

The background of the slide is a scenic photograph of a wide lake, likely a fjord, with steep, forested mountains on either side. Two people are kayaking on the water in the lower-left foreground. The sky is overcast with soft, grey clouds.

Nordea

Nordea Eiendomskreditt Covered Bonds

Q1 2019 Debt investor presentation

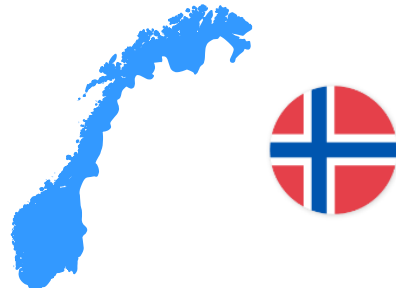
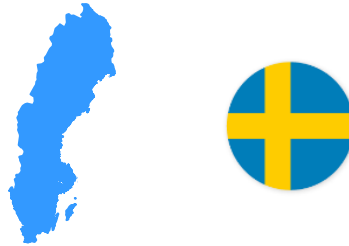




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1. In brief

Nordea covered bond operations

Four aligned covered bond issuers with complementary roles	Nordea Eiendomskreditt	Nordea Hypotek	Nordea Kredit	Nordea Mortgage Bank	
					
	Legislation	Norwegian	Swedish	Danish/SDRO	Finnish
	Cover pool assets	Norwegian residential mortgages	Swedish residential mortgages primarily	Danish residential & commercial mortgages	Finnish residential mortgages primarily
	Cover pool size	EUR 11.4bn (eq.)	EUR 51.5bn (eq.)	Balance principle	EUR 19.7bn
	Covered bonds outstanding	EUR 9.1bn (eq.)	EUR 33.3bn (eq.)	EUR 52.2bn (eq.)	EUR 16.7bn
	OC	25%	55%	CC1/CC2 33%/10%	18%
	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 Eiendomskreditt – overview

Q1 2019

- A 100% owned subsidiary of Nordea Bank Abp (as of 1 October 2018)
- 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 Abp, 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
- 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

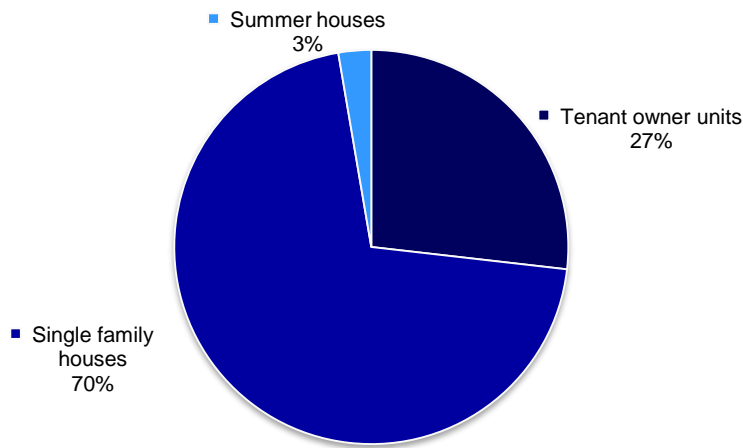
Q1 2019

Cover pool summary	
Pool notional	NOK 110.2bn
Outstanding Covered Bonds	NOK 88.2bn
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	49.6% (indexed, calculated per property)
Average loan size	NOK 1.5m
Over Collateralisation (OC)	25.0%
Rate type	Floating 98.0%, Fixed 2.0%
Amortisation	Bullet/ interest only 39.0%, Amortizing 61.0%
Pool type	Dynamic
Loans originated by	Nordea Bank Abp (as of 1 October 2018), Norway Branch

