

**Nordea**

**Nordea Mortgage Bank Covered Bonds**  
Q4 2019 Debt investor presentation



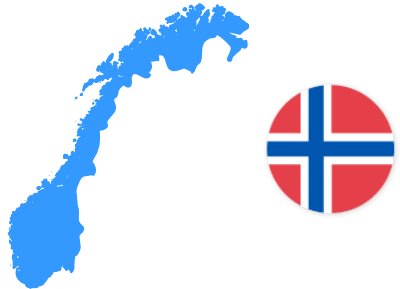
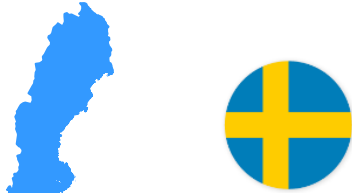


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# 1. In brief

# Nordea covered bond operations

Q4 2019

<p><i>Four aligned covered bond issuers with complementary roles</i></p>	<p>Nordea Eiendomskreditt</p> 	<p>Nordea Hypotek</p> 	<p>Nordea Kredit</p> 	<p>Nordea Mortgage Bank</p> 
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 16.9bn (eq.)	EUR 53.5bn (eq.)	Balance principle	EUR 21.9bn
Covered bonds outstanding	EUR 9.9bn (eq.)	EUR 31.8bn (eq.)	EUR 58.6bn (eq.)*	EUR 16.1bn
OC	71%	68%	8%*	37%
Issuance currencies	NOK, GBP, USD, CHF	SEK	DKK, EUR	EUR
Rating (Moody's / S&P)	Aaa / -	Aaa / AAA	Aaa / AAA	Aaa / -

- Covered bonds are an integral part of Nordea's long term funding operations
- Issuance in Scandinavian and international currencies
- ECBC Covered Bond Label on all Nordea covered bond issuance

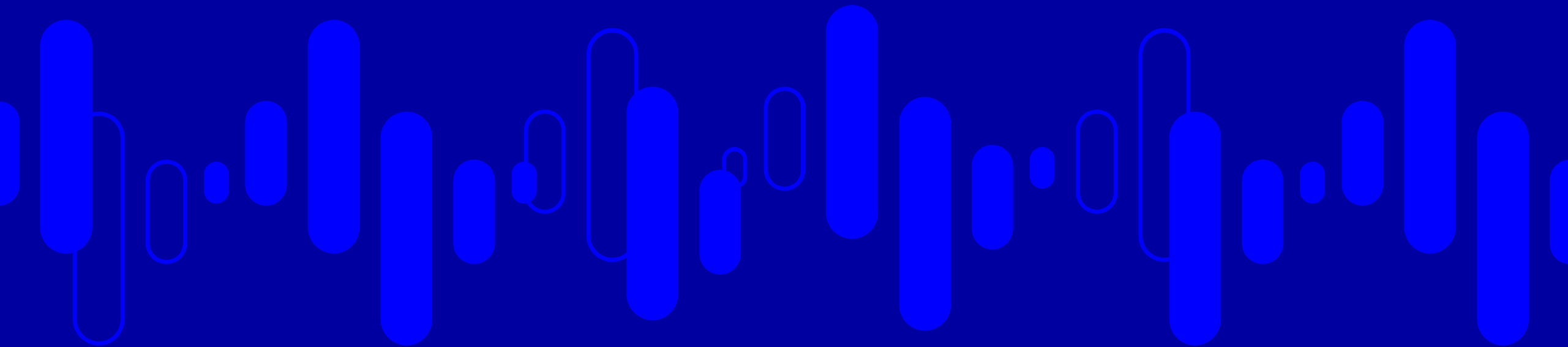


# Nordea Mortgage Bank Plc – overview

## Q4 2019

- 100% owned subsidiary of Nordea Bank Abp (as of October 1<sup>st</sup>) - the largest Nordic financial institution
- Operates as a mortgage credit institution with the main purpose of issuing covered bonds
- Licensed by the European Central Bank to issue covered bonds according to the Finnish covered bond legislation (Covered Bond Act (688/2010) or CBA)
- Market share of Nordea ~29% of the Finnish mortgage market (housing loans)
- Acting in a healthy and conservative Finnish housing market
- Dedicated liquidity line provided by Nordea Bank Abp to manage daily cash needs and ensure compliance with external and internal requirements regarding liquidity management
- Covered bonds rated Aaa by Moody's

