

Nordea

Nordea Kredit Covered Bonds

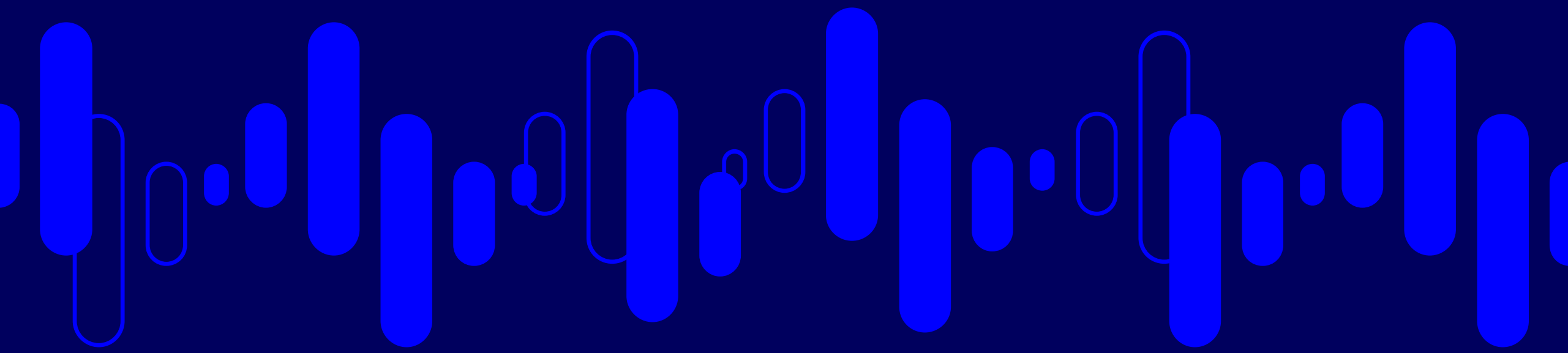
Q2 2024 Debt Investor Presentation



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1. Nordea covered bond operations



Covered bonds

Nordea covered bond operations

Four aligned covered bond issuers with complementary roles



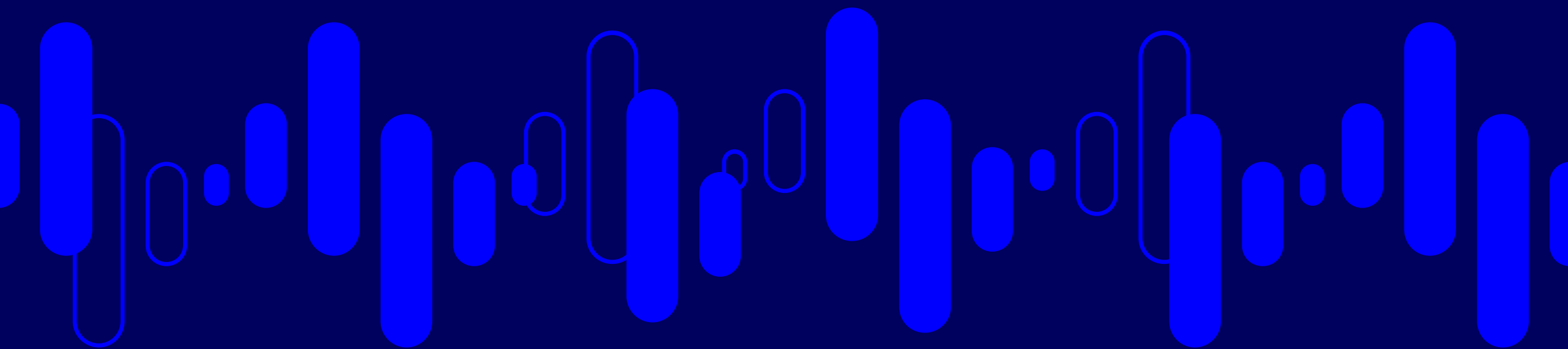
Legislation	Norwegian	Swedish	Danish	Finnish
Cover pool assets	Norwegian residential mortgages	Swedish residential mortgages primarily	Danish residential & commercial mortgages	Finnish residential mortgages primarily
Cover pool size	EUR 27.8bn (eq.)	EUR 60.1bn (eq.)	Balance principle	Pool 1: EUR 13.5bn/ Pool 2: EUR 10.9bn
Covered bonds outstanding	EUR 18.7bn (eq.)	EUR 34.6bn (eq.)	EUR 59.0bn (eq.)*	Pool 1: EUR 11.5bn/ Pool 2: EUR 7.8bn
OC	49%	74%	7%*	Pool 1: 18% / Pool 2: 41%
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 2.1bn	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 centre 2 (SDRO) unless otherwise stated.. Nordea Kredit no longer reports for capital centre 1 (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



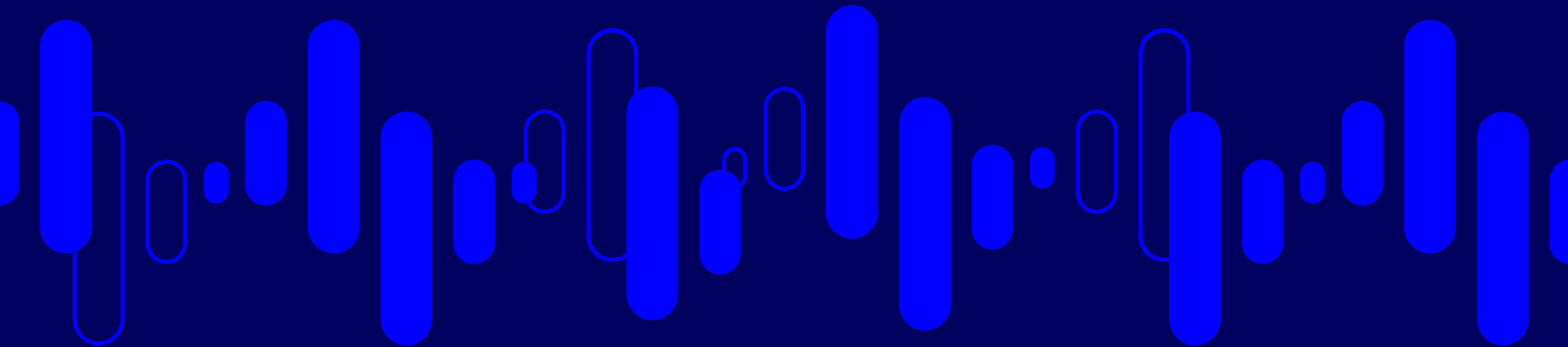
Nordea Kredit – in brief

- 100% owned subsidiary of Nordea Bank Abp - the largest Nordic financial institution
- Operates as a mortgage credit institution with the main 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 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 is for the first half of 2024 and 2023, respectively while Cost-income Ratio, 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

