

Nordea

Nordea Eiendoms-kreditt Covered Bonds
Q1 2020 Debt investor presentation



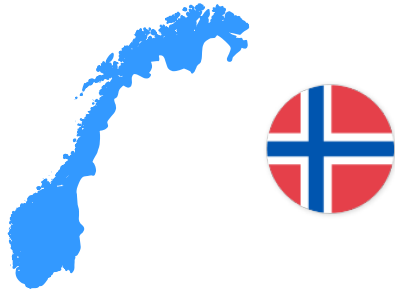
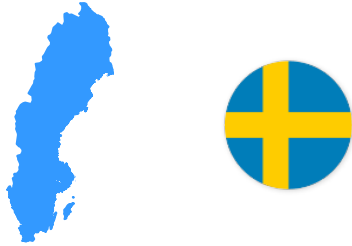

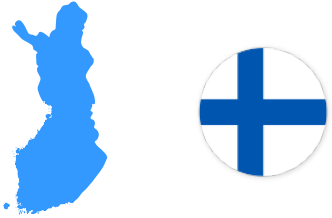
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1. In brief

Nordea covered bond operations

Q1 2020

	Nordea Eiendomskreditt	Nordea Hypotek	Nordea Kredit	Nordea Mortgage Bank
<i>Four aligned covered bond issuers with complementary roles</i>				
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 14.1bn (eq.)	EUR 51.9bn (eq.)	Balance principle	EUR 22.2bn
Covered bonds outstanding	EUR 8.8bn (eq.)	EUR 32.7bn (eq.)	EUR 56.9bn (eq.)*	EUR 14.8bn
OC	61%	59%	9%*	50%
Issuance currencies	NOK	SEK	DKK, EUR	EUR, GBP
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



4 *Reported values only include CC2. Nordea Kredit no longer reports for CC1 (RO), as this capital center only accounts for a minor (<1%) part of the outstanding volumes of loans and bonds.

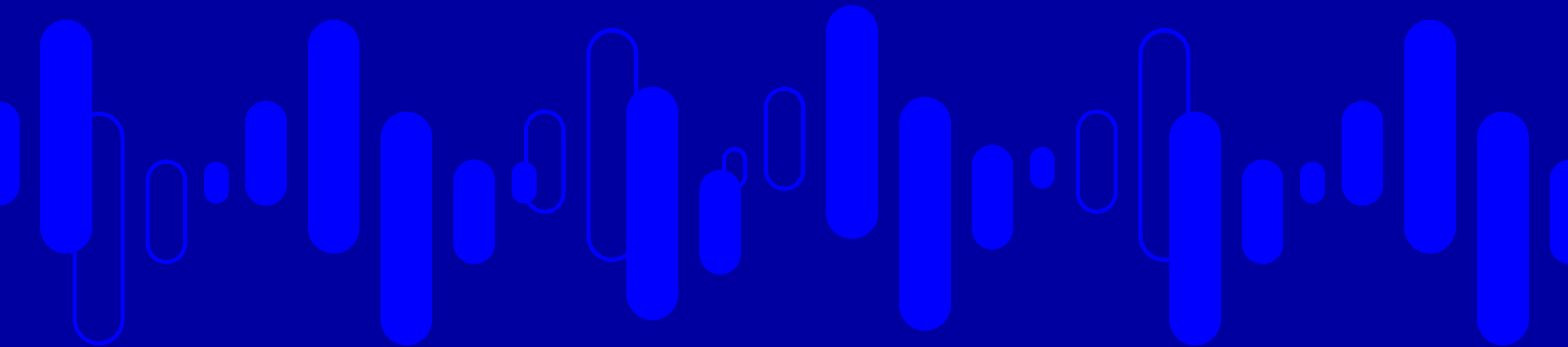
**S&P removed for Nordea Hypotek from 1 April

Nordea Eiendoms kreditt – overview

Q1 2020

- A 100% owned subsidiary of Nordea Bank Abp
- The purpose of the Issuer is to acquire and provide residential mortgage loans and finance its activities mainly through issuance of covered bonds
- Loans are originated by Nordea Eiendoms kreditt (NE)
 - Collateral must be in the form of mortgages in residential real estate or holiday houses
- Cost-effective loan origination and service through Nordea Bank's nationwide Norwegian branch network and internet
- Covered bonds rated Aaa by Moody's