## 2. Cover pool characteristics



# Cover pool key characteristics

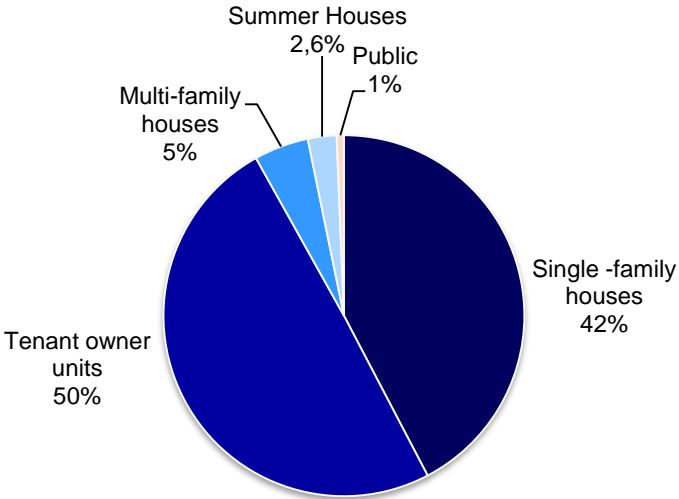
Q4 2019

Cover pool summary	
<b>Pool notional</b>	EUR 21.9bn
<b>Outstanding Covered Bonds</b>	EUR 16.1bn
<b>Cover pool content</b>	Mortgage loans secured by residential property. Loans guaranteed by public sector
<b>Geographic distribution</b>	Throughout Finland with concentration in urban areas
<b>Asset distribution</b>	99.3% residential, 0.7% public sector
<b>Weighted average LTV*</b>	49.8% (indexed, calculated per property)
<b>Average loan size*</b>	EUR 66.8k
<b>Over collateralisation, OC</b>	37%
<b>Rate type**</b>	Fixed rate 1.5%, Floating rate 98.5%
<b>Amortisation**</b>	Bullet/ interest only 5.2%, Amortising 94.8%
<b>Substitute assets</b>	None
<b>Pool type</b>	Dynamic
<b>Loans originated by</b>	Nordea Bank Abp (as of 1 October 2018)

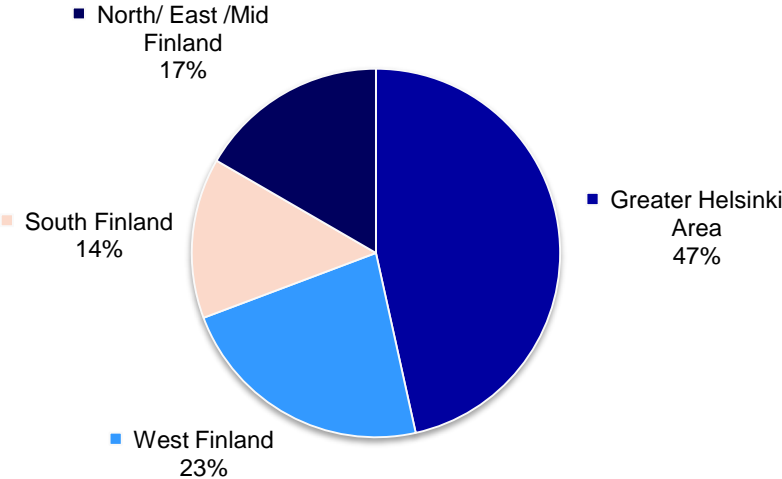
# Cover pool key characteristics (2)