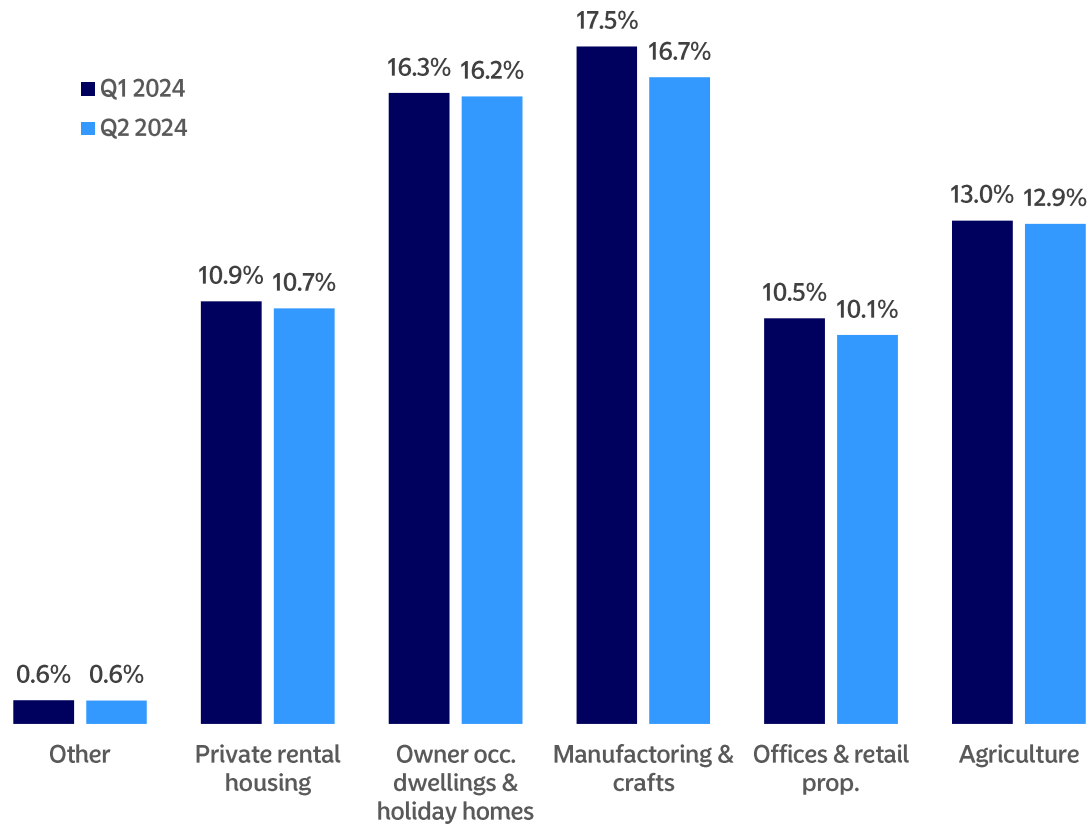
Q2 2024

Outstanding covered bonds	EUR 59.0bn
Cover pool content	Mortgage credit loans secured by mainly residential property (total: EUR 62.9bn including substitute assets)
Geographic distribution	Throughout Denmark with concentration in urban areas
Weighted average LTV	49.2%
Average residential loan size	EUR 208,111
Over-Interest collateralisation, OC	7.1%
Interest rate type (bonds)	Fixed rate 71.3%, Floating rate 28.7%
Amortization of underlying loans	Interest only 53.7%, Amortizing 46.3%
Substitute assets	EUR 7.3bn
Pool type	Static
Loans originated by	Nordea Kredit CC2

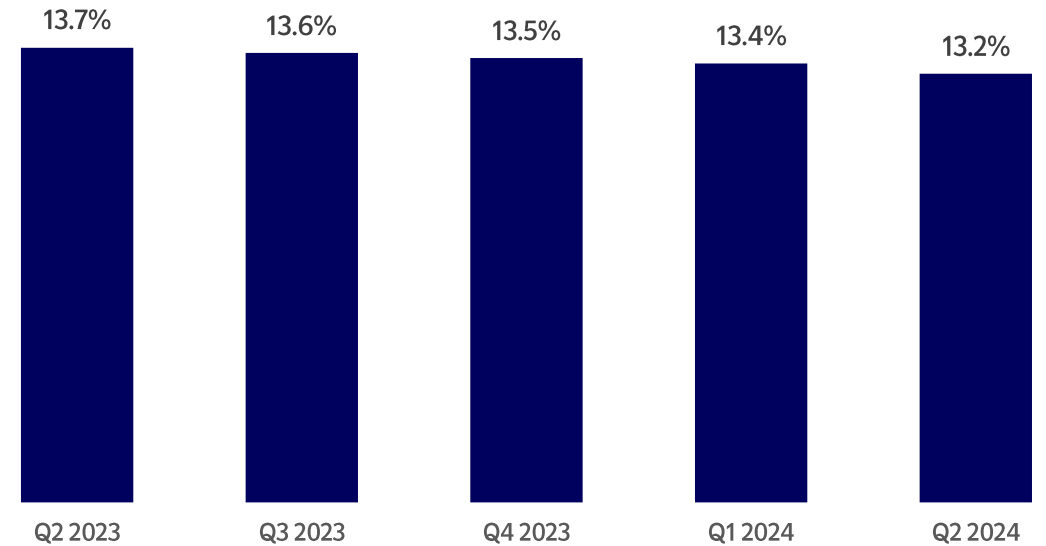
Loan portfolio

Q2 2024

Market share¹ by property category



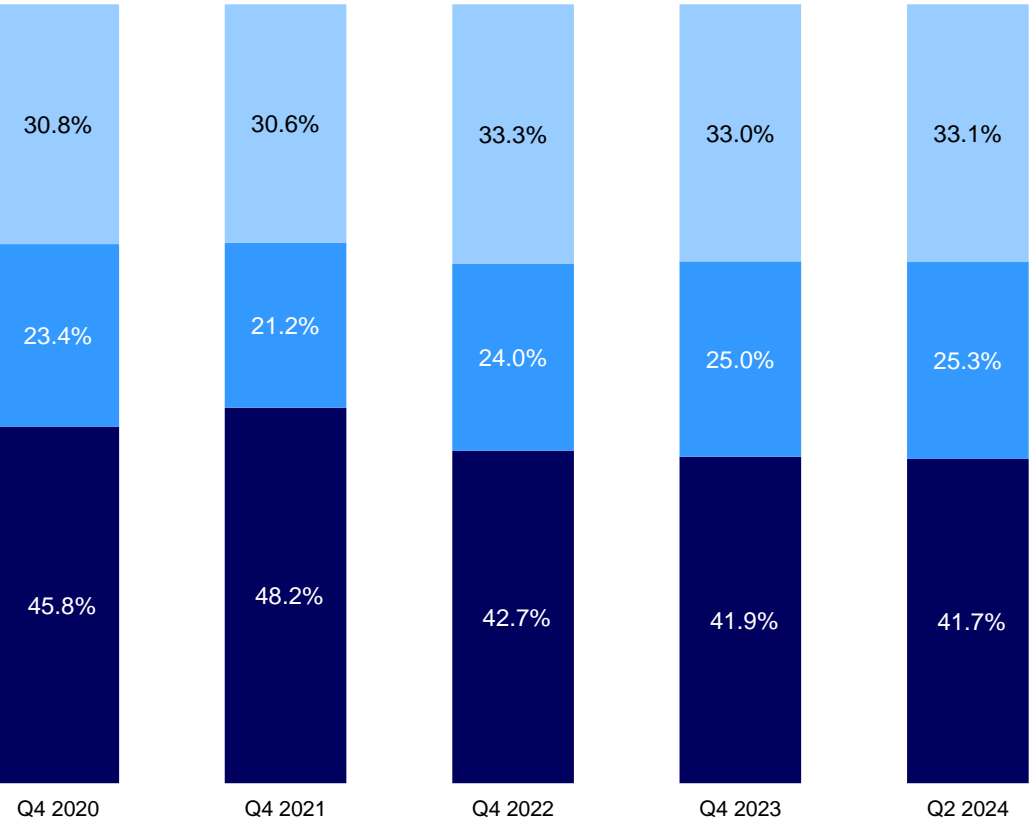
Market share¹ – overall



Total loan portfolio (CC1 and CC2)

