



Nordea

Q1 2024 Debt investor presentation  
**Nordea Eiendomskreditt Covered Bonds**







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# 1. In brief

Covered bonds

Nordea covered bond operations

	Nordea Eiendoms kreditt	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 27.5bn (eq.)	EUR 60.0bn (eq.)	Balanced principle	Pool 1: EUR 16.6bn/ Pool 2: EUR 8.3bn
Covered bonds outstanding	EUR 18.9bn (eq.)	EUR 34.8bn (eq.)	EUR 57.8bn (eq.)*	Pool 1: EUR 14.5bn/ Pool 2: EUR 6.8bn
OC	45%	72%	7%*	Pool 1: 14% / Pool 2: 23%
Issuance currencies	NOK	SEK	DKK, EUR	EUR
Rating (Moody's / S&P)	Aaa / -	Aaa / -	- / AAA	Aaa / -
Outstanding green covered bonds	EUR 1.25bn	EUR 1.1bn	EUR 2.1bn	EUR 2.0bn

- Covered bonds are an integral part of Nordea’s long term funding operations
- Issuance in Scandinavian and international currencies
- All Nordea covered bond issuance entities (MCIs) refer to Nordea’s updated 2023 [Nordea green funding framework](#)



\* The figures in Nordea Kredit only include capital centre 2 (SDRO). Nordea Kredit no longer reports for CC1 (RO), as this capitalcentre only accounts for a minor part (<0.5%) of the outstanding volume of loans and bonds

# Nordea Eiendoms kreditt – overview

Q1 2024



100% owned subsidiary of Nordea Bank Abp - the largest Nordic financial institution



The purpose of the Issuer is to acquire and provide residential mortgage loans and finance its activities mainly through issuance of covered bonds



Financial Undertakings Act (Act. No. 17 of 10 April 2015, Norwegian: Finansforetaksloven), which was recently amended on 8 July 2022 to implement the European Covered Bond Directive



Cost-effective loan origination and service through Nordea Bank's nationwide Norwegian branch network and internet

**MOODY'S**

Covered bonds rated Aaa by Moody's

## 2. Cover pool characteristics

# Cover pool key characteristics

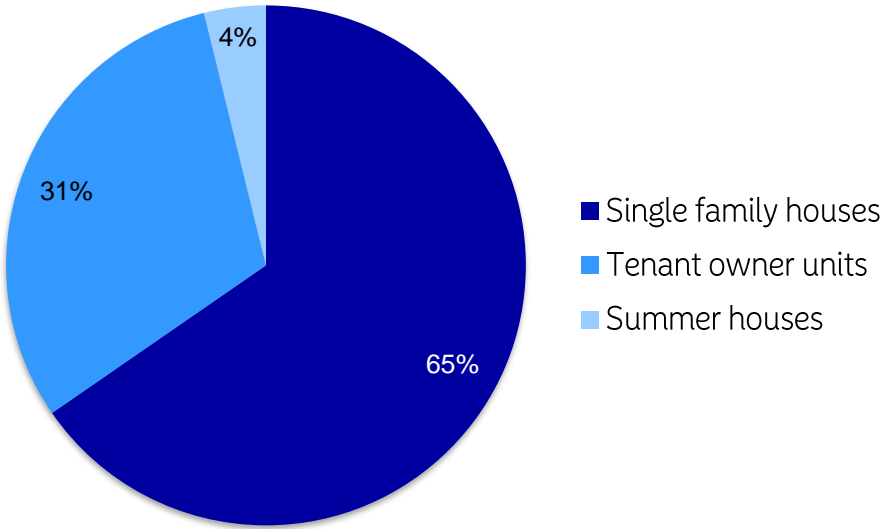
Q1 2024

Cover pool summary	
Loans in cover pool	NOK 322.0bn
Outstanding covered bonds	NOK 221.4bn
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	57.3% (indexed)
Average loans size	NOK 2.3m
Over collateralization, OC	45%
Rate type	Floating 97.7%, Fixed 2.3%
Amortization	Bullet/ interest only 34.6%, Amortizing 65.4%
Pool type	Dynamic
Loans originated by	Nordea Eiendoms kreditt

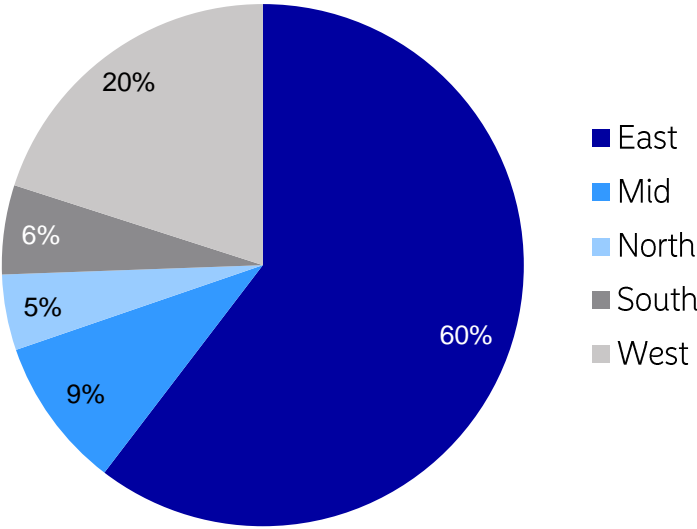
# Cover pool key characteristics (2)