Q4 2019

Cover pool balance by loan category

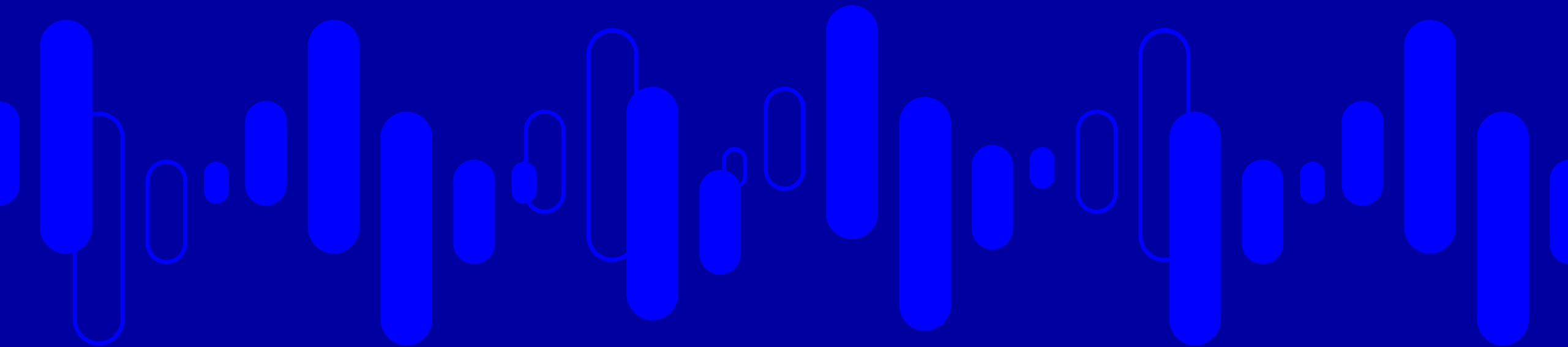


Cover pool balance by region





### 3. Asset quality



# Loan To Value (LTV)

Continuous distribution where each loan can exist in multiple buckets

Q4 2019

<b>Weighted Average LTV – Unindexed</b>		<b>51.1%</b>	
<b>LTV buckets</b>		<b>Nominal (EURm)</b>	<b>% Residential Loans</b>
>0 - <=40 %		16 568	76,00%
>40 - <=50 %		2 346	10,76%
>50 - <=60 %		1 746	8,01%
>60 - <=70 %		1 141	5,24%
Total		21 801	100%
<b>Weighted Average LTV - Indexed</b>		<b>49.8%</b>	
<b>LTV buckets</b>		<b>Nominal (EURm)</b>	<b>% Residential Loans</b>
>0 - <=40 %		16 843	77,26%
>40 - <=50 %		2 262	10,38%
>50 - <=60 %		1 642	7,53%
>60 - <=70 %		1 054	4,83%
Total		21 801	100%





