

Nordea



# Nordea Eiendoms-kreditt Covered Bonds

Q1 2018 Debt investor presentation

# Nordea Eiendomskreditt – overview

Q1 2018

- A 100% owned subsidiary of Nordea Bank AB
- The purpose of the Issuer is to acquire and provide residential mortgage loans and finance its activities mainly through issuance of covered bonds
- Loans in Nordea Eiendomskreditt (NE) are originated by Nordea Bank AB, Norwegian branch and subsequently transferred to NE
  - Collateral must be in the form of mortgages in residential real estate or in shares in housing cooperatives
  - At the time of transfer, the loans are not in default, i.e. payments of installments and interest are not overdue at the time of transfer
- Covered bonds rated Aaa by Moody's
- 14.4% market share of outstanding covered issuance in Norwegian market
- Cost-effective loan origination and service through Nordea Bank's nationwide Norwegian branch network and internet

# Cover pool key characteristics

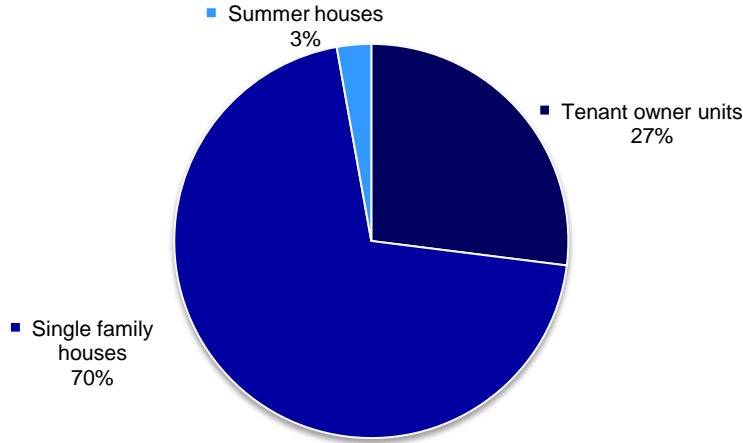
Q1 2018

<b>Pool notional</b>	NOK 118.4bn
<b>Outstanding Covered Bonds</b>	NOK 81.3bn
<b>Cover pool content</b>	Mortgage loans secured by Norwegian residential collateral
<b>Geographic distribution</b>	Throughout Norway with concentration to urban areas
<b>Asset distribution</b>	100% residential
<b>Weighted average LTV</b>	50.6% (indexed, calculated per property)
<b>Average loan size</b>	NOK 1.5m
<b>Over Collateralisation (OC)</b>	45.5%, (2% legal requirement)
<b>Rate type</b>	Floating 98.4%, Fixed 1.6%
<b>Amortisation</b>	Bullet/ interest only 32.8%, Amortizing 67.2%
<b>Substitute assets</b>	None
<b>Pool type</b>	Dynamic
<b>Loans originated by</b>	Nordea Bank AB, Norway Branch

