

Nordea



**Nordea Bank Finland Covered Bonds
Investor presentation Q3 2016**

Nordea Bank Finland plc – a snapshot

Q3 2016

- 100% owned by Nordea Bank AB
- Loans to the public was EUR 30.6bn per Q3 2016
- Licensed by Finnish FSA to issue covered bonds according to the Finnish covered bond legislation (Covered Bond Act (688/2010) or CBA)
- Issuer rated Aa3/AA-*/AA-
- Covered bonds rated Aaa by Moody's

*Negative outlook S&P as of the 20th November 2012

Cover pool key characteristics

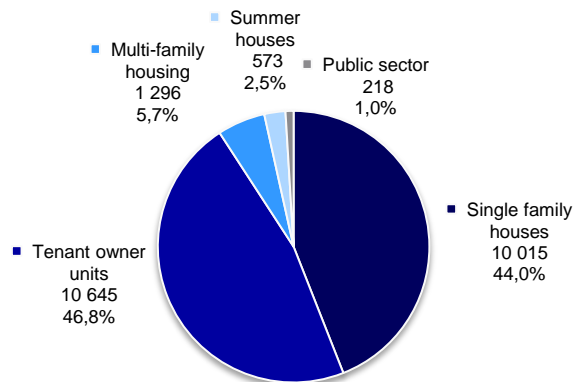
Q3 2016

Pool notional	EUR 22.7bn
Cover pool content	Mortgage loans secured by residential or commercial property. Loans guaranteed by public sector.
Geographic distribution	Throughout Finland with concentration in urban areas
Asset distribution	99.0% residential, 1.0% public sector
Weighted average LTV	49.8% (indexed, calculated per property)
Average loan size	EUR 68,685 (weighted average, covered amount 65.0k)
Rate type	Fixed rate 2%, Floating rate 98%
Substitute assets	None
Pool type	Dynamic
Loans originated by	Nordea Bank Finland

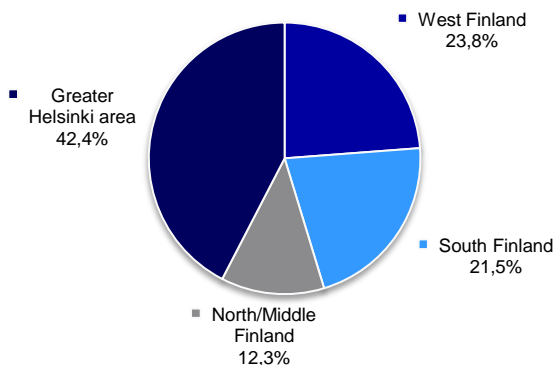
Cover pool key characteristics – 93.3% single family housing with low LTVs