2. Cover pool characteristics



Cover pool key characteristics

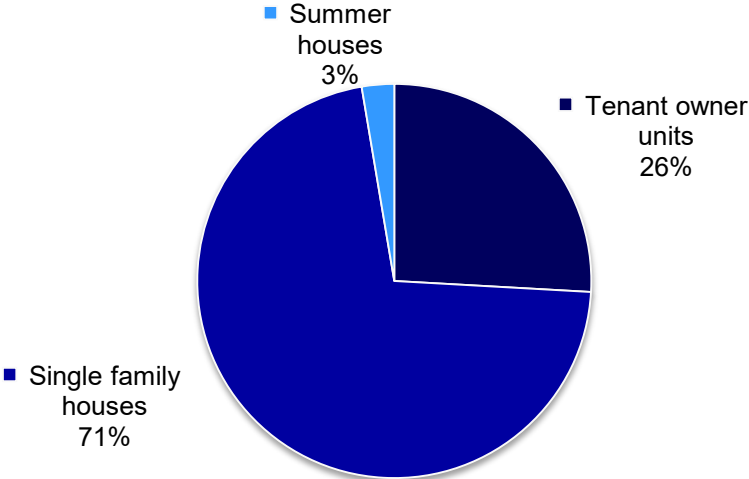
Q1 2020

Cover pool summary	
Pool notional	NOK 162.2bn
Outstanding Covered Bonds	NOK 100.9bn
Cover pool content	Mortgage loans secured by Norwegian residential collateral
Geographic distribution	Throughout Norway with concentration to urban areas
Asset distribution	100% residential
Weighted average LTV	50.7% (indexed, calculated per property)
Average loan size	NOK 1.7m
Over Collateralisation (OC)	61%
Rate type	Floating 98.3%, Fixed 1.7%
Amortisation	Bullet/ interest only 44.2%, Amortizing 55.8%
Pool type	Dynamic
Loans originated by	Nordea Eiendomskreditt

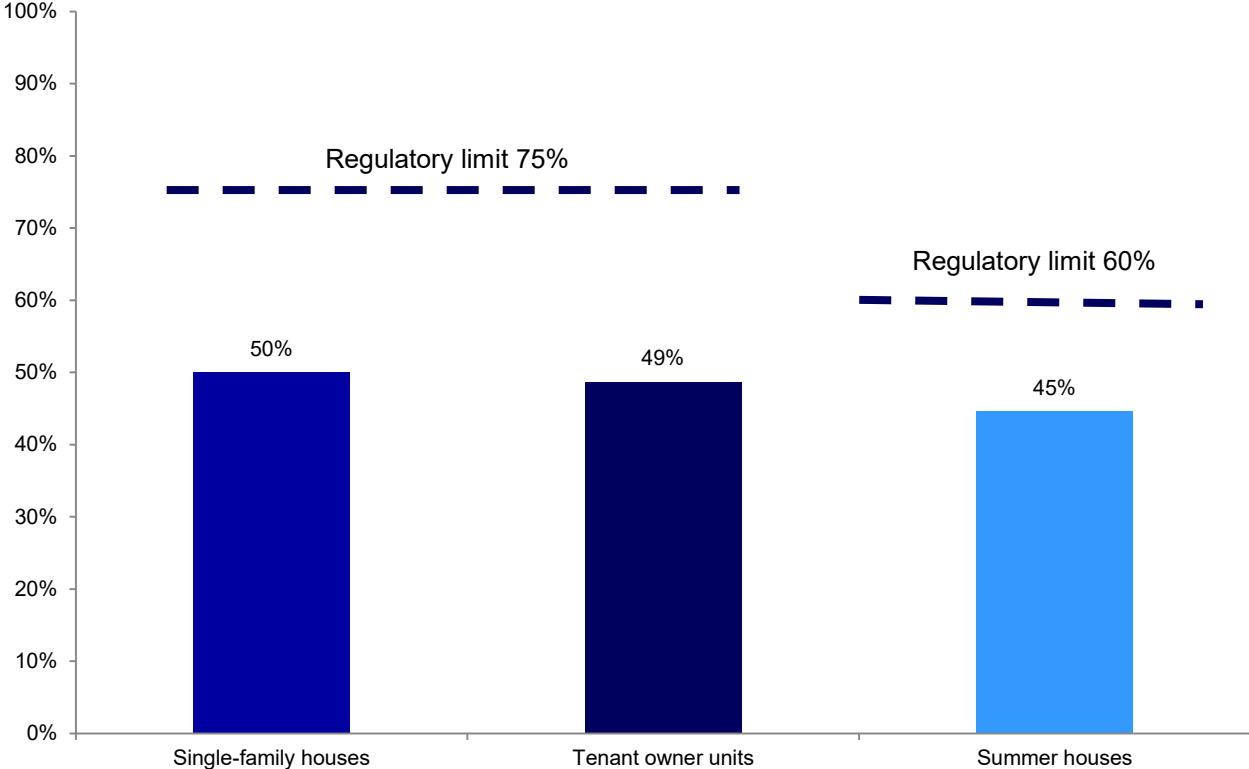
Cover pool key characteristics (2)