## 4. Covered Bond framework





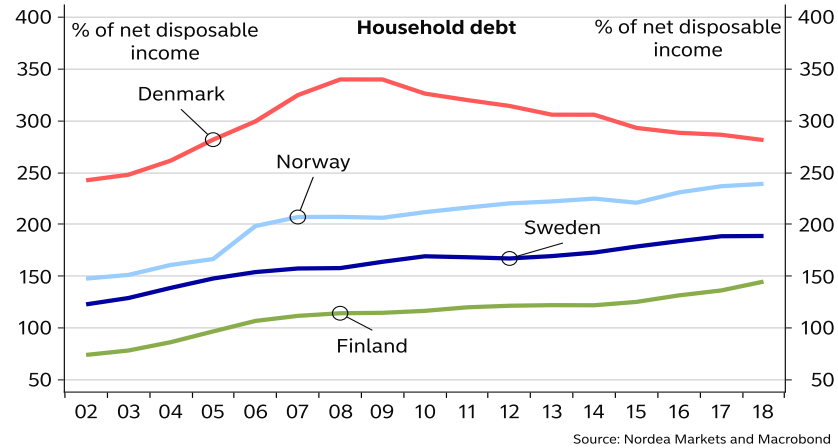
## 5. Macro



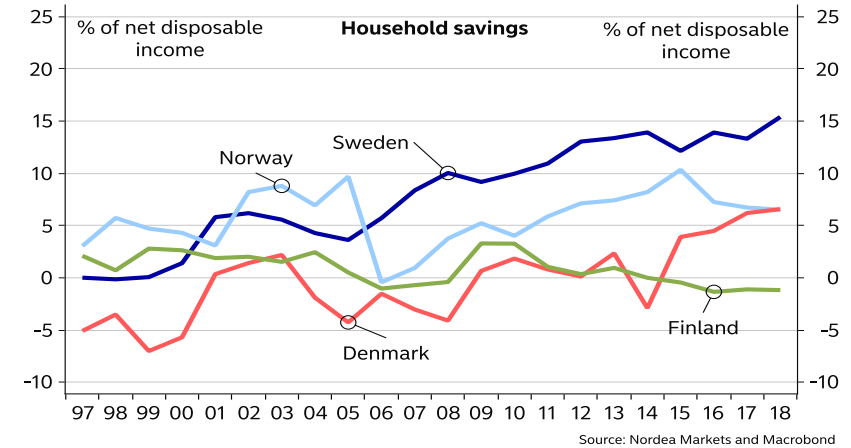


# Household debt remains high, but so do private and public savings

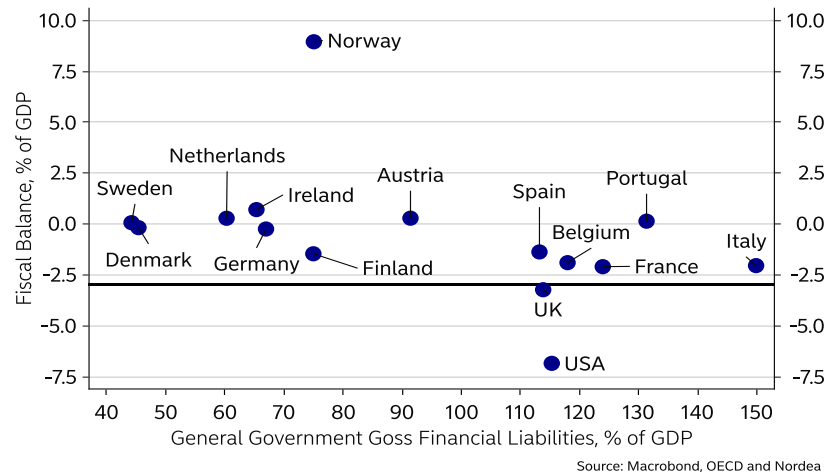
## Household debt



## Household savings



## Public balance/debt, % of GDP, 2020E

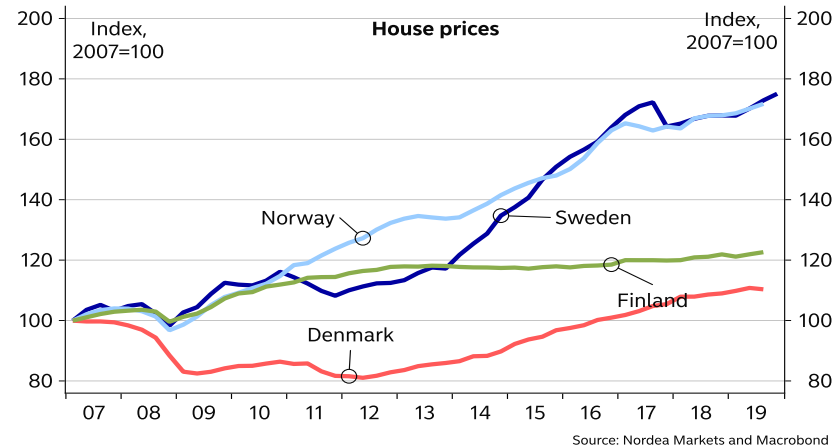


## Comments

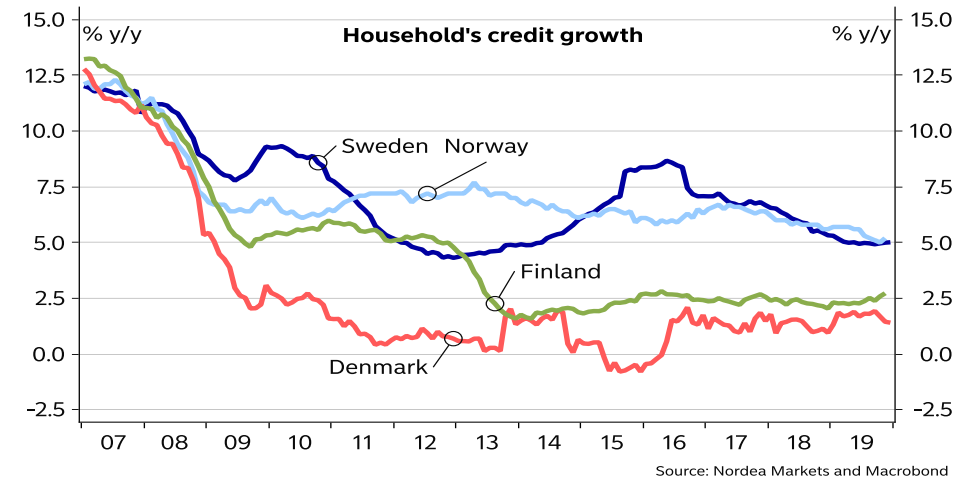
- Household debt continues to rise somewhat faster than income in Norway, Finland and Sweden. Denmark continues to move in the opposite trend
- Meanwhile, households' savings rates remain at high levels, and are increasing in Sweden and Denmark. Finnish savings have stabilised in recent years and are finally showing signs of picking up
- Nordic public finances are robust due to the overall economic recovery and firm fiscal policies. Norway is in a class of its own due to oil revenues

# House price development in the Nordics

## House prices



## Households' credit growth



## Comments

- Low interest rates continue to keep Nordic housing markets afloat and modest price increases are expected in the coming years. Prices continue to rise in Sweden and Norway. Danish home prices are still at a low level. The Finnish housing market was unusually active in 2019. However, uncertainty will remain while low interest rates will support prices in growing cities. Credit growth in the Nordics is moving sideways except for in Denmark