Q1 2024

Cover pool balance by loan category



Cover pool balance by region





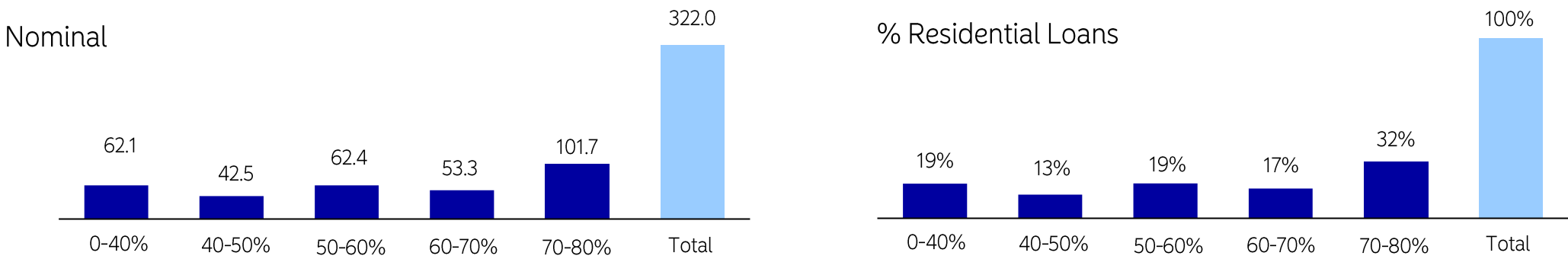
### **3. Asset quality**

Continuous distribution where each loan can exist in multiple buckets

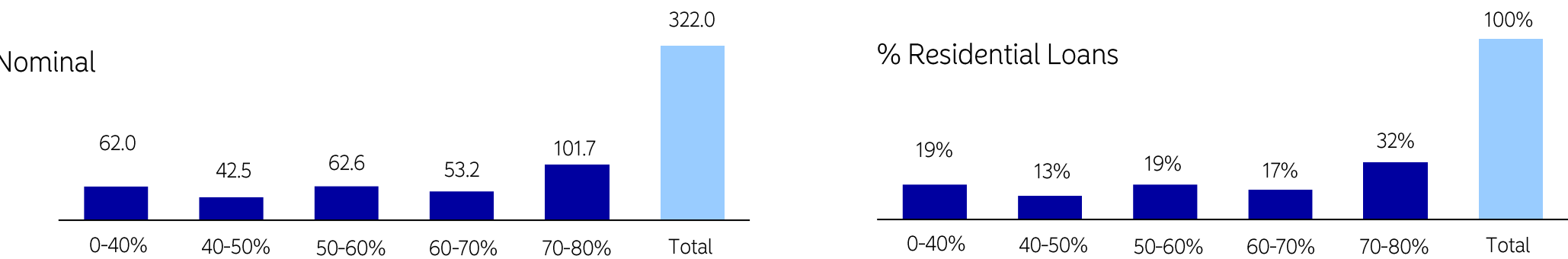
Loan To Value (LTV)\*

Q1 2024

Weighted Average LTV – Indexed – 57.3%



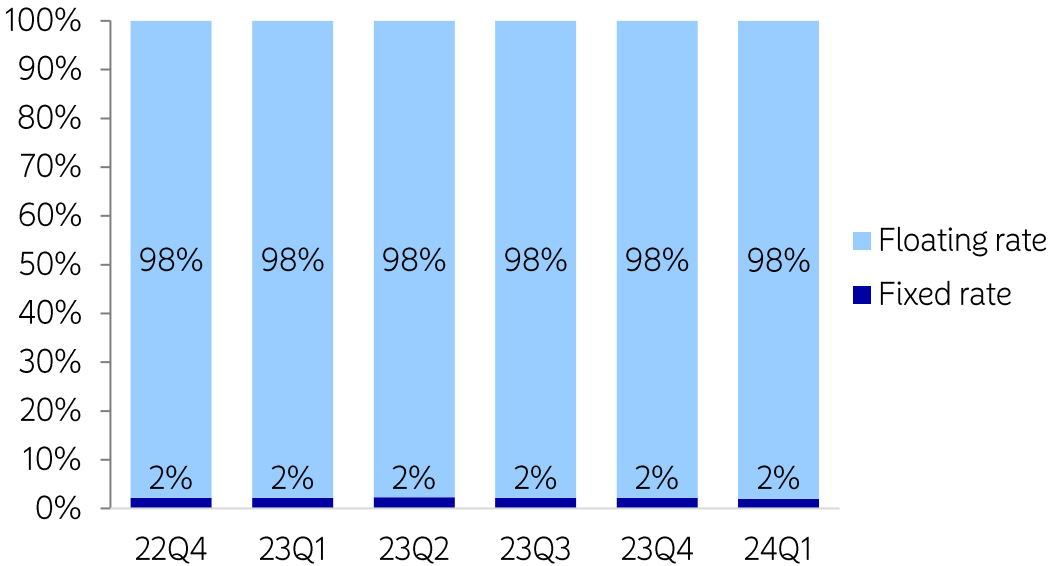
Weighted Average LTV – Unindexed – 57.3%