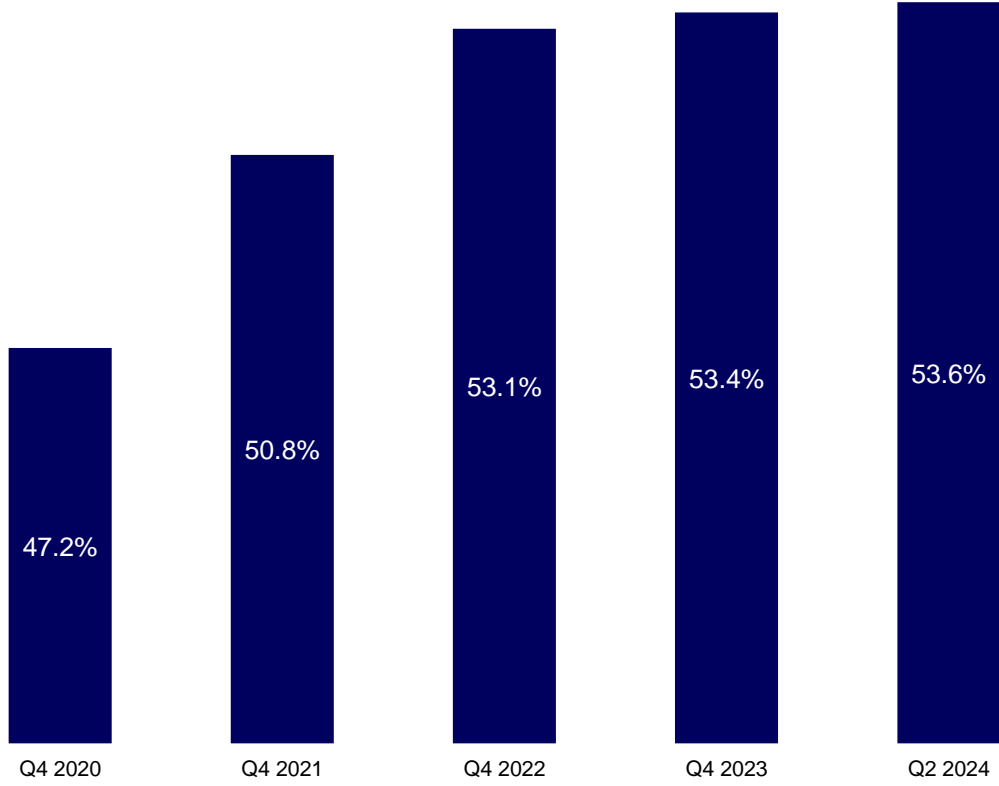
Q2 2024

Loan portfolio by loan type



■ Fixed Rate ■ Floating Rate ■ ARMs

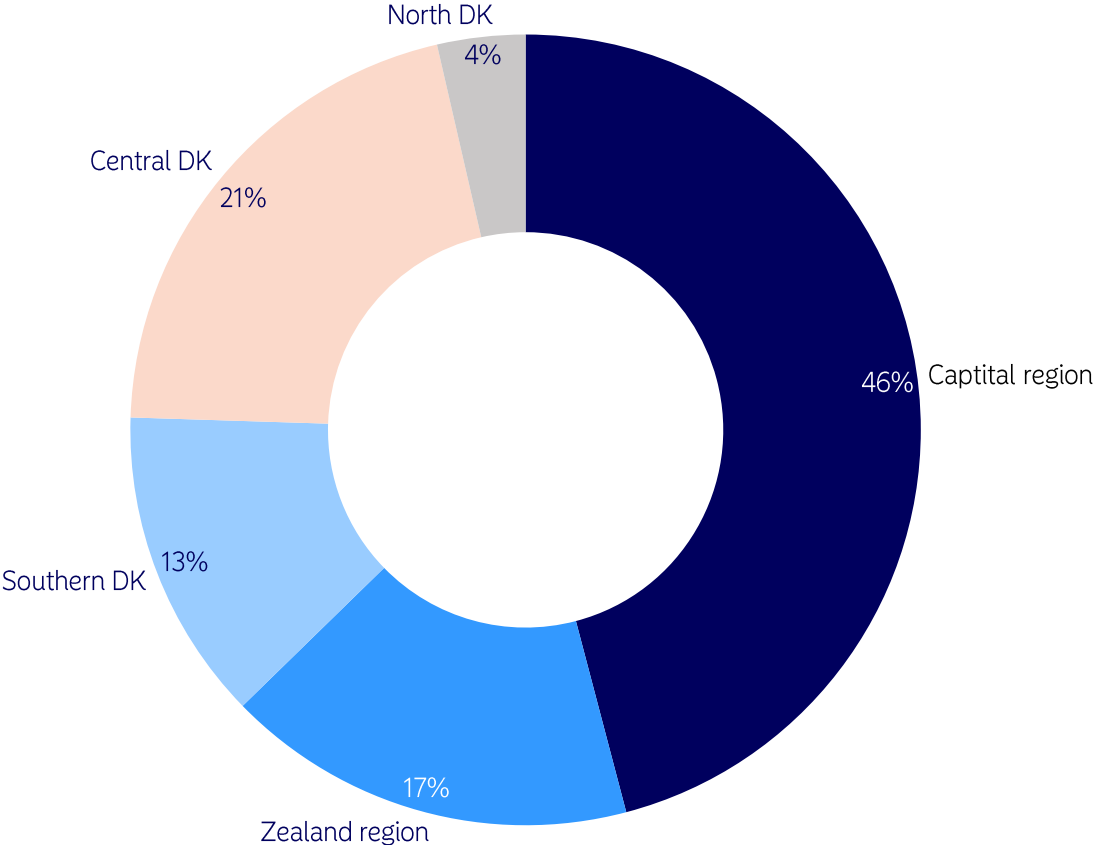
Share of interest-only mortgages



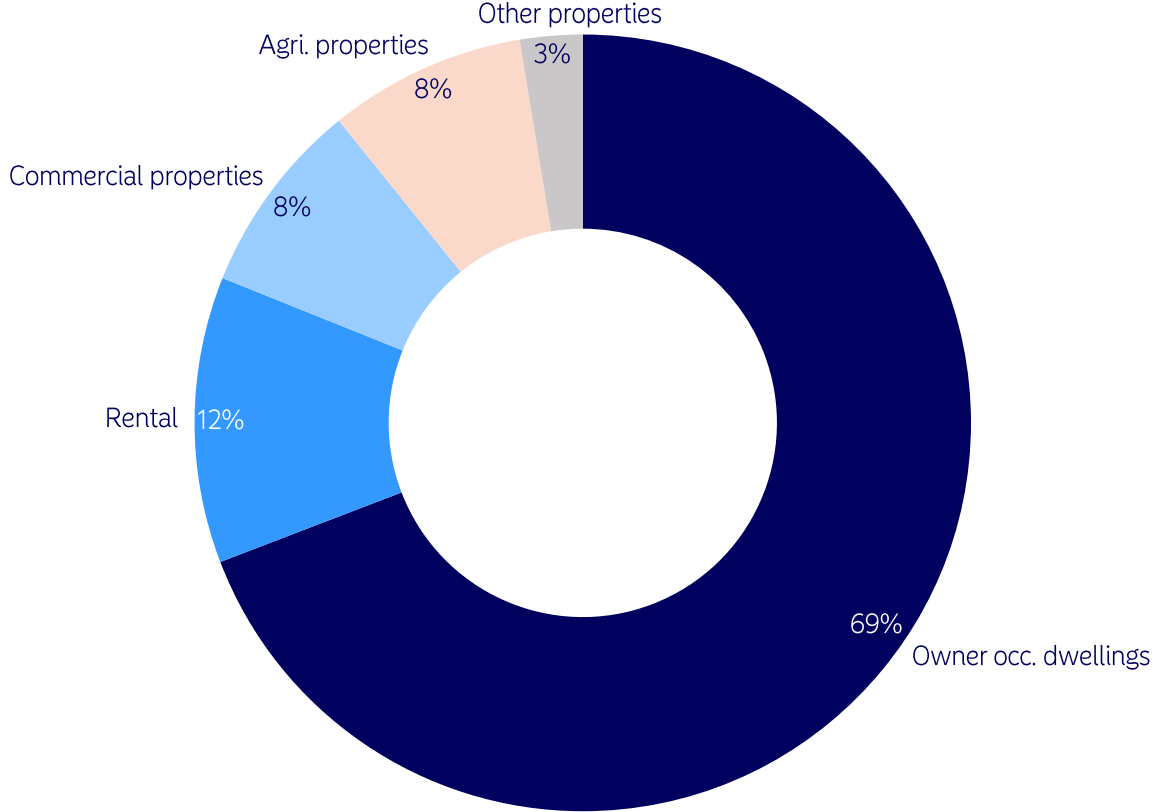
Loan portfolio

Q2 2024

Loan balance by region



Loan balance by property category

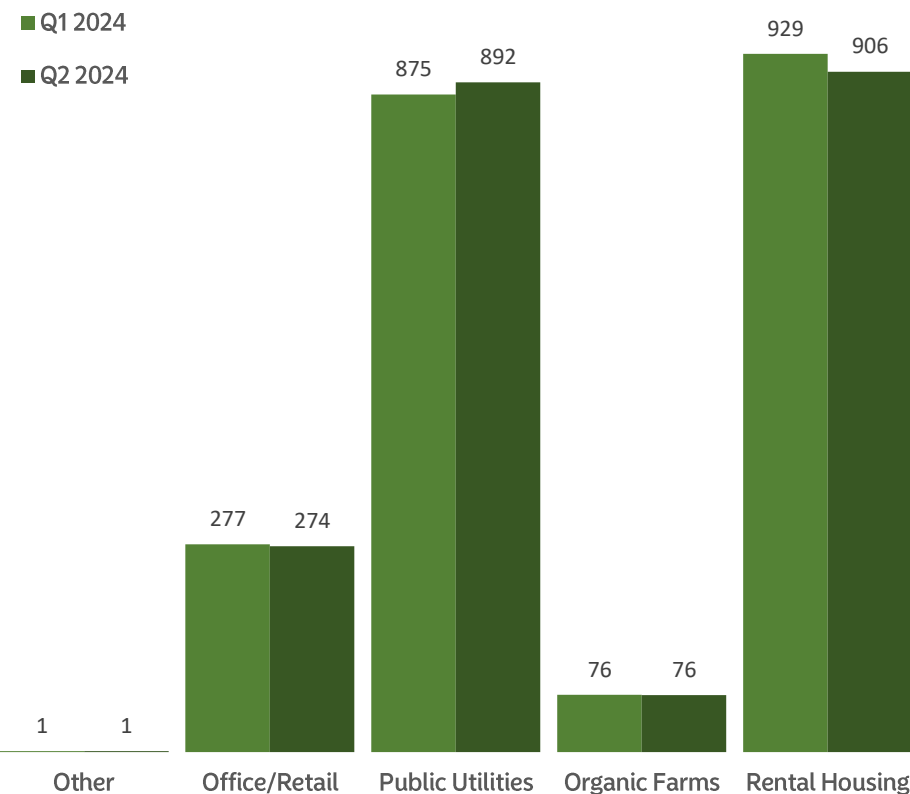
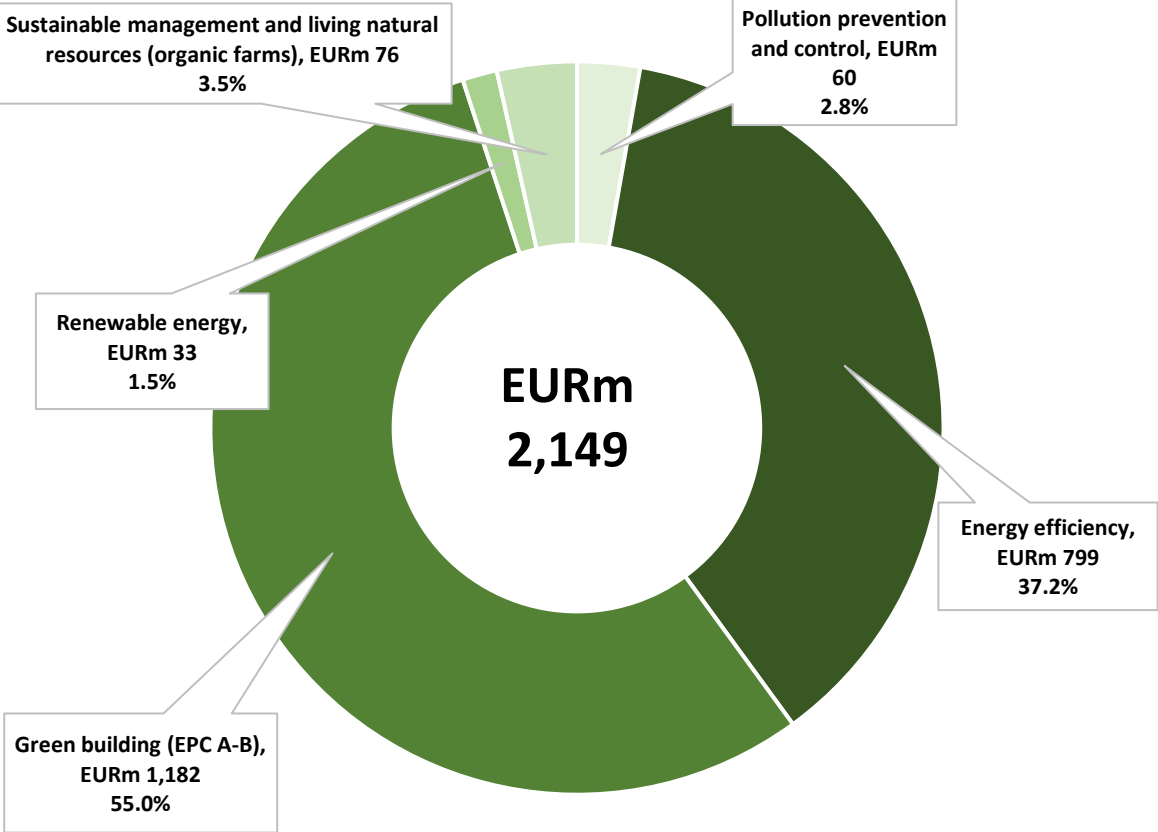


Green Bonds

Q2 2024

Green lending by asset category

Green lending by property category - EURm



Financed emissions – and portfolio by EPCs

Q2 2024

Type of property	Financed emissions ¹⁾												Portfolio by EPCs ^{1, 5)}		
	Total volume DKKbn		Coverage (volume)		Total emission ^{2, 3)} tCO2		Financed emission ^{2, 3)} tCO2 ²⁾		Financed emission ^{2, 3)} CO2/DKKbn		Total emission CO2/sqm		EPC	Volume DKKbn	
	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2		Q1	Q2
Owner. occ. dwellings	256	258	99.4%	99.4%	457,523	490,780	221,539	239,208	0.86	0.93	19	20	A2020	8	7
Commercial residential	42	43	92.5%	92.7%	72,316	100,968	26,990	46,080	0.64	1.08	10	10	A2015	22	21
Offices & retail prop.	25	25	81.7%	80.9%	97,409	120,312	36,749	43,397	1.49	1.72	15	18	A2010	12	12
Other properties ⁴⁾	42	43	0.0%	0.0%									B	17	17
Total	366	369	84.0%	83.8%	627,248	712,060	285,278	328,685					C	67	66
													D	50	51
													E	18	19
													F	7	7
													G	4	4
													N/A	160	166
													Total	366	370

Notes

- 1) Calculations and portfolio as of 24 June 2024.
- 2) Adjustments to the FIDA CO2 model, affects the calculation of CO2 emissions related to properties assigned EPC G and implies a relief of 32,455 tCO2 ~ 4.6% of the total calculated CO2 emission.
- 3) Correction of errors related to the size of several residential and commercial properties implies a reduction of 26,531 tCO2 ~3.7% of the total calculated CO2 emission.
- 4) Other properties include agriculture, manufacturing and manual industries etc.
- 5) Energy Performance Certificate (EPC): Theoretical calculation of the building's energy consumption.