- Swedish house prices have exceeded the previous top in 2017. The Riksbank's rate hike in late 2019 may temporarily dampen the pick-up, but the prospect of low interest rates in the foreseeable future will likely be more important for housing prices than rising unemployment and the Riksbank's isolated rate hike
- Last year's increase in interest rates in Norway and good supply of new housing have contributed to keeping a lid on housing prices in Norway. The total rate hike was nonetheless modest, and interest rates are still very low. The housing market is thus well balanced and the risk of a significant turnaround in the market is considered to be very low
- 2019 was a good year for the Danish housing market and prices rose across most of the country. Housing prices are expected to continue to rise by around 3% annually – driven by persistently low interest rates and the expected stronger purchasing power of households

## 6. Further information

# Nordea Mortgage Bank – outstanding benchmark covered bonds

Q4 2019

Breakdown by ISIN				
ISIN	Currency	Amount (EURm)	Maturity	Coupon
XS0874351728	EUR	1 250	2020-01-15	1,375
XS1204134909	EUR	1 000	2020-06-17	0,125
XS0591428445	EUR	1 000	2021-02-10	4
XS1554271590	EUR	1 500	2022-01-24	0,025
XS1308350237	EUR	1 250	2022-10-19	0,625
XS1784067529	EUR	1 250	2023-02-28	0,25
XS1522968277	EUR	1 000	2023-11-21	0,25
XS1132790442	EUR	1 000	2024-11-05	1
XS1825134742	EUR	1 000	2025-05-23	0,625
XS1963717704	EUR	1 500	2026-03-18	0,25
XS1204140971	EUR	1 000	2027-03-17	0,625
XS2013525410	EUR	1 000	2027-06-18	0,125
XS1784071042	EUR	750	2033-02-28	1,375
	<b>Total</b>	<b>14 500</b>		

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