Q1 2020

Cover pool balance by loan category



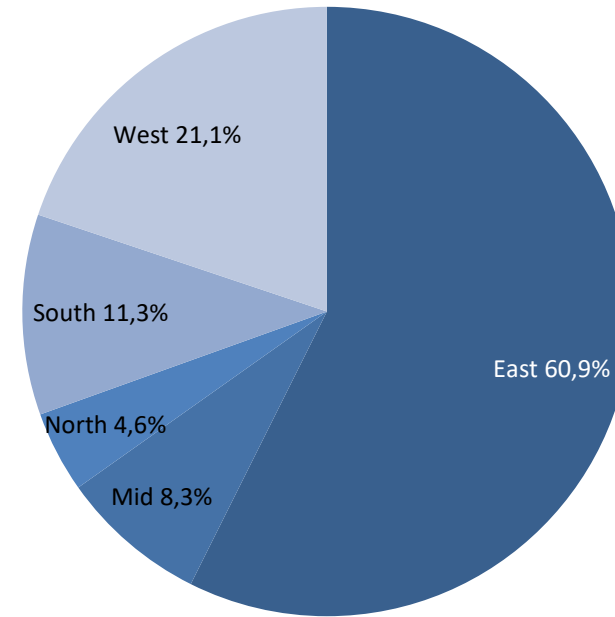
Weighted Average LTV – Indexed



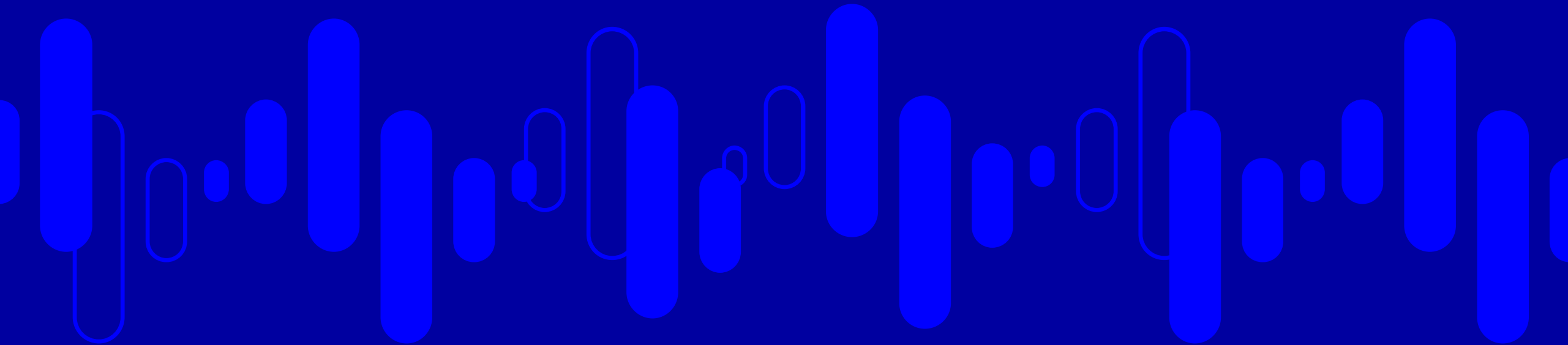
Cover pool – geographic distribution

Q1 2020

Fylke	Loan balance	Region
Agder	5,1%	South
Innlandet	5,1%	Mid
Møre og Romsdal	6,4%	West
Nordland	1,9%	North
Oslo	24,5%	East
Rogaland	3,6%	West
Trøndelag	3,2%	Mid
Troms og Finnmark	2,6%	North
Vestfold og Telemark	5,6%	East
Vestland	11,1%	West
Viken	30,8%	East



3. Asset quality



Loan to Value (LTV)

