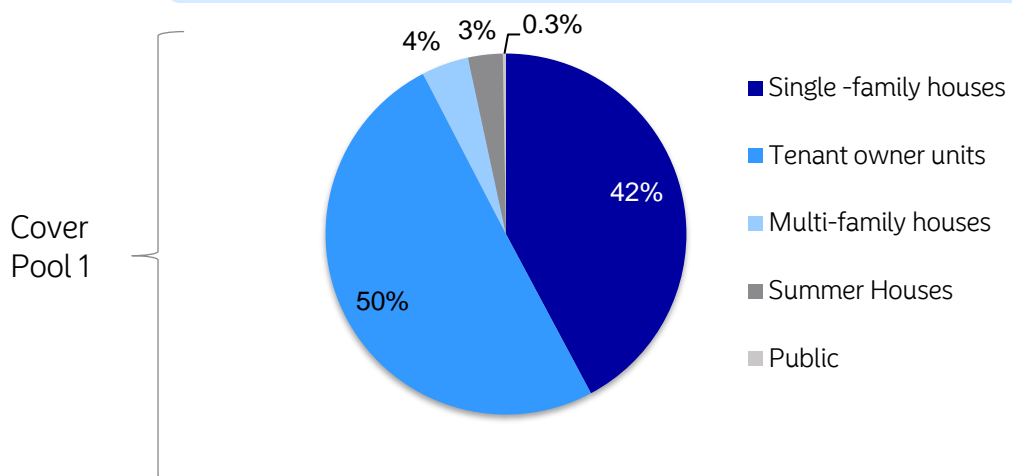
Q4 2024

Cover pool summary	Cover pool 1 (Legacy)	Cover Pool 2 (New)
Pool notional	EUR 12.2bn	EUR 14.5bn
Outstanding Covered Bonds	EUR 10.4bn	EUR 10.8bn
Cover pool content	Mortgage loans secured by residential property. Loans guaranteed by public sector	Mortgage loans secured by residential property. Loans guaranteed by public sector
Geographic distribution	Throughout Finland with concentration in urban areas	Throughout Finland with concentration in urban areas
Asset distribution	99.7% residential, 0.3% public sector	99.7% residential, 0.3% public sector
Weighted average LTV*	50.7% (indexed, calculated per property)	55.3% (indexed, calculated per property)
Average loan size*	EUR 76.7k	EUR 86.4k
Over collateralisation, OC	17.8%	34.5%
Rate type*	Fixed rate 0.9%, Floating rate 99.1%	Fixed rate 0.9%, Floating rate 99.1%
Amortisation*	Bullet/interest only 2.3%, Amortising 97.7%	Bullet/interest only 2.2%, Amortising 97.8%
Substitute assets	None	None
Pool type	Dynamic	Dynamic
Loans originated by	Nordea Bank Abp. (as of 1 October 2018)	Nordea Bank Abp. (as of 1 October 2018)

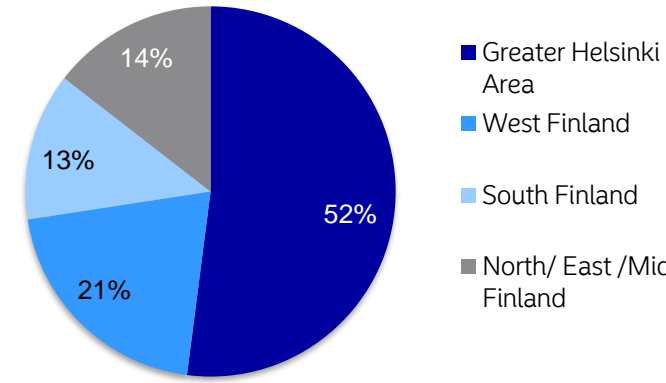
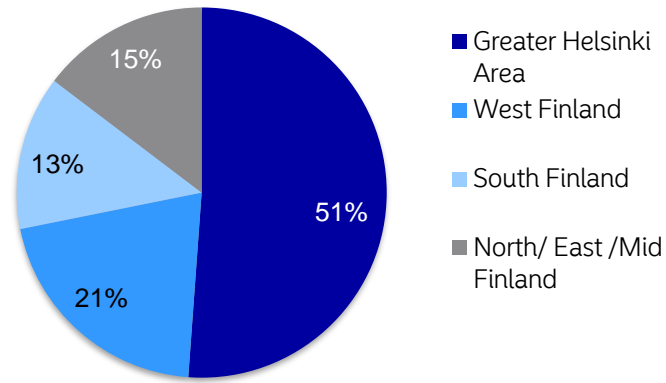
Cover pool key characteristics (2)