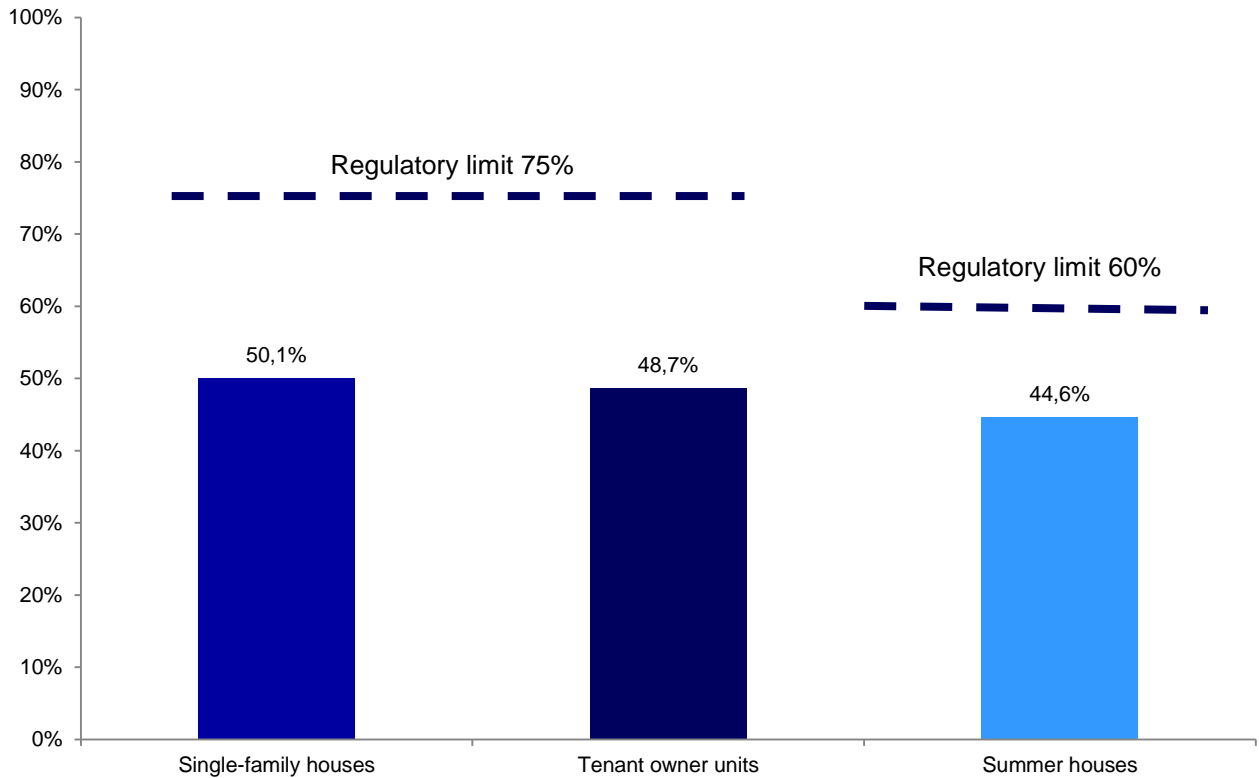
Cover pool key characteristics (2)