Each loan is reported in the highest bucket

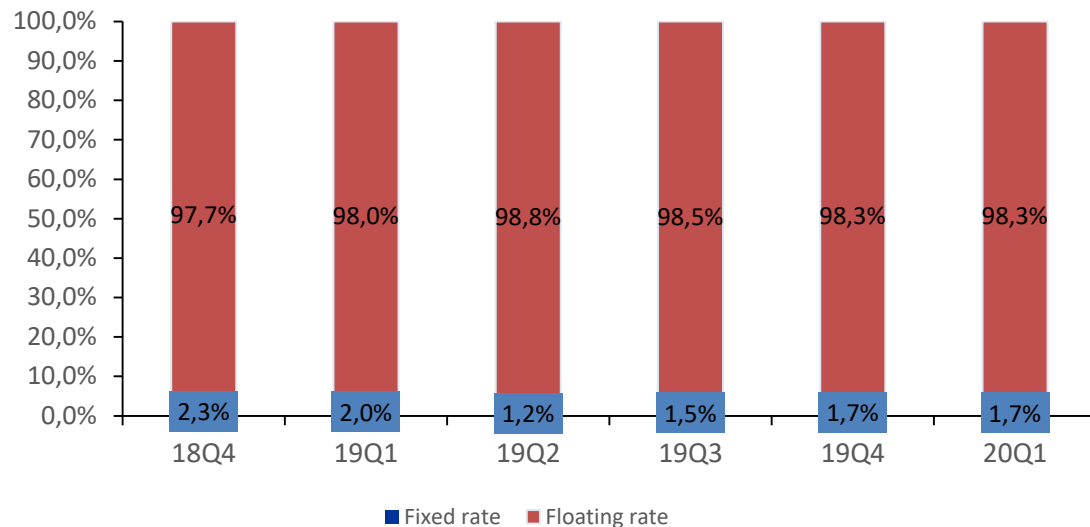
Q1 2020

Weighted Average LTV – Unindexed		50.7%	
LTV buckets	Nominal (NOKm)		% Residential Loans
>0 - <=40 %	42 525		26,22%
>40 - <=50 %	27 398		16,89%
>50 - <=60 %	35 508		21,89%
>60 - <=70 %	34 292		21,14%
>70 - <=80 %	22 472		13,85%
Total	162 194		100%
Weighted Average LTV - Indexed		50.6%	
LTV buckets	Nominal (NOKm)		% Residential Loans
>0 - <=40 %	42 818		26,40%
>40 - <=50 %	27 435		16,92%
>50 - <=60 %	35 491		21,88%
>60 - <=70 %	34 151		21,06%
>70 - <=80 %	22 300		13,75%
Total	162 194		100%

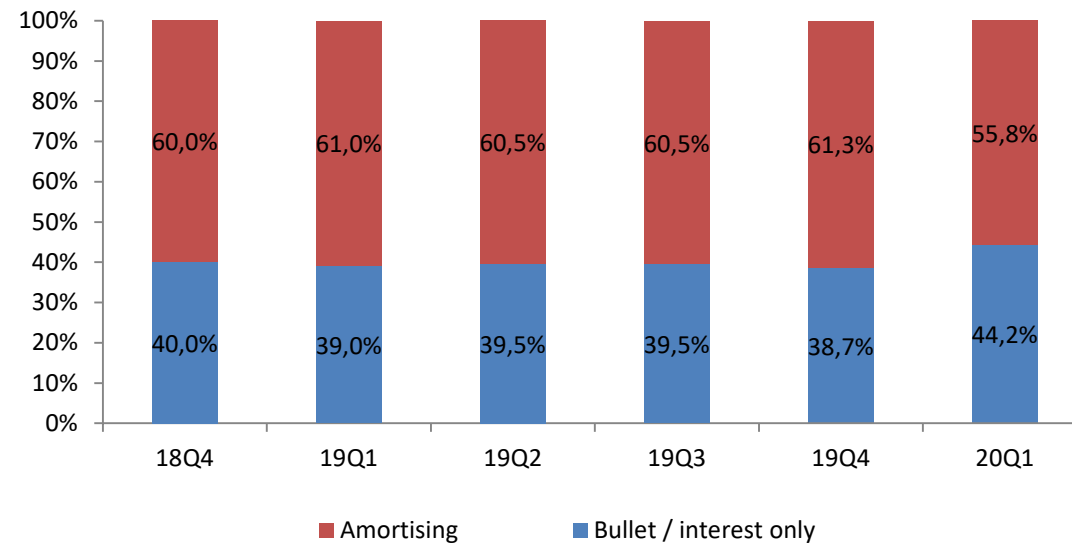
Loan structure

Q1 2020

Rate type



Repayment



Underwriting criteria

Q1 2020

Regulation

- Mortgages is regulated in "Boliglånsforskriften" which set requirements on borrowers debt to income, rent sensitivity, instalments and loan to value.