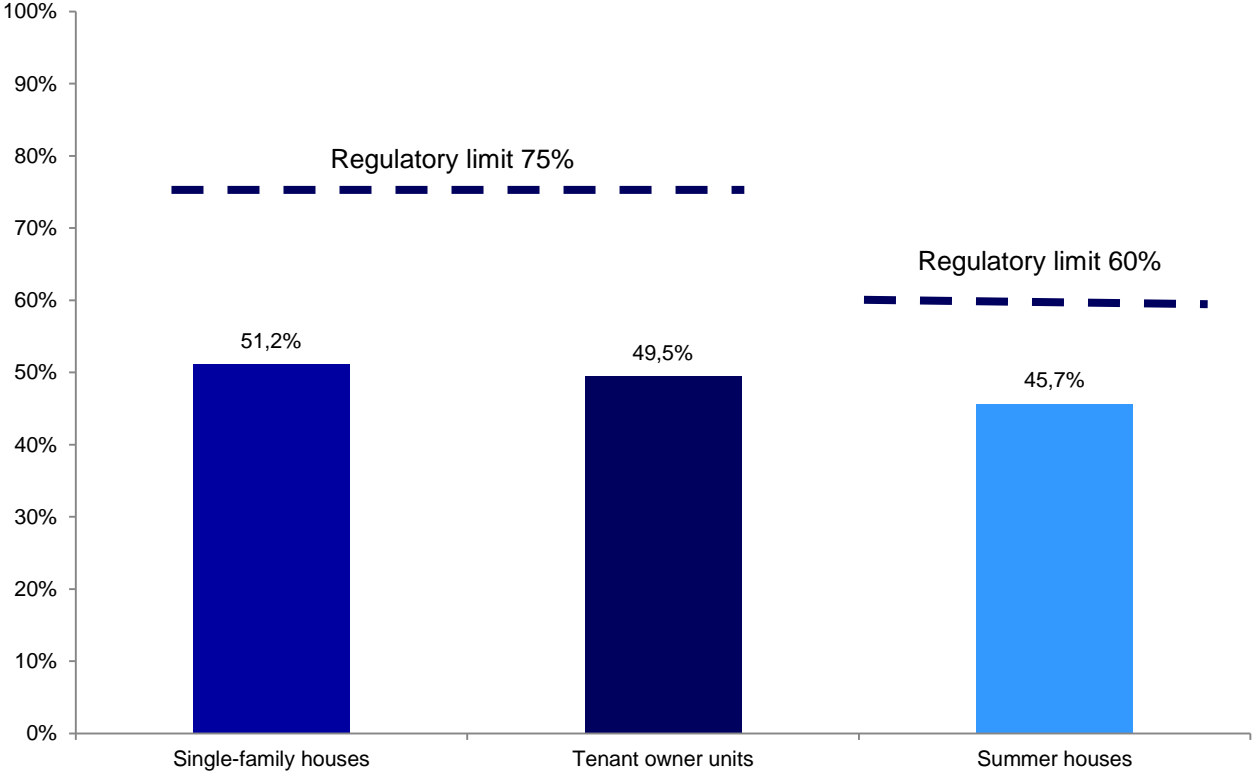
# Cover pool key characteristics (2)