Q1 2019

Cover pool balance by loan category

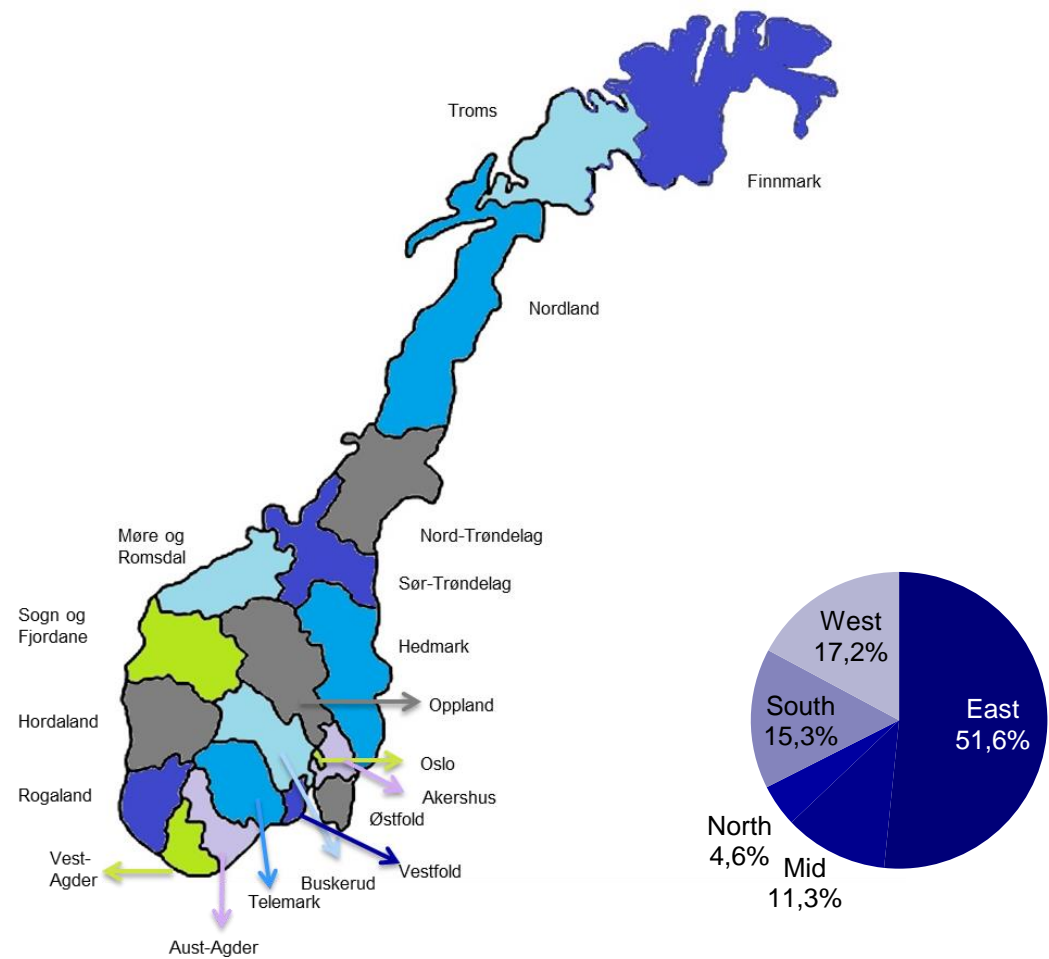


Weighted Average LTV – Indexed



Cover pool – geographic distribution

Q1 2019



Fylke	Loan balance	Region
Akershus	17,7%	East
Aust-Agder	1,4%	South
Buskerud	4,2%	Mid
Finnmark	0,4%	North
Hedmark	1,8%	East
Hordland	10,3%	West
Møre og Romsdal	6,9%	West
Nordland	2,0%	North
Oppland	3,6%	Mid
Oslo	24,9%	East
Østfold	7,2%	East
Rogaland	4,1%	South
Sogn og Fjordane	0,0%	West
Trøndelag	3,5%	Mid
Telemark	1,1%	South
Troms	2,3%	North
Vest-Agder	4,0%	South
Vestfold	4,5%	South

3. Asset quality

Loan to Value (LTV)