Q4 2024

Cover pool balance by loan category



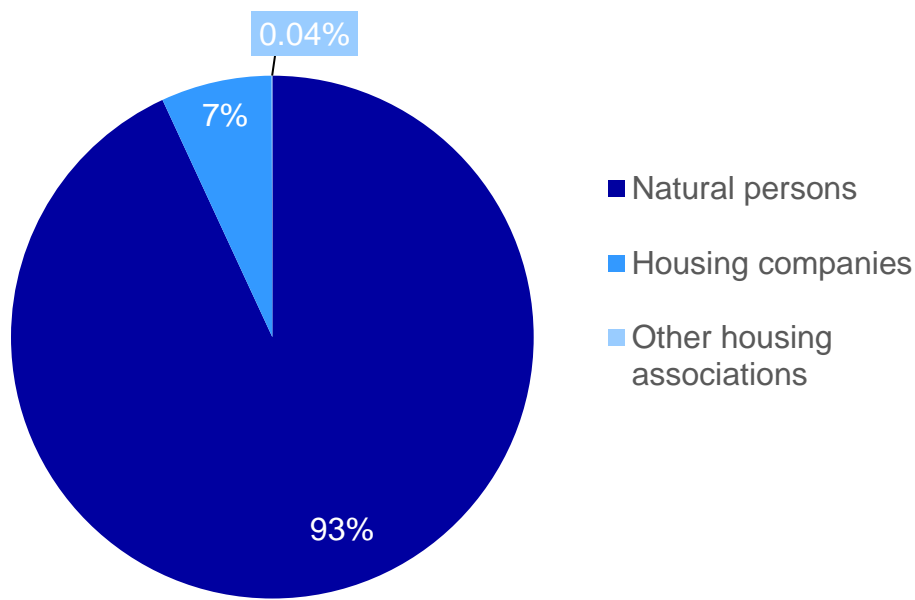
Cover pool balance by region



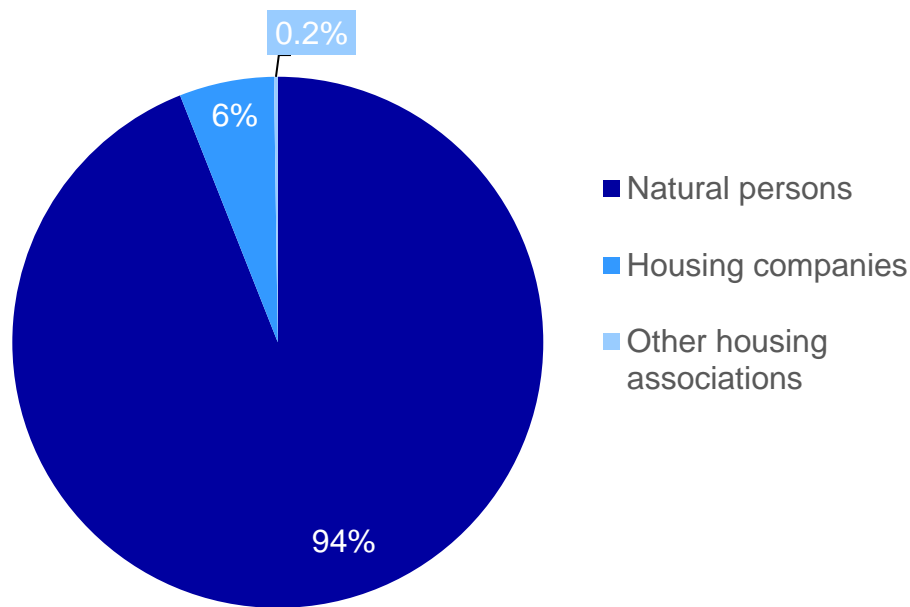
Cover pool key characteristics (3)