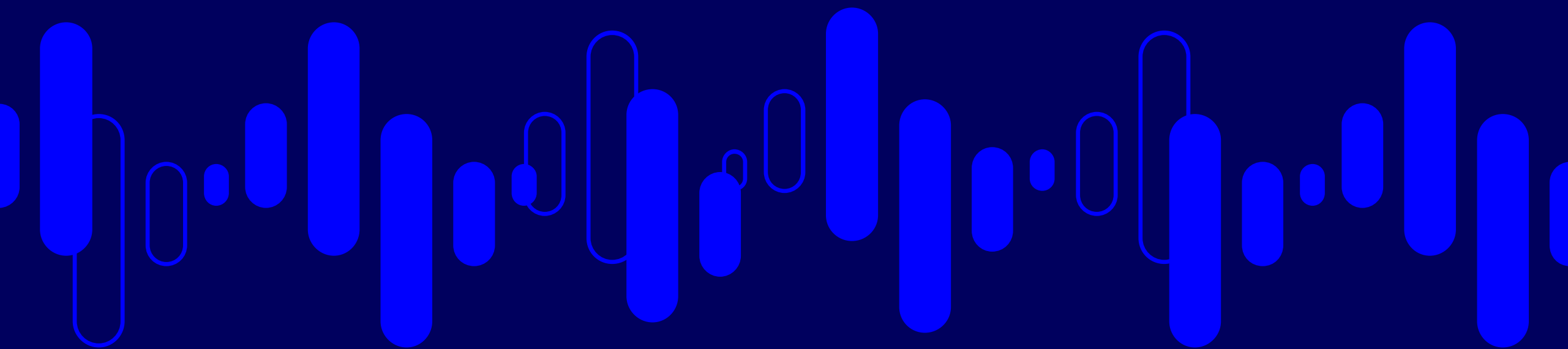
Disclaimer

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

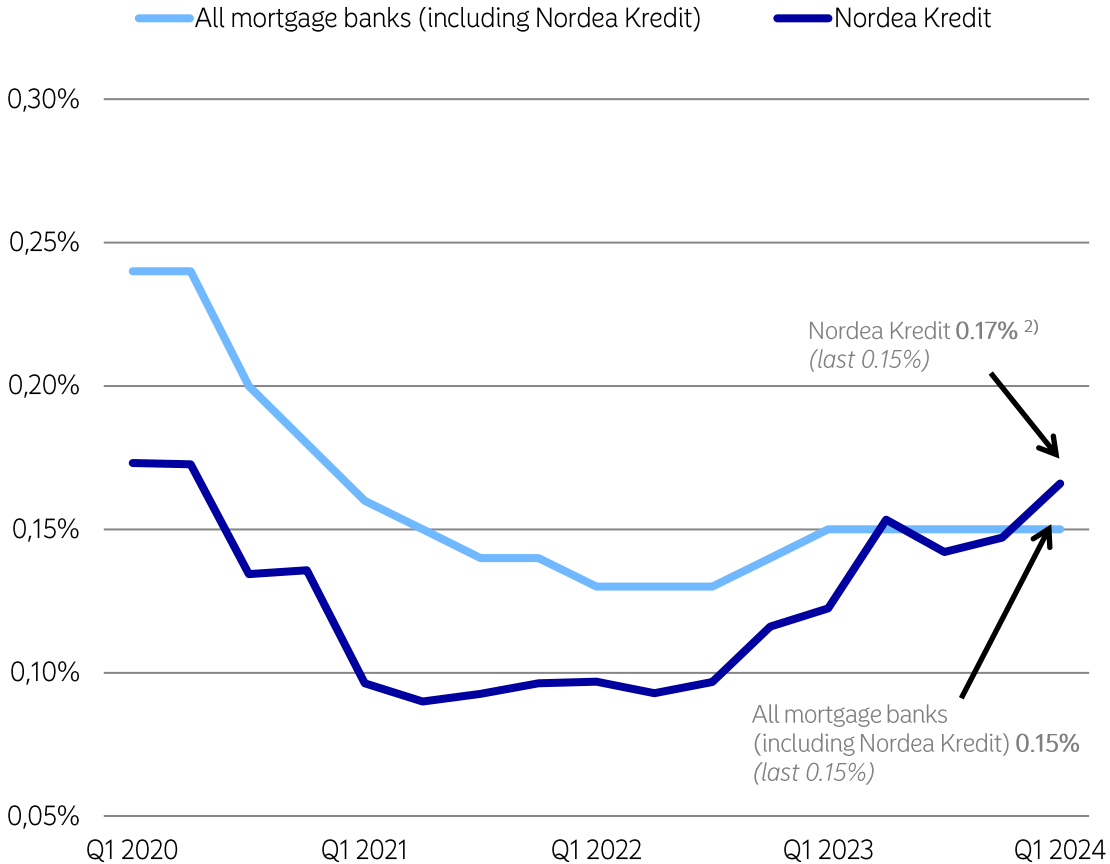
Q2 2024

Loan type	Mortgage loans for residential properties		Mortgage loans for commercial properties	
Weighted average LTV – indexed	61.3%		41.8%	
LTV buckets	Nominal (EURm)	% Loans	Nominal (EURm)	% Loans
> 0 - ≤ 40 %	32,252	70.8%	7,725	76.7%
> 40 - ≤ 50 %	5,704	12.5%	1,393	13.8%
> 50 - ≤ 60 %	4,020	8.8%	673	6.7%
> 60 - ≤ 70 %	2,246	4.9%	216	2.1%
> 70 - ≤ 80 %	1,035	2.3%	40	0.4%
>80%	284	0.6%	23	0.2%
Total	45,541	100.0%	10,069	100.0%