Q1 2018

Cover pool balance by loan category



Weighted Average LTV - Indexed



## Loan to Value (LTV)

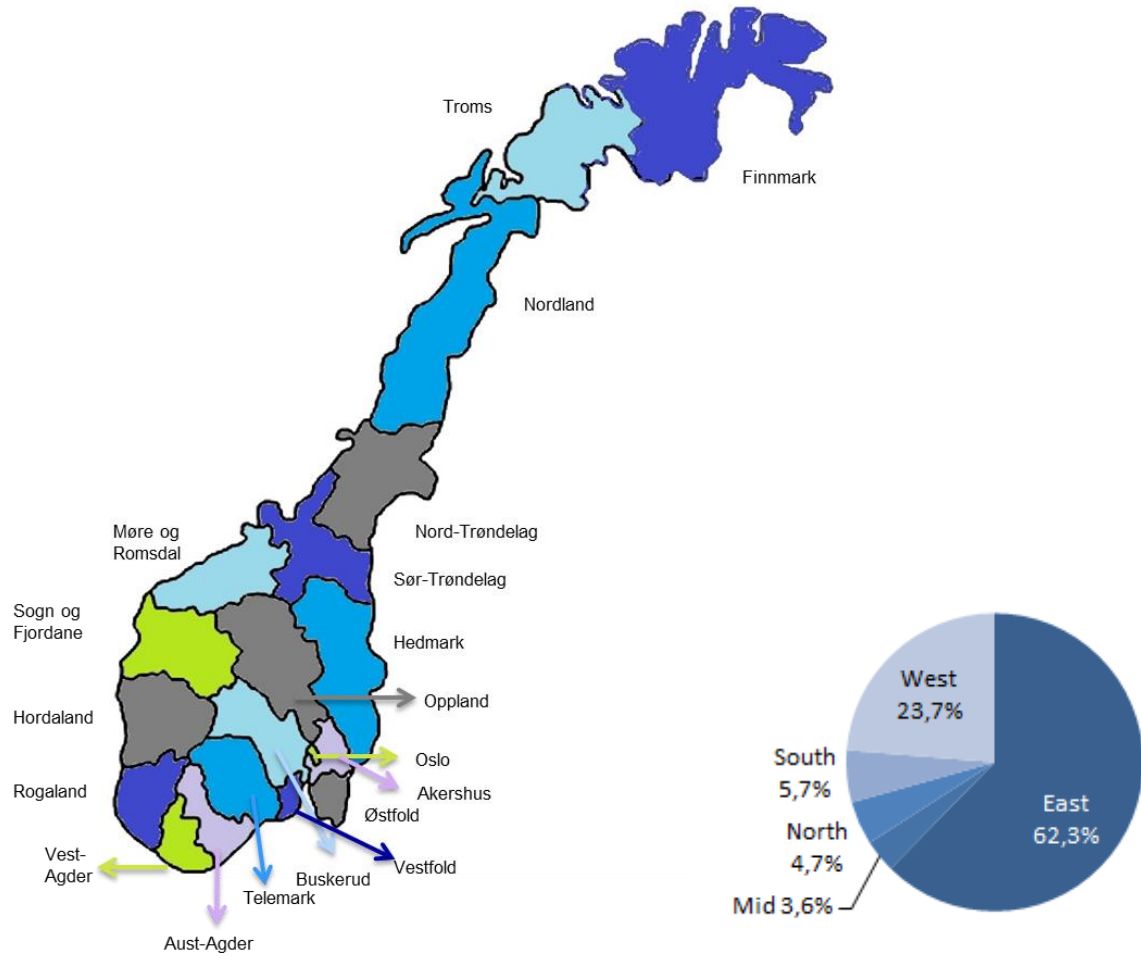
Each loan is reported in the highest bucket

Q1 2018

Weighted Average LTV – Unindexed	50.7%	
LTV buckets	Nominal (NOKm)	% Residential Loans
>0 - <=40 %	32 360	27,34%
>40 - <=50 %	19 428	16,41%
>50 - <=60 %	25 170	21,26%
>60 - <=70 %	23 512	19,86%
>70 - <=80 %	17 907	15,13%
Total	118 377	100%
Weighted Average LTV - Indexed	50.6%	
LTV buckets	Nominal (NOKm)	% Residential Loans
>0 - <=40 %	32 568	27,51%
>40 - <=50 %	19 386	16,38%
>50 - <=60 %	24 789	20,94%
>60 - <=70 %	23 548	19,89%
>70 - <=80 %	18 086	15,28%
Total	118 377	100%