Q4 2024

Distribution of collateral assets – Pool 1



Distribution of collateral assets – Pool 2



3. Asset quality

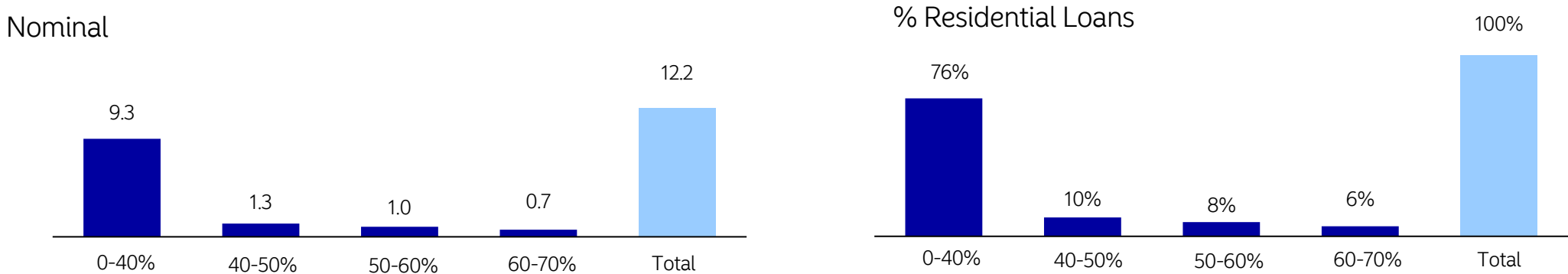


Continuous distribution where each loan can exist in multiple buckets

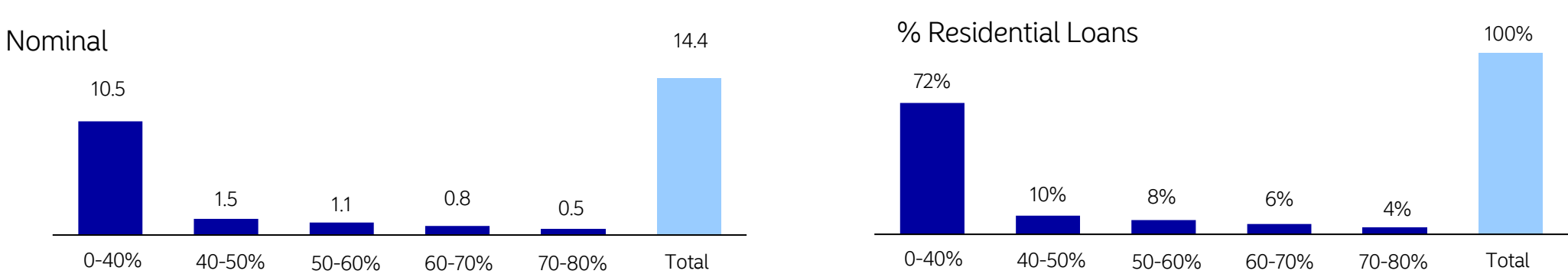
Loan To Value (LTV)