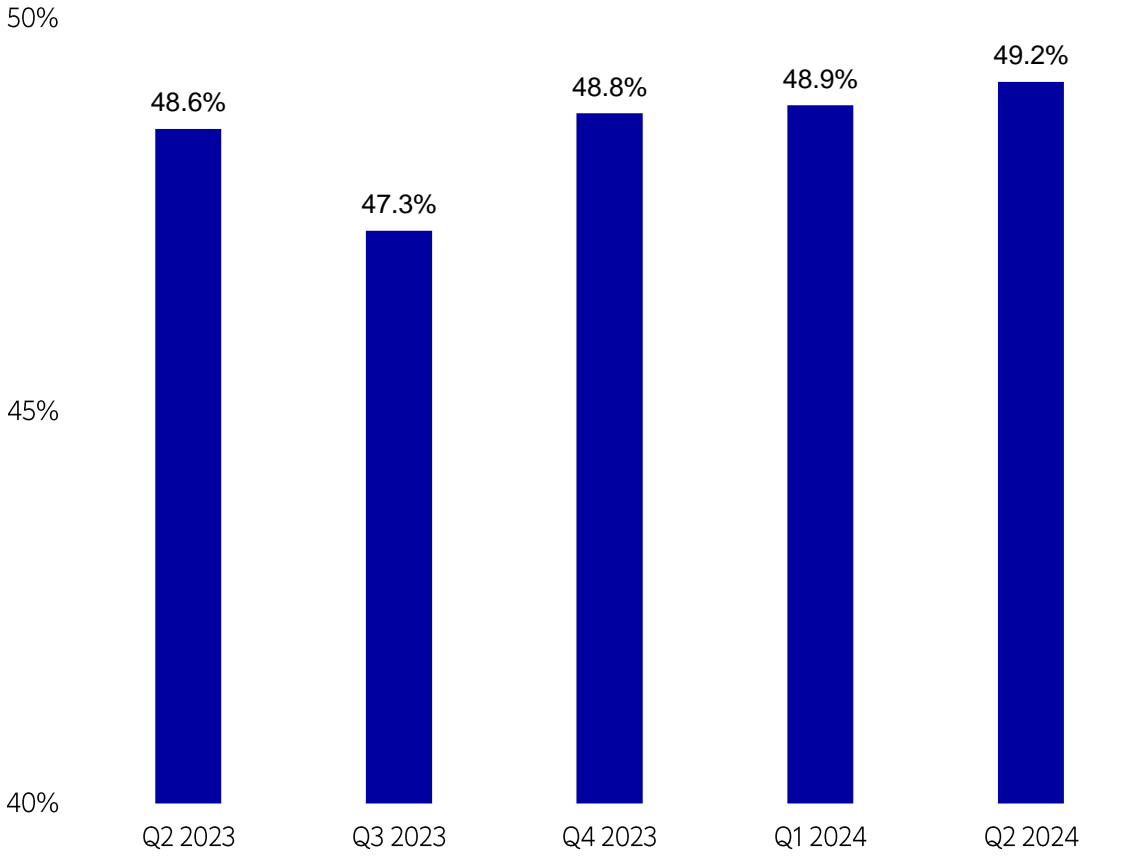
Asset quality

Q2 2024

Arrears (owner occupied dwellings and holiday homes) ¹⁾

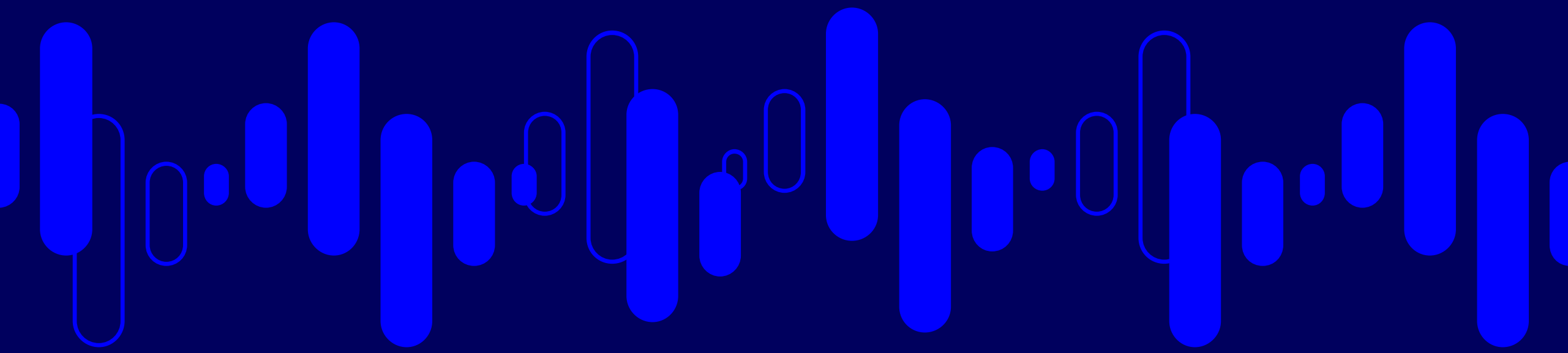


Loan to value (LTV) weighted average (all loans)



1) Arrears as a percentage of the Q2, 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

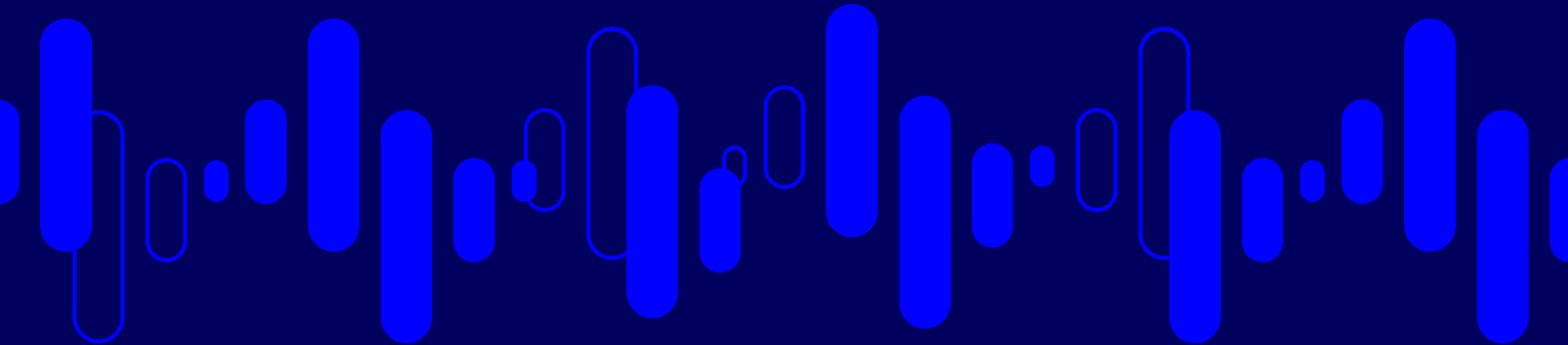
Private households

- 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.

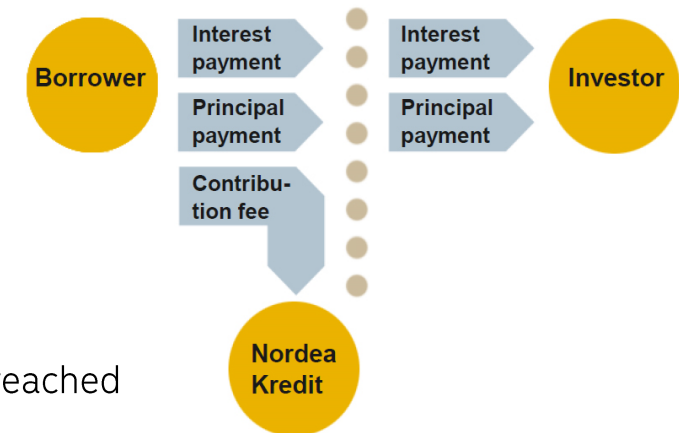
- A financial analysis of the customer is made, including adjustments for current market conditions
- Key ratios and other requirements in Nordea real estate lending policy are verified
- Rating of the customer according to Nordea's in-house models
- An individual valuation is made of the pledged property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

6. Danish covered bond framework

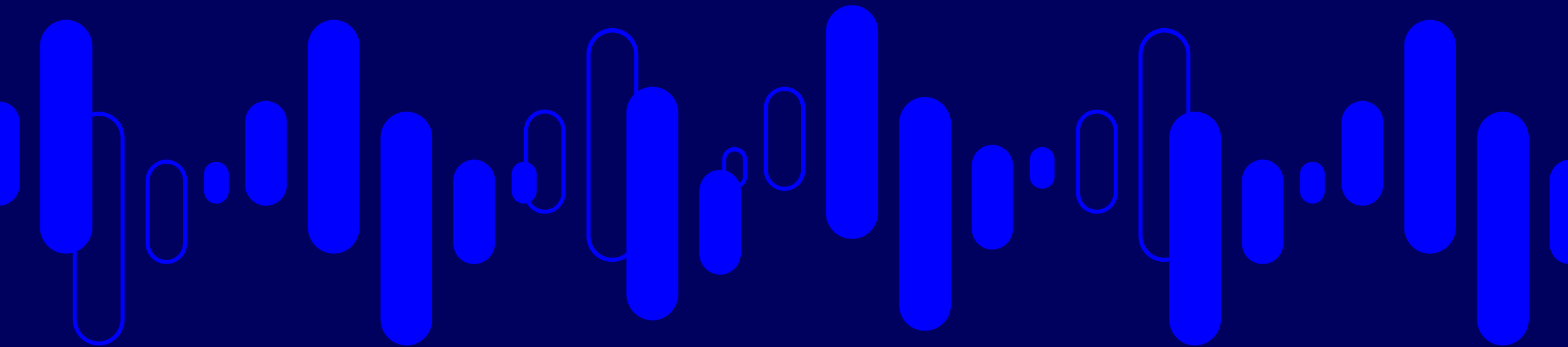


Danish covered bond framework

- 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 are 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