Affordability

- Customers ability to service its commitment out of its cash flow/income is critical
- Repayment ability of borrowers is calculated using stressed scenarios. Customers must manage 5 percentage points increase on interest rate on all debt
- Scoring of retail customers

Payment history

- Credit bureau check is always conducted. Potential external payment remarks are revealed

Collateral

- Information from Norwegian official property register in order to secure correct real estate ownership and priority
- Nordea accepts three sources of real estate valuations:
 - a) Written statement from external authorized valuer
 - b) Use of external evaluating system "Eiendomsverdi" (used by most banks and real estate agents in Norway)
 - c) Written statement from (external) real estate agent

4. Covered Bond framework

Norwegian covered bond framework

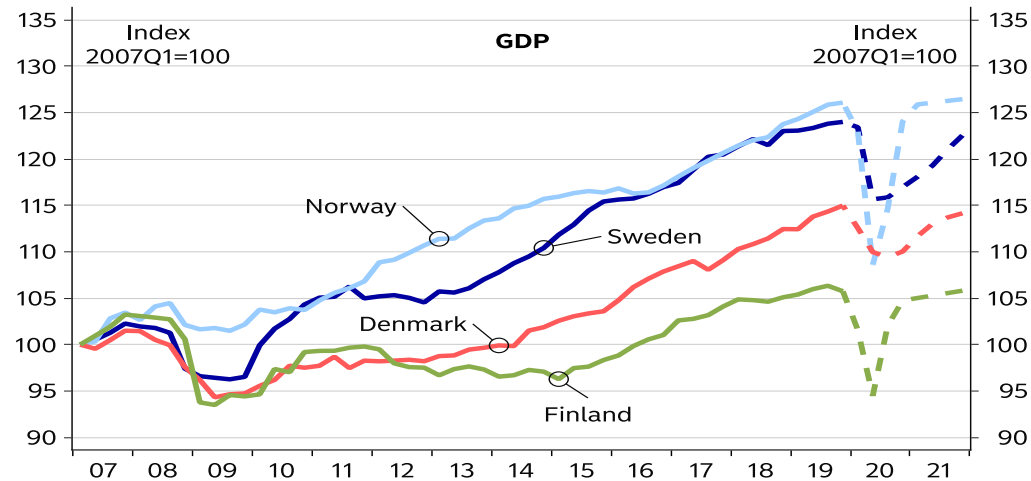
Q1 2020

- Legal framework
 - Financial Undertakings Act (Act. No. 17 of 10 April 2015, Norwegian: Finansforetaksloven)
- Registration and independent inspector
 - A mortgage credit institution shall for each cover pool establish a register of loans, interest rate contracts and foreign exchange contracts, substitute assets and covered bonds
 - The institution shall put forward an independent inspector who shall be appointed by the FSA “Finanstilsynet”
- Limit on LTV ratio – based on the current value
 - 75% for housing loans (residential property)
 - 60% for holiday houses
- Matching cover requirements
 - The value of the cover pool shall at all times exceed the value of covered bonds by 102% with a preferential claim over the pool and account shall be taken of the mortgage credit institution’s derivative contracts
- Liquidity requirements
 - The mortgage credit institution shall ensure that the payment flows from the cover pool enable the mortgage credit institution to honour its payment obligations towards holders of covered bonds and counterparties to derivative contracts at any and all times