Q4 2024

Cover Pool 1 - Weighted Average LTV – Indexed – 50.7%

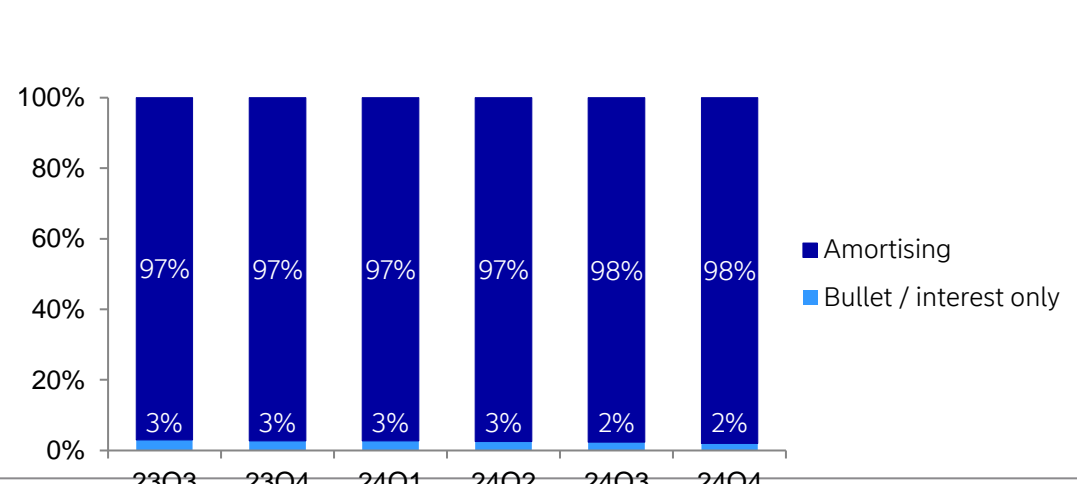
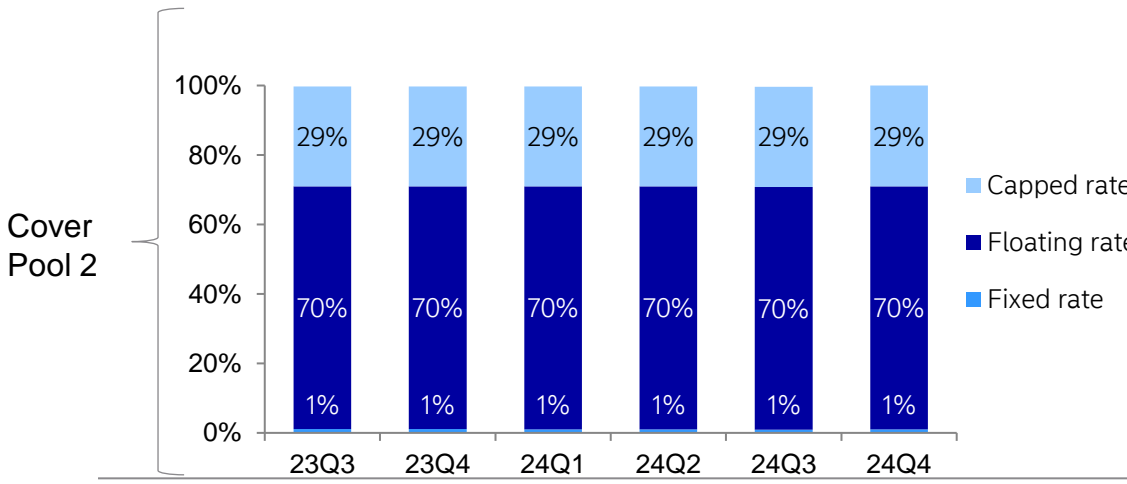
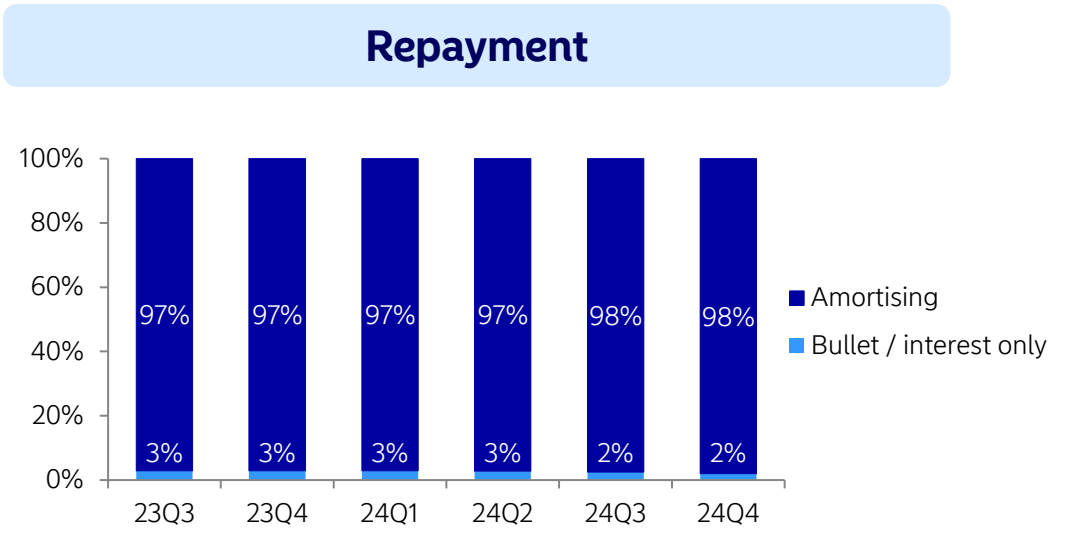
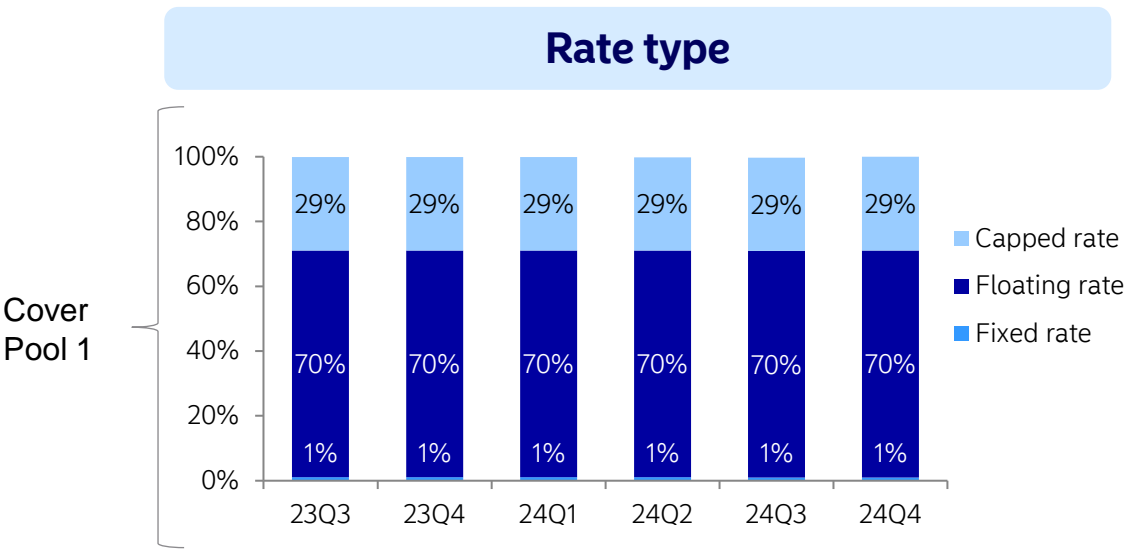


Cover Pool 2 - Weighted Average LTV – Indexed – 55.3%



Loan structure

Q4 2024



Underwriting criteria

Residential mortgage loans

- Nordea's credit decision is based on the borrower's repayment capacity and collateral is always taken
- Collateral must be in the form of mortgages in real estate or in shares in housing companies
- Repayment ability of borrowers is calculated using stressed scenarios
- Credit bureau check is always conducted (Suomen Asiakastieto)
- Individual valuation of property based on market value
- Repayment schedules ranging from 20 to 30 years

Multi-family residential mortgage loans

- Borrowers with strong EBITDA/debt and cash flow based on e.g. long-term high quality lease contracts and adequate interest rate hedging
- Individual credit decision based on credit policy and rating
- An evaluation of all property-related commitments is performed in the ordinary annual review against a background of quality issues/risk factors regarding the property itself, the lease, the management, the long-term cash flow and -strength of balance sheet/gearing. The analysis focuses on the repayment capacity
- Individual valuation of property based on market value