# Cover pool – geographic distribution

Q1 2018



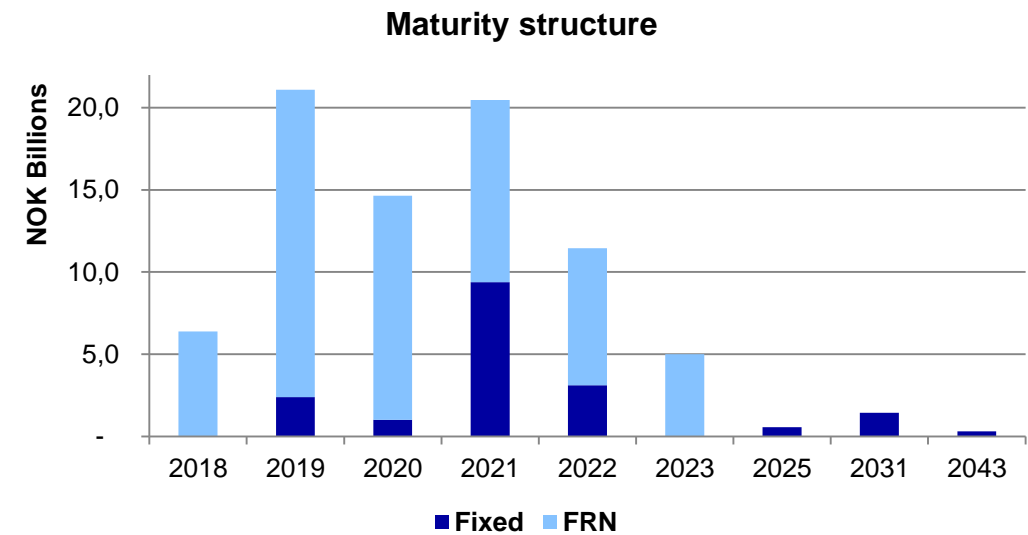
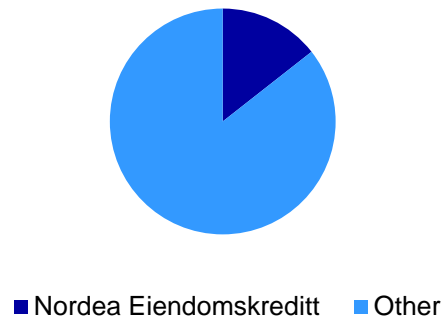
Fylke	Loan balance	Region
Akershus	17,41 %	East
Aust-Agder	1,57 %	South
Buskerud	4,18 %	East
Finnmark	0,48 %	North
Hedmark	1,91 %	East
Hordland	10,94 %	West
Møre og Romsdal	7,49 %	West
Nordland	2,02 %	North
Oppland	3,66 %	East
Oslo	23,13 %	East
Rogaland	4,41 %	West
Sogn og Fjordane	1,11 %	West
Svalbard	0,00 %	North
Telemark	1,17 %	East
Troms	2,25 %	North
Trøndelag	3,06 %	Mid
Vest-Agder	4,17 %	South
Vestfold	3,57 %	East
Østfold	7,47 %	East
Akershus	17,41 %	East

# Nordea Eiendomskreditt relative to market

Q1 2018

- Average amount outstanding covered bonds at Oslo Børs and ABM Nordic was NOK 481bn, and NEK's share was 14,4%

## Market share NOK Covered 2018-Q1



# Covered bonds – outstanding volumes

Q1 2018

Breakdown by ISIN				
ISIN	Currency	Amount (NOKm)	Maturity	Coupon (%)
NO0010674971	NOK	6 388	2018-06-20	FRN
NO0010647241	NOK	12 195	2019-06-19	FRN
NO0010692767	NOK	2 380	2019-06-19	3,05
NO0010703531	NOK	12 115	2020-06-17	FRN
NO0010741903	NOK	1 000	2020-06-17	1,75
NO0010729817	NOK	10 955	2021-06-16	FRN
NO0010584345	NOK	9 383	2021-06-16	4,25
NO0010758931	NOK	3 115	2022-06-15	1,08
NO0010759632	NOK	8 340	2022-06-15	FRN
NO0010819717	NOK	5 000	2023-06-21	FRN
NO0010593064	NOK	550	2025-06-18	4,8
NO0010766827	NOK	550	2031-06-18	1,75
NO0010812084	NOK	300	2043-06-17	2,20
XS1210746134	GBP	1 526	2020-03-30	FRN
XS1342698047	GBP	6 518	2019-01-14	FRN
XS1487838291	GBP	133	2021-09-09	FRN
XS1451306036	EUR	938	2031-07-15	0,74
	<b>Total</b>	<b>81 336</b>		



# Underwriting criteria – common Nordea policy

Q1 2018

## 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 four sources of real estate valuations:
  - a) Written statement from external authorized valuer
  - b) Last sales price (within 6 months)
  - c) Use of external evaluating system “Eiendomsverdi” (used by most banks and real estate agents in Norway)
  - d) Written statement from (external) real estate agent

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