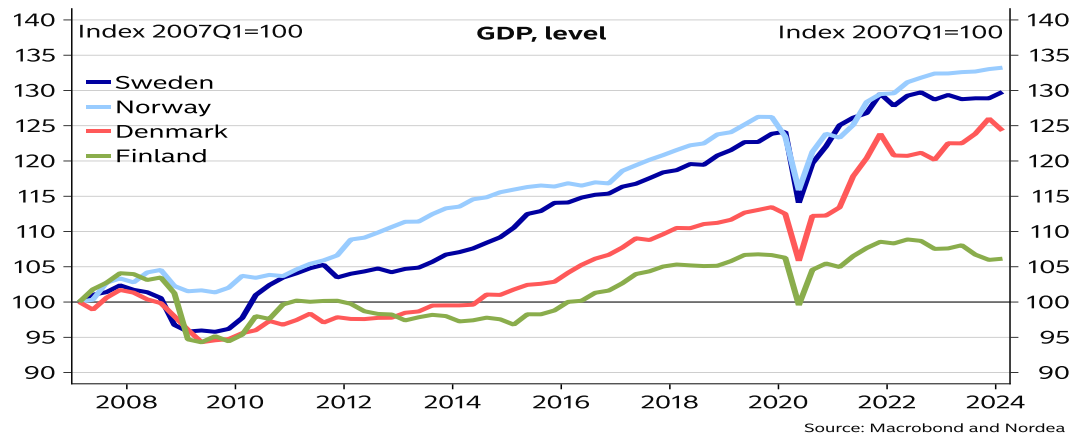
7. Macroeconomy



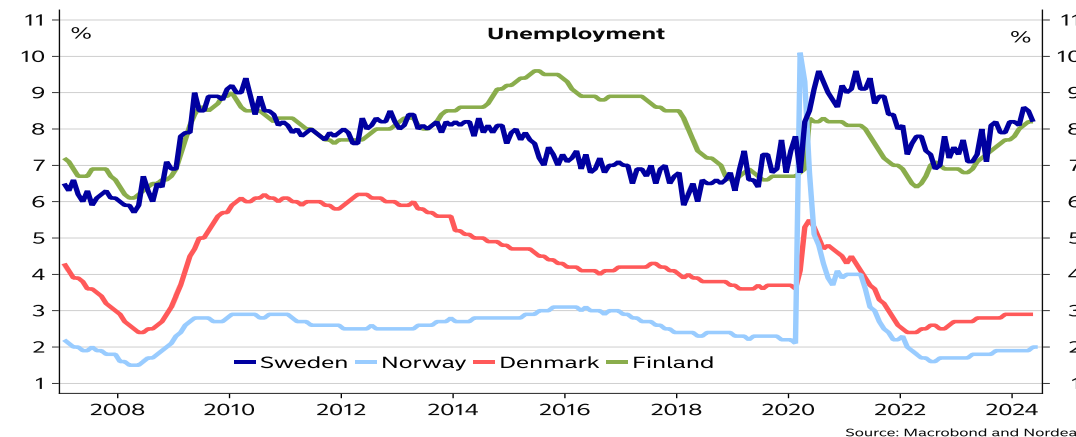
Nordic economic development

Continued normalization

GDP



Unemployment rate



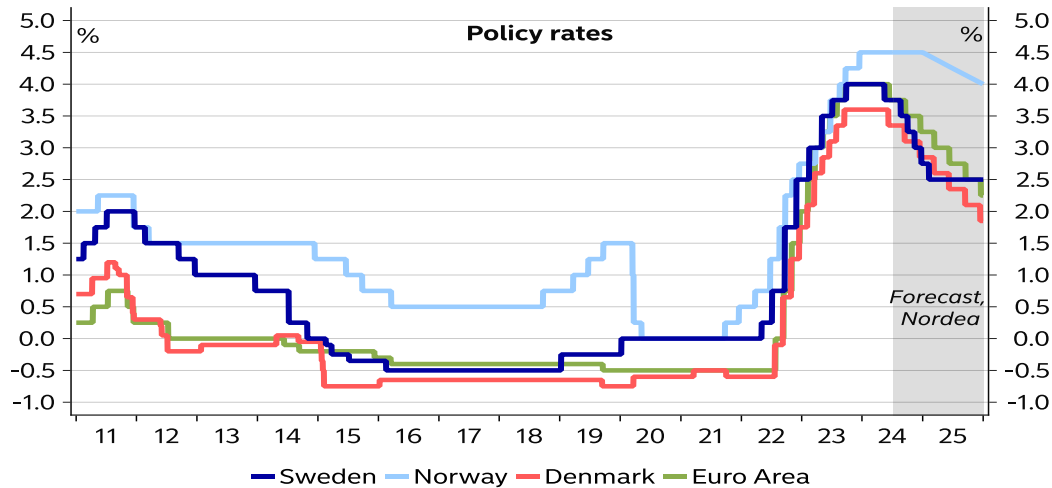
- The Nordic economies have shown mixed trends on the back of surging inflation and higher interest rates. However, the overall economic development has been better than previously anticipated.
- Normalising inflation and lower policy rates should ease financial conditions and improve the growth outlook going forward.
- The labour market is expected to weaken further before stabilising during the latter part of this year.

GDP, % y/y, Economic Outlook April 2024

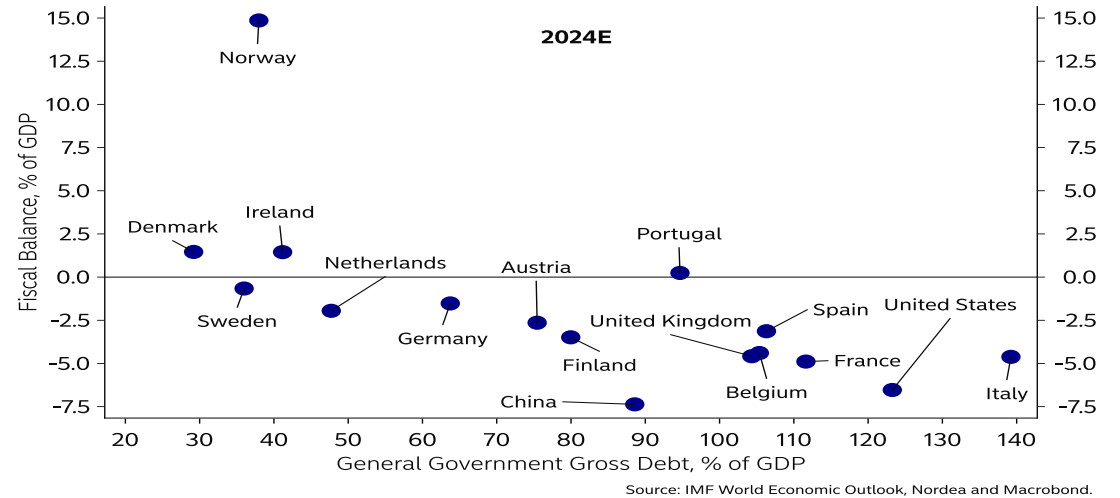
Country	2022	2023	2024E	2025E
Denmark	1.5	2.5	2.5	1.5
Finland	1.3	-1.2	-1.0	1.5
Norway (mainland)	3.7	0.7	1.0	1.7
Sweden	1.5	0.1	0.4	2.1

The policy rate cutting cycle has commenced

Policy rates



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

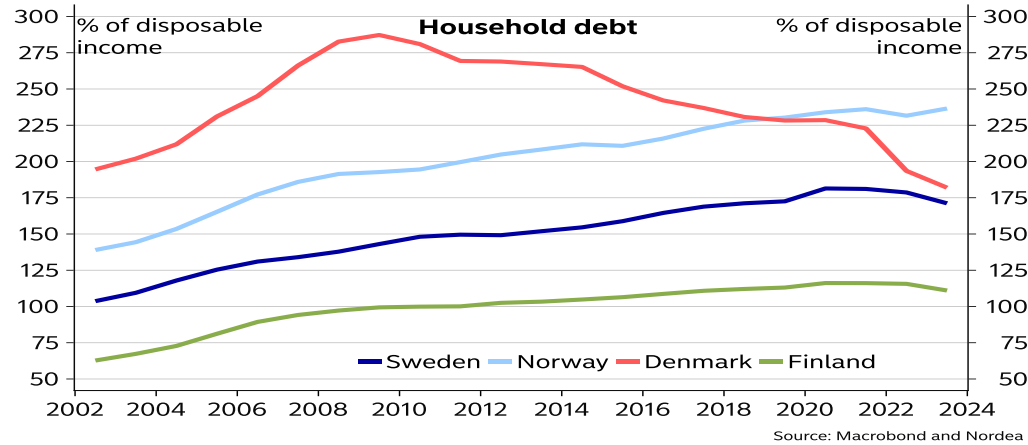


- The Riksbank cut its policy rate in May and the ECB, as well as Denmark's Nationalbank followed suit in June.
- The Riksbank is expected to cut its policy rate four additional times this year and one time in early 2025 to 2.50%.
- The ECB is expected to lower rates gradually by 0.25 percentage points per quarter, until they reach 2.25% by the end of 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%.
- The ECB and the Riksbank are reducing their balance sheets.
- Solid public finances will help Nordic governments to support the economic recovery ahead.