4. Covered bond framework



Finnish covered bond framework

	Cover pool 1 – old until July 2022	Cover pool 2 – new as per July 2022
Legal framework	Finnish Covered Bond Act (statute 688/2010)	Finnish Mortgage Banks and Covered Bonds Act (statute 151/2022)
LTV ratios	Limit on LTV ratio – based on the current value <ul style="list-style-type: none"> • 70% for housing loans (residential property) • 60% for commercial loans (commercial property) 	Limit on LTV ratio – based on the current value <ul style="list-style-type: none"> • 80% for housing loans (residential property) • 60% for commercial loans (commercial property)
Coverage	Matching cover requirements <ul style="list-style-type: none"> • Total value of the cover pool must be greater than the aggregate outstanding principal amount of the covered bonds • Net present value of the cover pool must be at least 2% above the net present value of the liabilities under the covered bonds 	Overcollateralization requirements <ul style="list-style-type: none"> • Value of the cover pool must be at least 2% above the value of the payment liabilities under the covered bonds calculated on a net present value basis or on a nominal value basis depending on which method provides a lower value for the cover pool • In addition, the overcollateralization must cover the estimated winding-down costs of the covered bonds
Liquidity risk mitigation	Liquidity requirements <ul style="list-style-type: none"> • Average maturity of the covered bonds must not exceed the average maturity of the loans entered in the register • Total amount of interest accrued from the cover pool assets, during any 12-month period, must be sufficient to cover the total amount payable under covered bonds and derivatives transactions during the same period 	Liquidity Buffer Requirement <ul style="list-style-type: none"> • Cover pool must also include liquid assets in the amount that covers the maximum net liquidity outflow during the next following period of 180 days • When determining the net liquidity outflow, the issuer may use the soft bullet maturity date as the date when the covered bond matures

Finnish covered bond framework (2)

Cover pool 1 & 2

Registration

- Collateral assets remain on the balance sheet of the issuer
- Covered bonds, collateral and relevant derivative contracts are entered in a separate register

Bankruptcy remoteness

Isolation of registered collateral assets and registered derivatives from all other assets and liabilities of the insolvent issuer

Preferential claim

Holders of covered bonds together with counterparties of registered derivatives and creditors of management and settlement costs in bankruptcy would rank pari passu and have a preferential claim to the cover pool assets

Post-bankruptcy procedures

- A bankruptcy administrator is appointed by the court (administration of estate) and a supervisor is appointed by the Finnish FSA (protection of covered bond creditors' rights)
- The cover pool, derivatives and covered bonds to be kept separated from the bankruptcy estate and remain outstanding until their maturity unless the coverage requirements can no longer be met, in which case the bankruptcy administrator will upon request or consent of the supervisor accelerate the covered bonds and liquidate the cover pool assets
- Covered bond creditors, counterparties of registered derivatives and creditors of management and settlement costs would rank pari passu and have a preferential claim on the proceeds of the liquidation of the cover pool