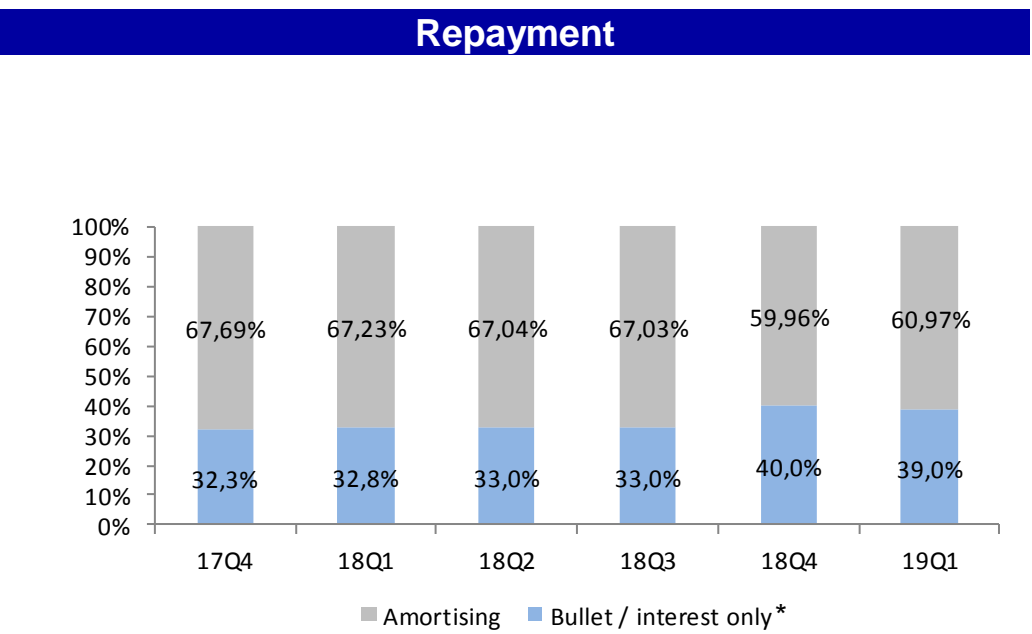
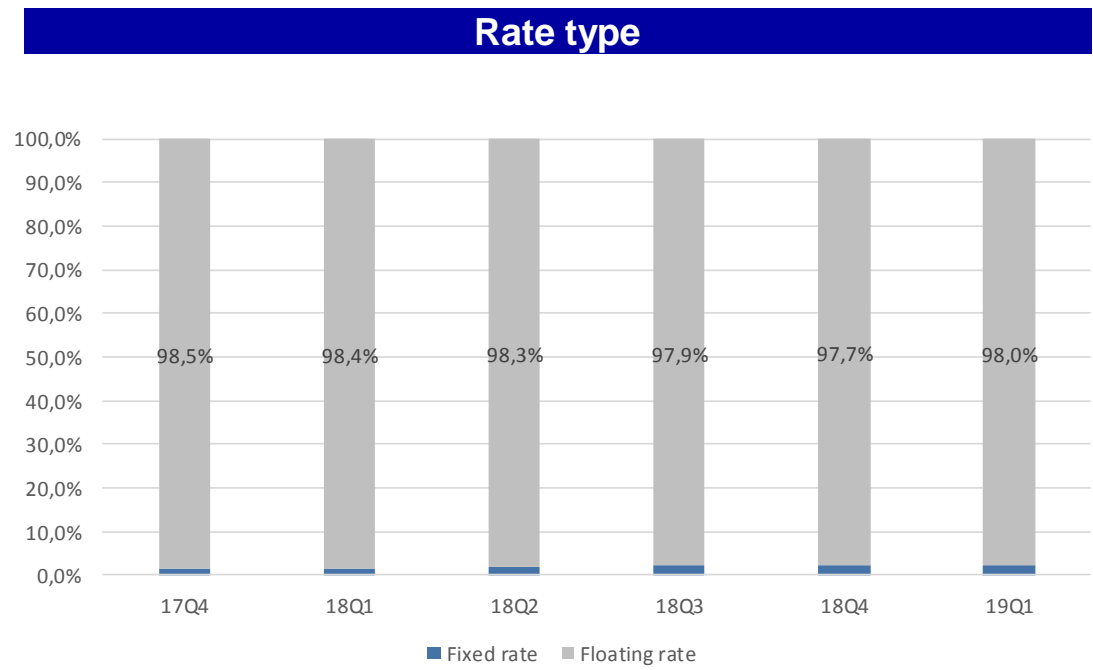
Each loan is reported in the highest bucket

Q1 2019

Weighted Average LTV – Unindexed		48.8%	
LTV buckets		Nominal (NOKm)	% Residential Loans
>0 - <=40 %	33 130		30,07%
>40 - <=50 %	19 209		17,44%
>50 - <=60 %	23 884		21,68%
>60 - <=70 %	21 421		19,44%
>70 - <=80 %	12 527		11,37%
Total	110 171		100%
Weighted Average LTV - Indexed		49.6%	
LTV buckets		Nominal (NOKm)	% Residential Loans
>0 - <=40 %	32 298		29,32%
>40 - <=50 %	18 594		16,88%
>50 - <=60 %	22 994		20,87%
>60 - <=70 %	21 038		19,10%
>70 - <=80 %	15 248		13,84%
Total	110 171		100%