5. Macro

Nordic economies – years before back to normal

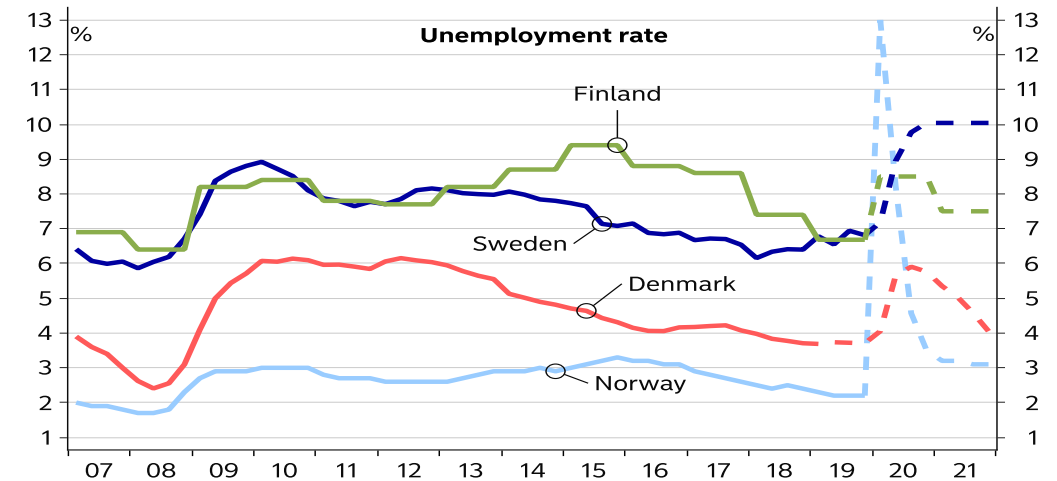
GDP development



Comments

- The global economy is in recession and the next few months will be extremely challenging. Lockdowns will trigger lower consumer spending and investments on top of the disruptions in the global supply chain
- The Nordic countries have responded to the COVID-19 crisis with lockdowns of a varying degree. The extent of the economic consequences depends on when restrictions will be lifted – not just in the Nordics but also in the rest of the world
- Unemployment is expected to surge. Relatively quick recoveries are expected in Denmark, Finland and Norway, but unemployment will remain elevated in Sweden for a long time