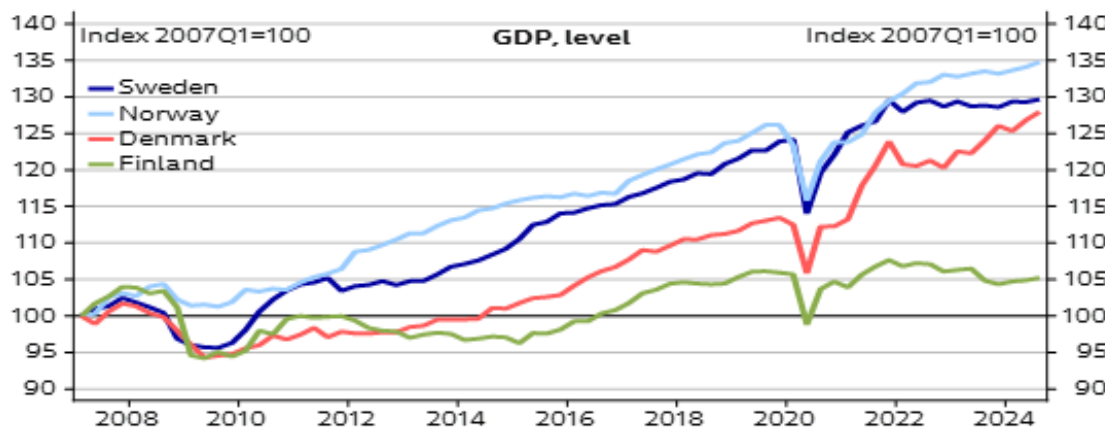
5. Macroeconomy



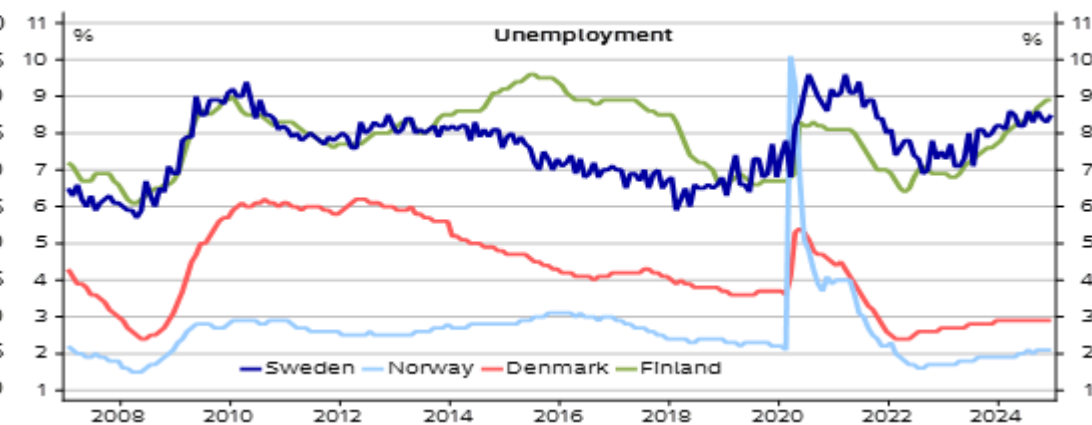
Nordic economic development

Better outlook ahead

GDP



Unemployment rate



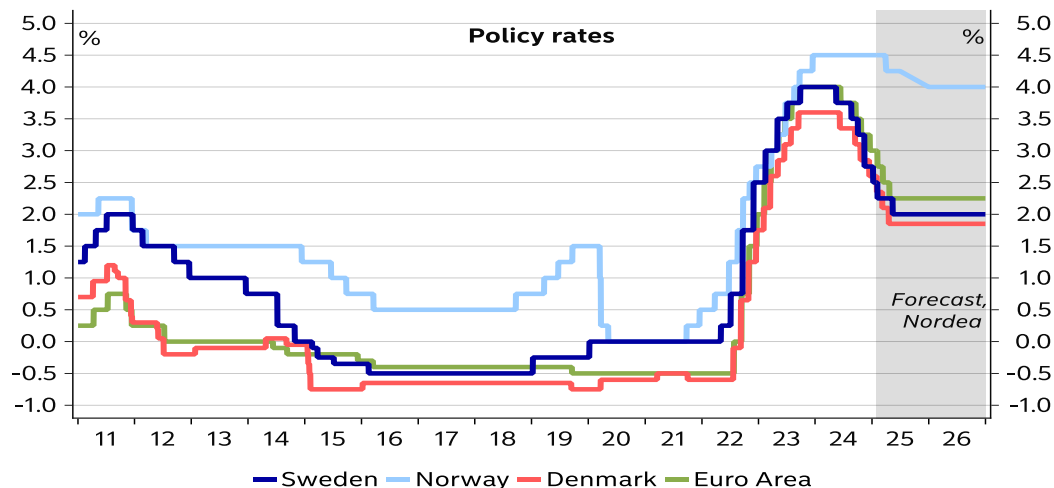
- The Nordic economies have shown mixed trends on the back of surging inflation and higher interest rates
- Lower interest rates are expected to support economic activity going forward. GDP-growth in the Nordics will be positive in 2025 and 2026, according to Nordea's forecast
- Labour markets are still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

GDP, % y/y, Economic Outlook January 2025

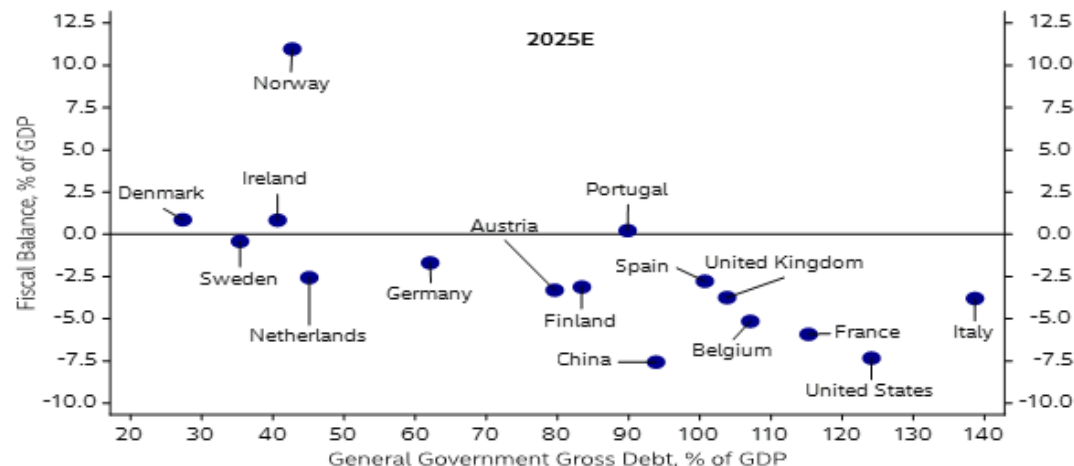
Country	2023	2024E	2025E	2026E
Denmark	2.5	2.9	2.8	1.7
Finland	-1.2	-0.5	1.0	2.0
Norway (mainland)	0.7	1.0	1.8	1.8
Sweden	0.0	0.6	1.6	2.6