Q3 2016

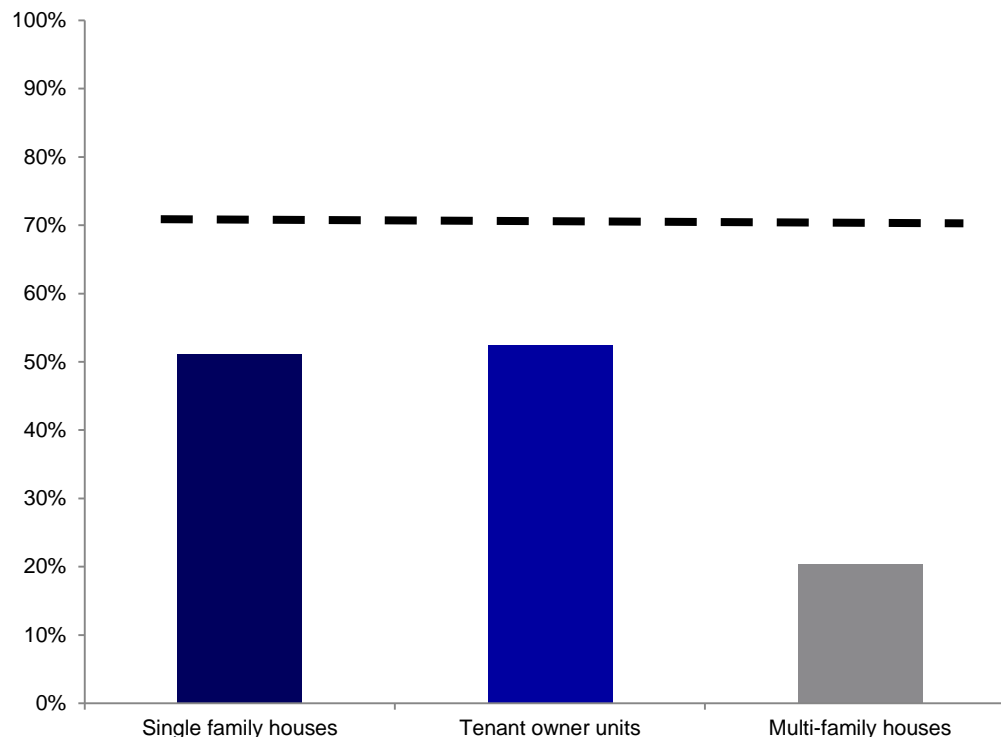
Cover pool balance by loan category



Cover pool balance by geographical area



Weighted average LTV - Indexed



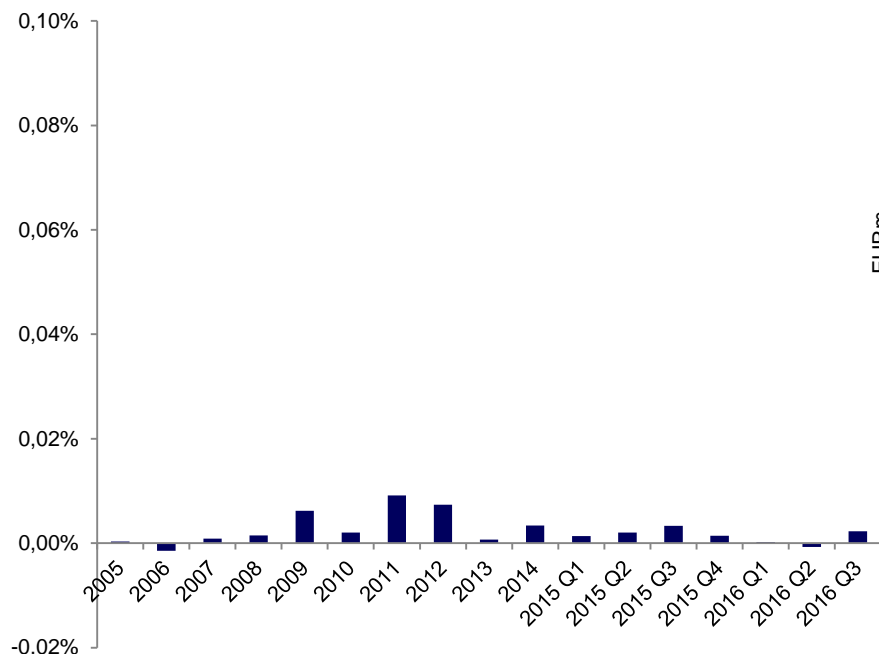
- Pool mainly includes single family houses and tenant owner units.
- The main part of real estates are located in greater Helsinki but are otherwise evenly distributed between western, northern and southern part of Finland.
- Low WALTVs in the pool

Performance of housing loan portfolio – Nordea Bank Finland

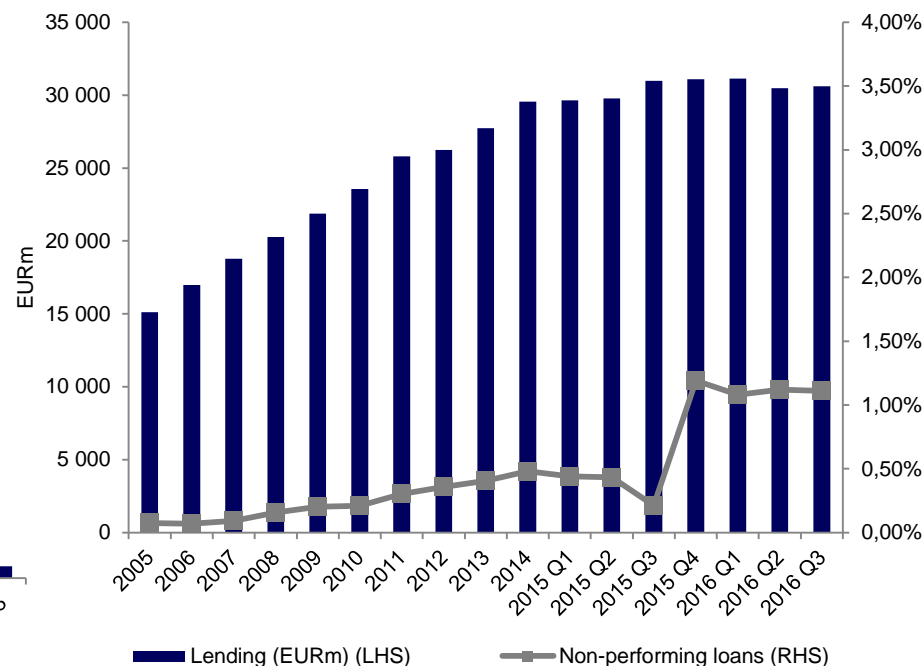
Q3 2016

- Low level of loan losses supported by strong household sector
- Impaired non-performing loans are at low levels

Net loan losses % for Nordea Bank Finland's housing loan portfolio



Nordea Bank Finland's housing loan stock and level of impaired non-performing loans*



*The majority of the increase in Q4-2015 is model driven and is related to an improved way of calculating collectively assessed provisions on contract level, implemented in Q4-2015

Underwriting criteria – common Nordea policy

Q3 2016

- Residential mortgage loans
 - Nordea's credit decision is based on the borrower's payment 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.
- Commercial 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.