Loan structure

Q1 2019



Underwriting criteria

Q1 2019

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

5. Covered Bond framework

Norwegian covered bond framework

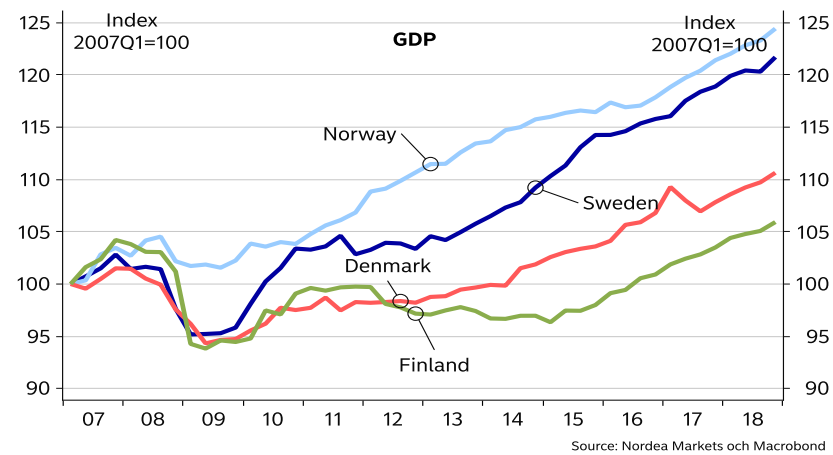
Q1 2019

- Legal framework
 - Norwegian Financial Institutions Act (2007)
- 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 commercial loans (commercial property)
- Matching cover requirements
 - The value of the cover pool shall at all times exceed the value of covered bonds 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

6. Macro

Robust Nordic economies

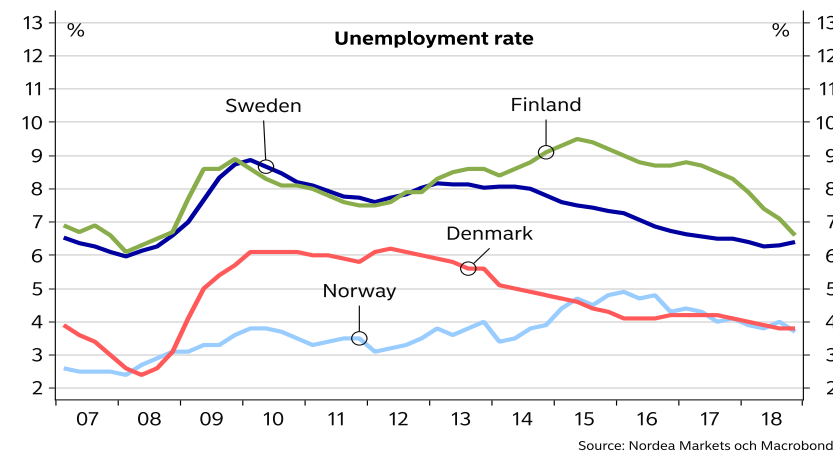
GDP development



Comments

- The Nordics have enjoyed a solid economic development in recent years. The global economy slowed down during the end of last year and beginning of this year more than expected, especially in the euro area.
- This has affected the Nordics to various extent. Sweden and Finland have been most hit as being more dependent on exports.
- Monetary policy has shifted to a more accommodative stance as downside risks have grown.

Unemployment rate



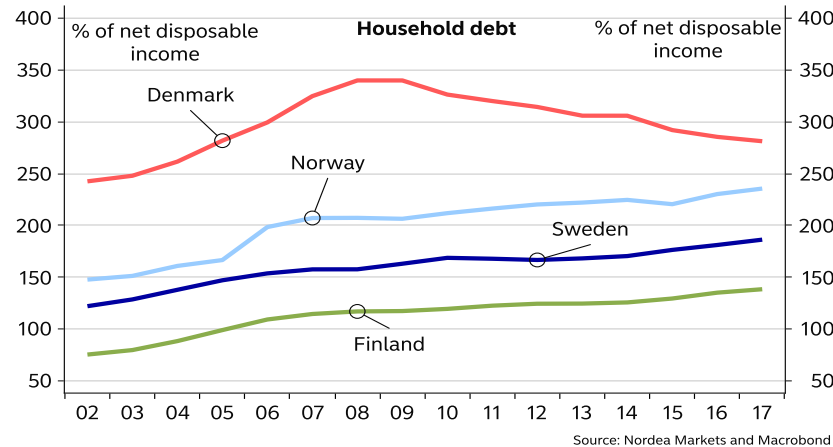
GDP forecast, %

Country	2016	2017	2018	2019E	2020E
Denmark	2.4	2.3	1.4	1.8	1.7
Finland	2.5	2.8	2.3	1.5	1.0
Norway	1.1	2.0	2.2	2.6	2.1
Sweden	2.4	2.4	2.3	1.0	1.3