Less restrictive monetary policy

Policy rates



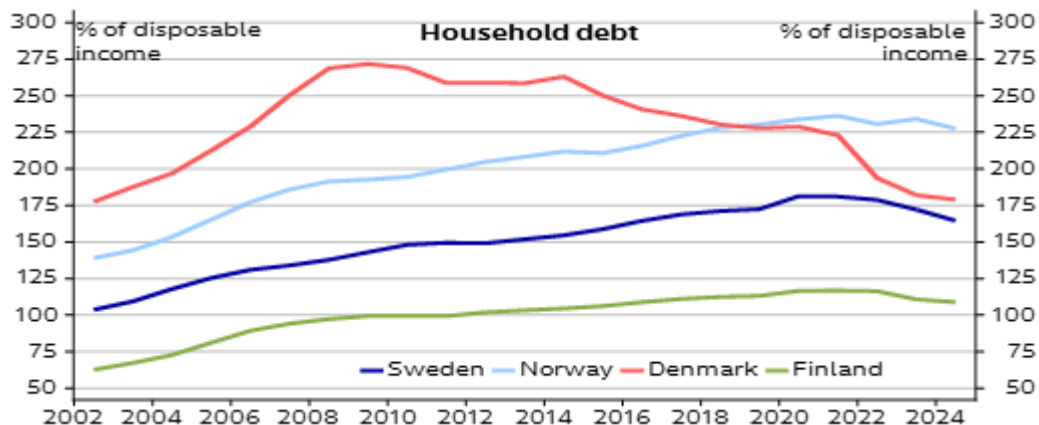
Public balance/debt, % of GDP, 2025E (IMF)



- 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

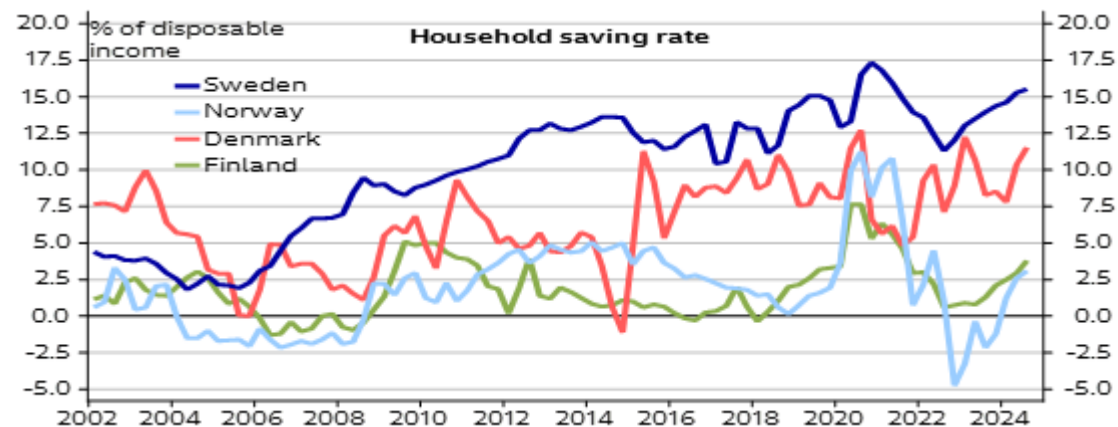
Increasing purchasing power

Household debt

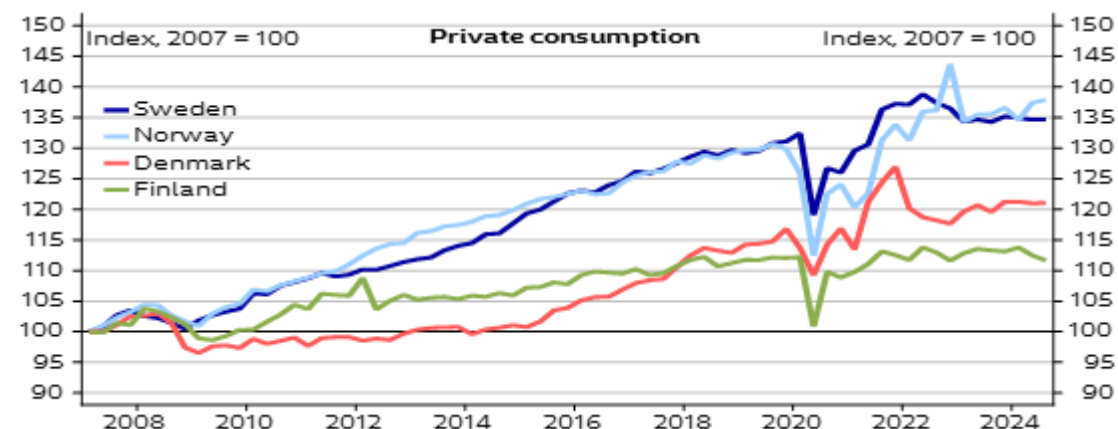


- Households' purchasing power and consumption are expected to improve as real disposable income continues to increase
- Consumer confidence have risen from very low levels but remains subdued, indicating caution among households
- Households' debt ratios have decreased whilst the savings rates have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