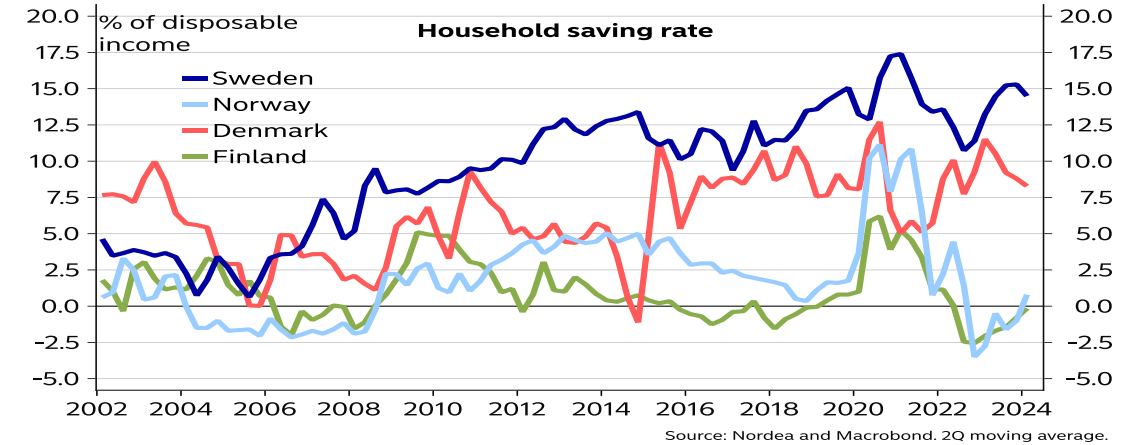
Households

Purchasing power is increasing, but from low levels

Household debt

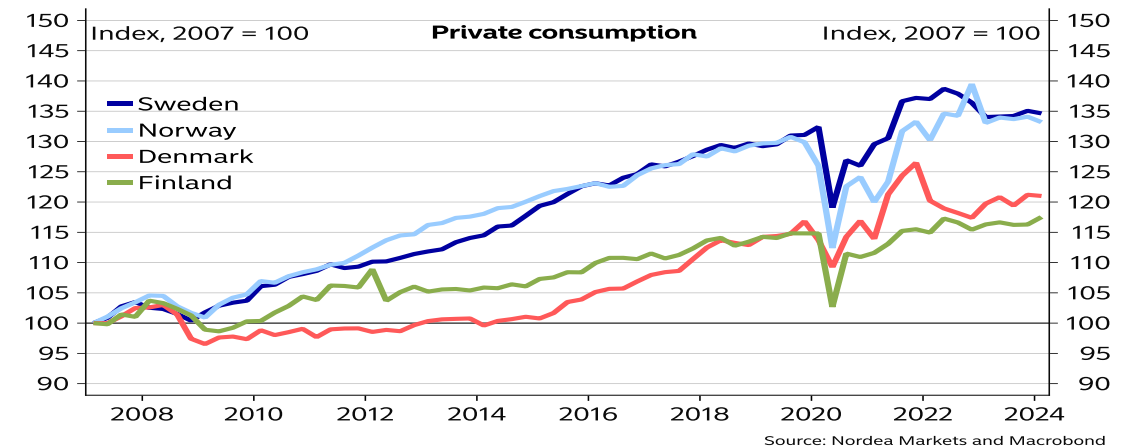


Household savings



- Household consumption will remain sluggish due to a continued high interest burden this year. Danish households are expected to fare better than their Nordic counterparts, primarily due to higher positive real wage growth.
- Households' purchasing power will continue to improve as inflation normalises and wage growth remains higher than before the pandemic.
- In most of the Nordics, households' debt ratios have decreased whilst savings rates have increased.

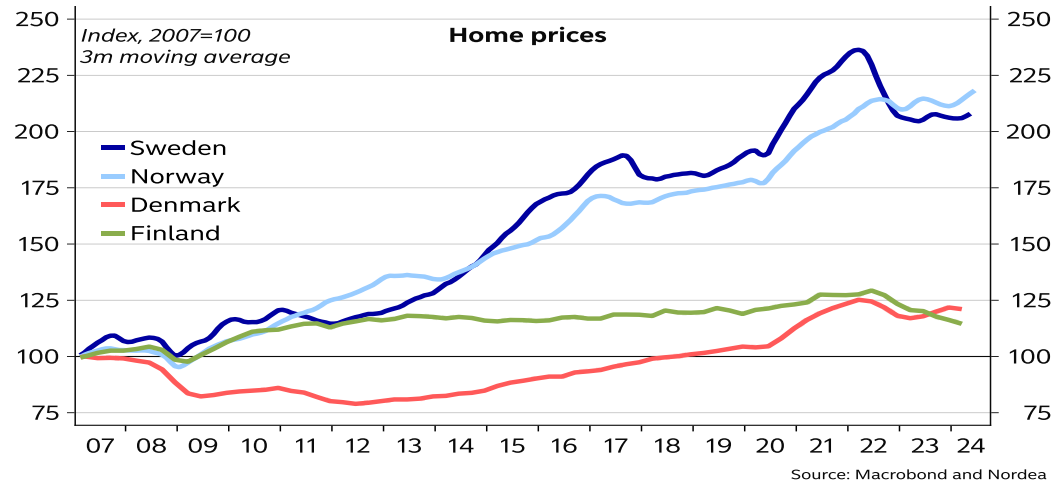
Private consumption



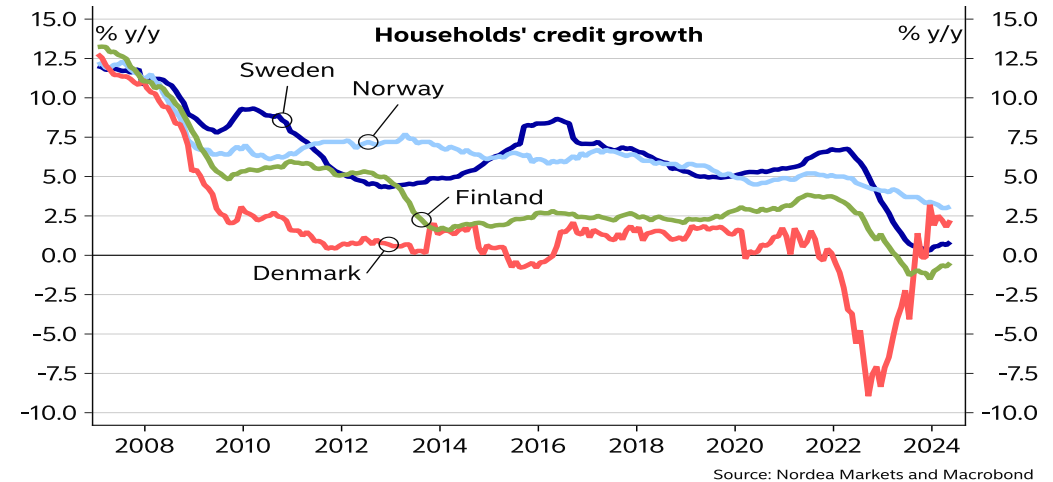
Housing markets

Stabilisation process

Home prices



Households' credit growth



- Home prices have stabilised in the Nordics, possibly attributed to households' expectations of lower interest rates. Since this spring, prices have modestly started to increase in Sweden and Norway.
- Monetary policy will remain restrictive for the better part of 2024 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 suggest 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-subsiary-reports/).
Link: <https://www.nordea.com/en/investor-relations/reports-and-presentations/subsidiary-reports/nordeas-danish-subsiary-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.
Link: <https://www.finanstilsynet.dk/lovgivning/dansk-lovsamling/kreditinstitutomraadet>

Contacts

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

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