Unemployment rate

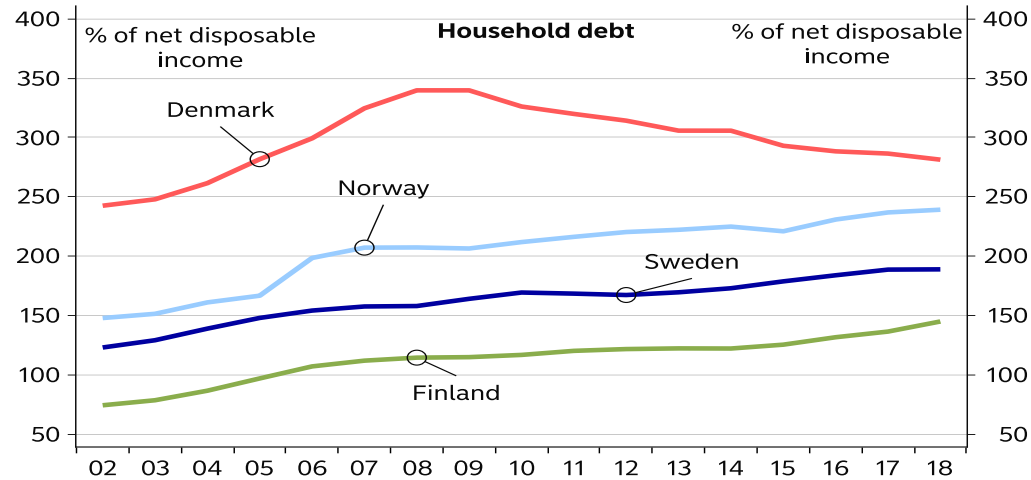


GDP, %, U-shaped scenario

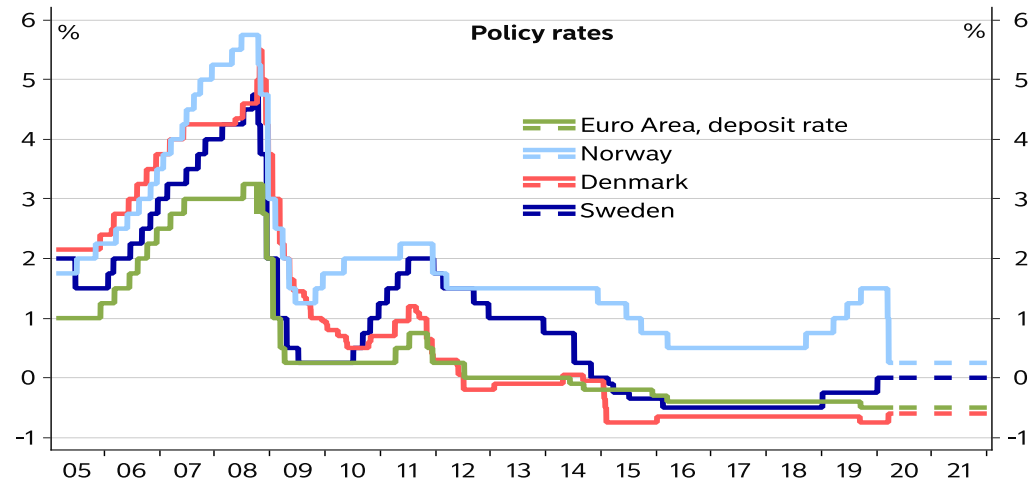
Country	2018	2019	2020E	2021E
Denmark	2.4	2.2	-3.0 (1.5)	2.4 (1.5)
Finland	1.6	1.0	-5.0 (1.0)	2.7 (0.5)
Norway	2.2	2.3	-6.2 (1.8)	7.3 (1.6)
Sweden	2.3	1.3	-4.6 (0.8)	-0.2 (1.8)