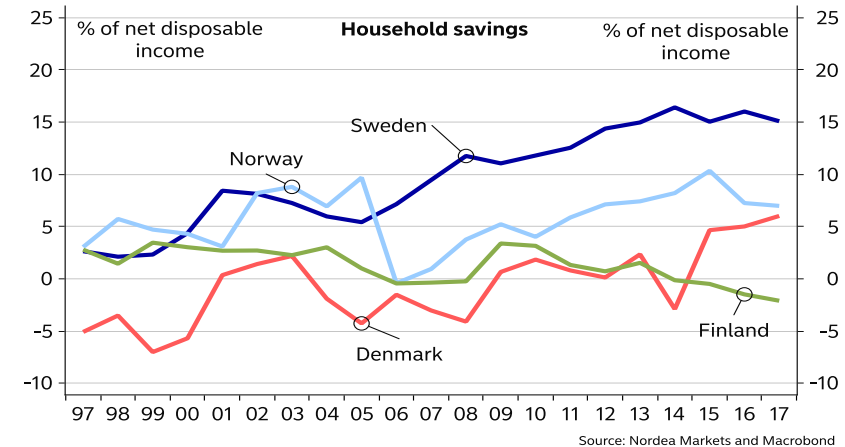
Source: Nordea Markets Economic Outlook January 2019, Macrobond and OECD.