Household savings

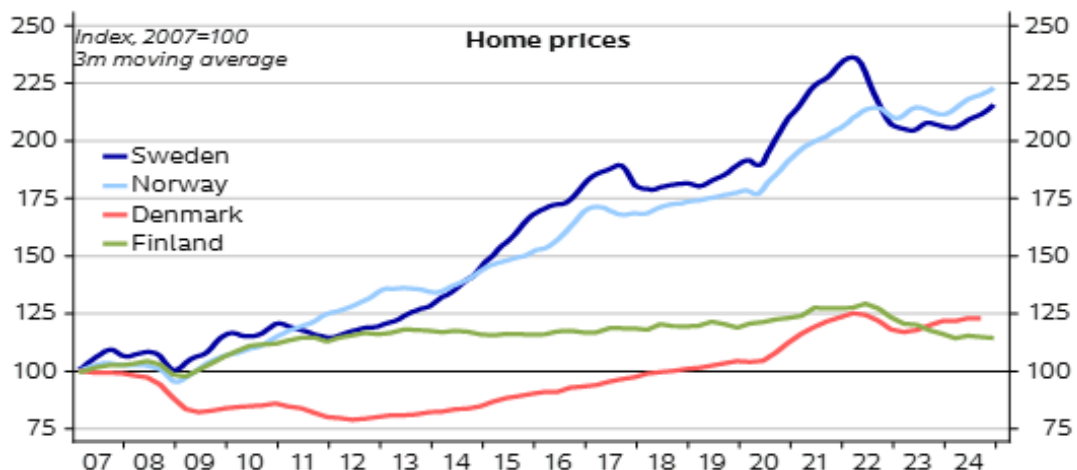


Private consumption

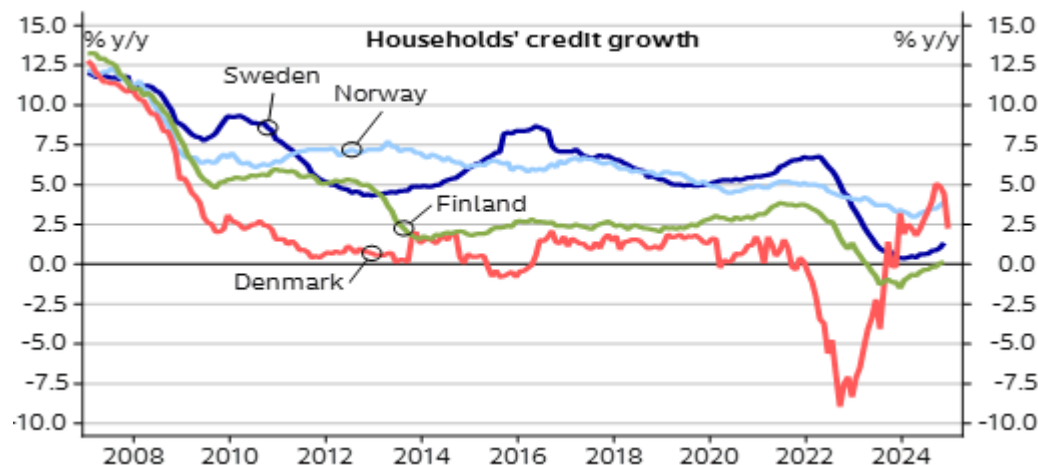


Increased activity

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

6. Further information



Nordea Mortgage Bank – outstanding benchmark covered bonds

Q4 2024

Breakdown by ISIN				
ISIN	Currency	Amount (EURm)	Maturity	Coupon
XS1825134742	EUR	1 000	23/05/2025	0.625%
XS2157194643	EUR	3 000	16/11/2025	FRN
XS2561746855*	EUR	1 000	01/12/2025	2.625%
XS1963717704	EUR	1 500	18/03/2026	0.250%
XS2673972795*	EUR	1 000	31/08/2026	3.500%
XS2758065010	EUR	750	31/01/2027	FRN
XS1204140971	EUR	1 000	17/03/2027	0.625%
XS2013525410	EUR	1 000	18/06/2027	0.125%
XS2708690685	EUR	1 000	26/10/2028	3.625%
XS2463702907	EUR	1 500	30/03/2029	1.000%
XS2962762436	EUR	3 000	13/12/2029	FRN
XS2589317697	EUR	1 000	20/02/2030	3.000%
XS2758065796	EUR	1 000	31/01/2031	3.000%
XS2532376949	EUR	1 000	14/09/2032	2.500%
XS1784071042	EUR	750	28/02/2033	1.375%
XS2802191937	EUR	1 000	12/04/2034	3.000%

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