Nordic interest rates – low for very long

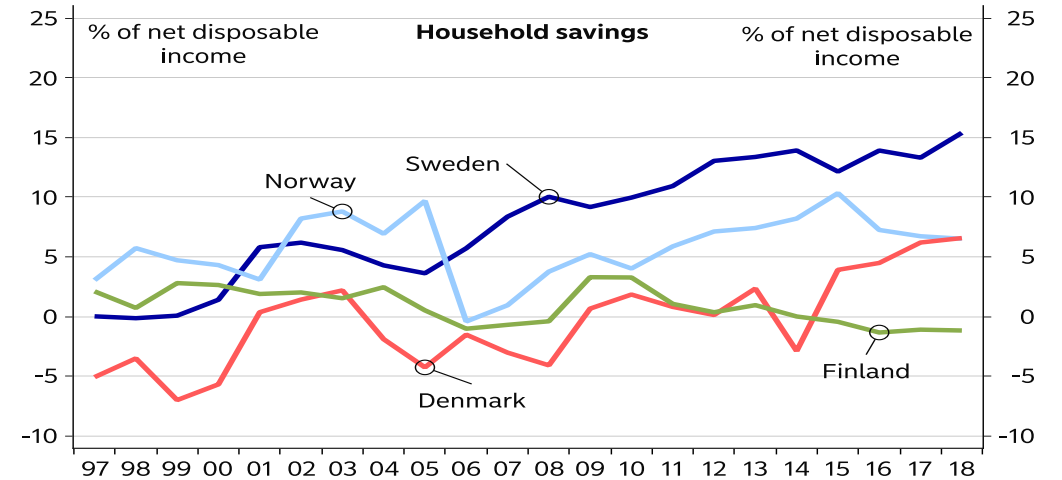
Household debt



Policy rates



Household savings

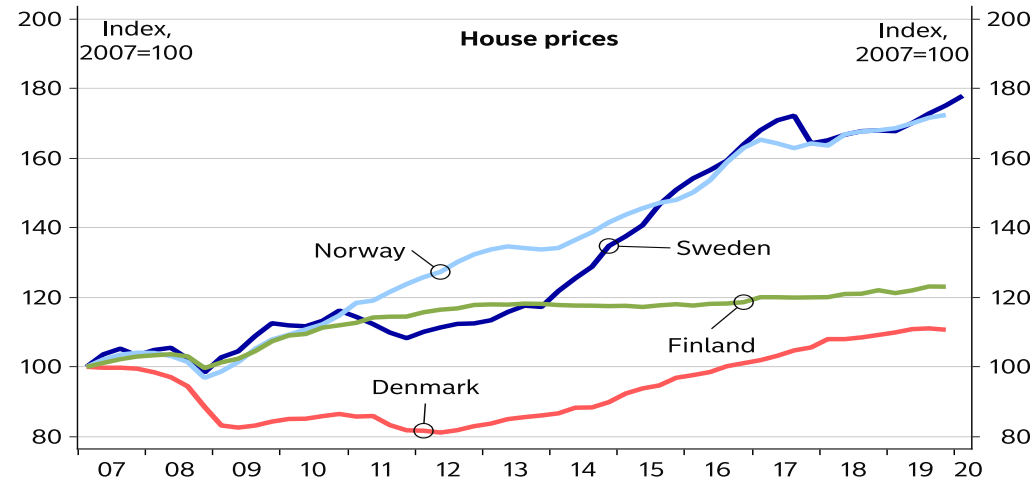


Comments

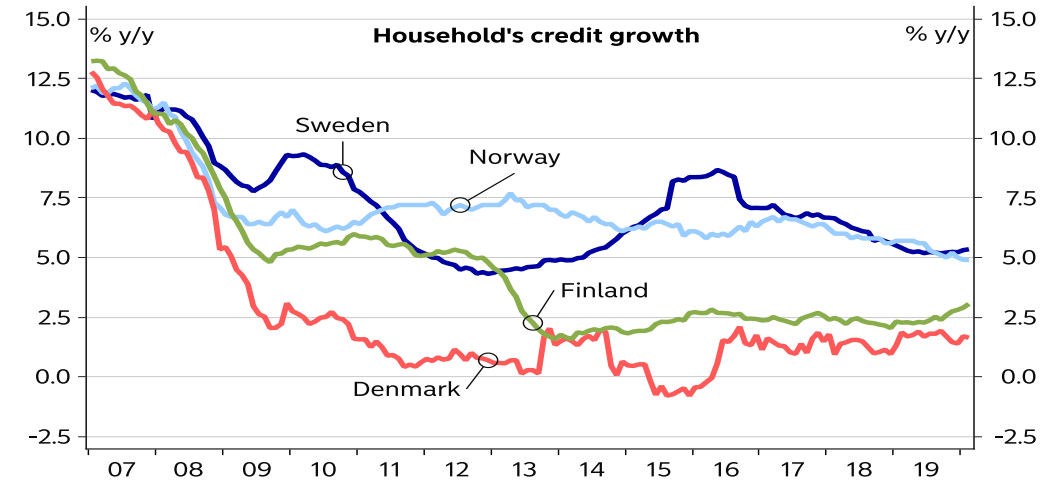
- Household debt is likely to level off in the coming year, in line with decelerating activity on the housing market. However, the debt ratio remains at very high levels in all countries. Uncertainty and higher unemployment will lead to increased precautionary savings, which could affect consumption negatively
- Norway has seen two rate cuts totalling 125 bps in one week. Policy rates have been left unchanged in Sweden and the Euro area while Denmark hiked the interest rate due to technical reasons. Liquidity measures have been ramped up by all central banks, and the governments have launched large fiscal packages to cushion the fall. Monetary policy will remain accommodative for a long time

House price development in the Nordics

House prices



Household's credit growth



Comments

- Rising unemployment and high uncertainty will take its toll on the Nordic housing markets. Before the crisis, low interest rates kept the Nordic housing markets afloat and stable price increases were expected in the coming years. Declines are expected in all countries this year but low interest rates, accommodative central banks and reduced supply should limit the downside in the short term.
- Household credit growth has stabilized in the last years. In Sweden and especially Finland, credit growth was picking up while Denmark was trending sideways. Nordic households will likely increase their precautionary savings due to high levels of uncertainty, which could affect consumption growth negatively. Increased savings and lower activity in the housing market will dampen credit growth.

6. Further information

Covered bonds – outstanding volumes

Q1 2020

Breakdown by ISIN				
ISIN	Currency	Amount (NOKm)	Maturity	Coupon (%)
NO0010703531	NOK	5 354	2020-06-17	FRN
NO0010741903	NOK	14	2020-06-17	1,75
NO0010729817	NOK	11 000	2021-06-16	FRN
NO0010584345	NOK	9 383	2021-06-16	4,25
NO0010758931	NOK	4 615	2022-06-15	1,08
NO0010759632	NOK	17 550	2022-06-15	FRN
NO0010819717	NOK	16 800	2023-06-21	FRN
NO0010843626	NOK	17 950	2024-06-19	FRN
No0010873334	NOK	7 500	2025-03-19	FRN
NO0010593064	NOK	550	2025-06-18	4,8
NO0010852650	NOK	4 800	2026-05-22	2,17
NO0010766827	NOK	500	2031-06-18	1,75
NO0010812084	NOK	300	2043-06-17	2,20
NO0010821986	NOK	300	2048-05-04	2,60
XS1487838291	GBP	133	2021-09-09	FRN
XS1837099339	GBP	3 270	2023-06-18	FRN
XS1451306036	EUR	938	2031-07-15	0,74
	Total	100 957		

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