Household debt remains high, but so is private and public savings

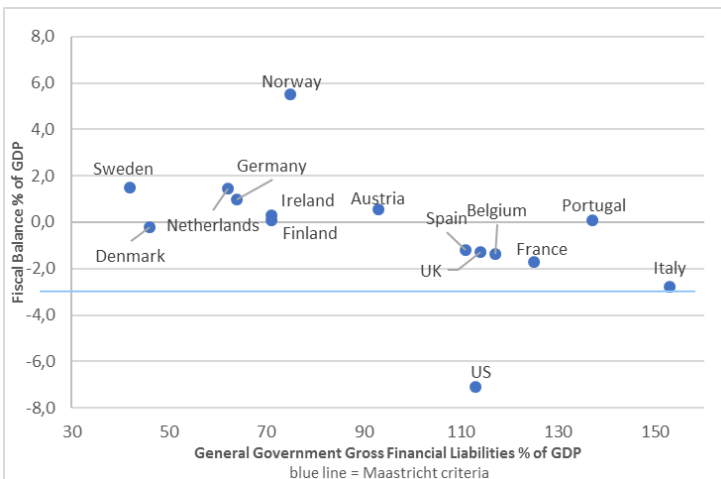
Household debt



Household savings



Public balance/debt, % of GDP, 2020E

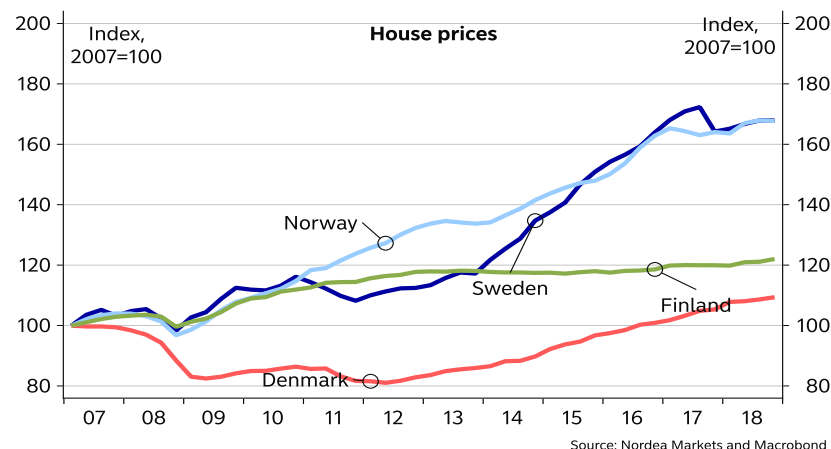


Comments

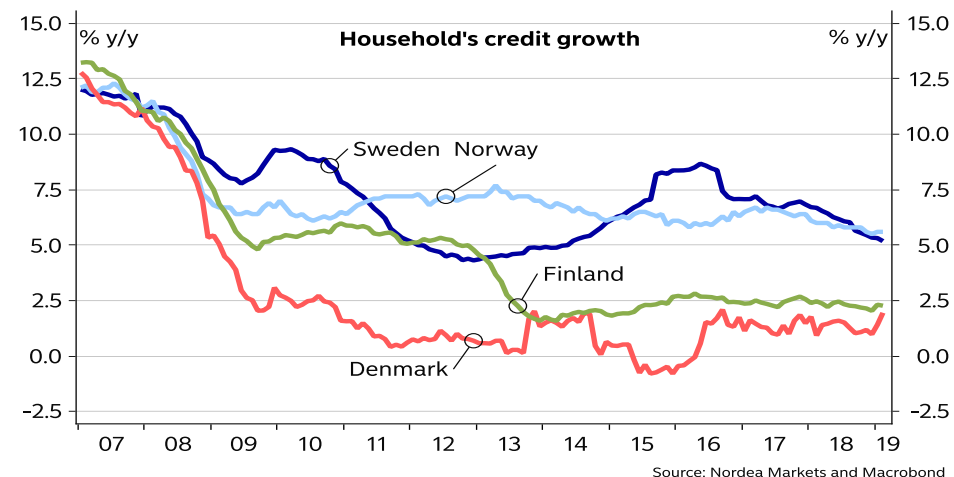
- In all countries, apart from Denmark, household debt continues to rise somewhat faster than income. Meanwhile, households' savings rates remain at high levels, apart from Finland where savings have declined somewhat in recent years.
- The Nordic public finances are robust due to the overall economic recovery and relatively strict fiscal policies. Norway is in a class of its own due to oil revenues.

House price development in the Nordics

House prices



Household's credit growth



Comments

- Recent quarters have shown stabilisation in the Swedish and Norwegian housing markets, while prices continue to rise in Denmark and to some extent also in Finland.
- In Sweden house prices declined during H2 2017 but since then prices have risen slightly. We continue to argue for stable prices going forward. The current main risks are the high supply of homes as well as early signs of a weaker labour market. However, mortgage rates have historically had a strong correlation with the price development and they will most likely remain low.
- In Norway, primarily in Oslo, house prices turned down during 2017. The downturn was primarily driven by stricter lending requirements introduced 1 January 2017. However, prices have levelled out, and even increased somewhat in Oslo. Largely unchanged prices are forecast ahead.

7. Further information

Covered bonds – outstanding volumes

Q1 2019

Breakdown by ISIN				
ISIN	Currency	Amount (NOKm)	Maturity	Coupon (%)
NO0010647241	NOK	4 676	2019-06-19	FRN
NO0010692767	NOK	1 482	2019-06-19	3,05
NO0010703531	NOK	13 500	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	12 000	2022-06-15	FRN
NO0010819717	NOK	10 000	2023-06-21	FRN
NO0010843626	NOK	14 000	2024-06-19	FRN
NO0010593064	NOK	550	2025-06-18	4,8
NO0010766827	NOK	500	2031-06-18	1,75
NO0010812084	NOK	300	2043-06-17	2,20
NO0010821986	NOK	300	2048-05-04	2,60
XS1210746134	GBP	1 401	2020-03-30	FRN
XS1342698047	GBP	6 518	2019-01-14	FRN
XS1487838291	GBP	134	2021-09-09	FRN
XS1837099339	GBP	3 362	2023-06-18	FRN
XS1451306036	EUR	968	2031-07-15	0,74
Total		88 186		

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