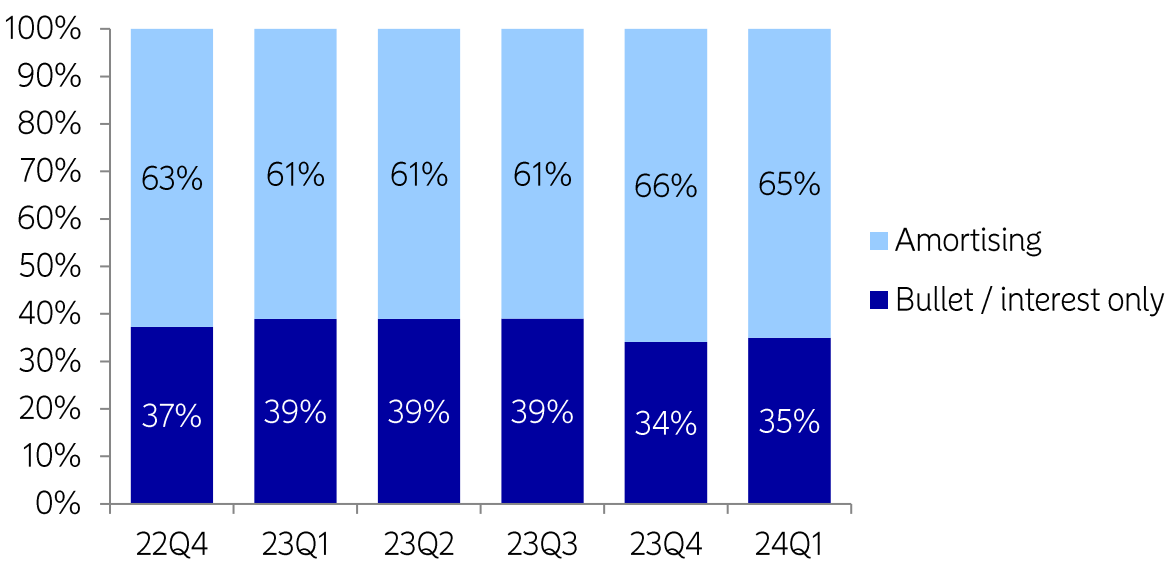
# Loan structure

Q1 2024

Rate type



Repayment



# Underwriting criteria

## Regulation

Mortgages are regulated in "Utlånsforskriften" which sets requirements on borrowers' debt to income, rent sensitivity, instalments and loan to value

## Repayment ability

- Nordea's credit decision is based on the customer's repayment ability and collateral is always taken
- Repayment ability is stress tested towards 3 % increase on interest rate on all debt (regulated in "Utlånsforskriften")
- Retail customers are scored on monthly basis

## Payment history

Credit bureau check is always conducted, and internal/external payment remarks are assessed

## Collateral

- Nordea accepts three sources of real estate valuations:
  - a) Written statement from independent external authorized valuer
  - b) eTakst from Real Estate Agent
  - c) Use of statistical market value delivered by "Eiendomsverdi" (used by most banks and real estate agents in Norway)
- Information from Norwegian official property register in order to secure correct real estate ownership and priority

## 4. Covered bond framework



# Norwegian covered bond framework

## Legal framework

- Financial Undertakings Act (Act. No. 17 of 10 April 2015, Norwegian: Finansforetaksloven), which was recently amended on 8 July 2022 to implement the European Covered Bond Directive

## Registration and independent inspector

- A mortgage credit institution shall for each cover pool establish a register of loans, cover assets, derivative contracts and covered bonds
- The institution shall appoint an independent inspector for the purpose of monitoring the register and compliance with matching cover requirements

## Limit on LTV ratio – based on the current value

- 80% for residential property (however, 60% in case of vacation property)
- 60% for other real estate

## Matching cover requirements

- The value of the cover pool shall at all times exceed the value of covered bonds by minimum 5% with a preferential claim over the pool for bondholders and derivative counterparties

## 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 derivative counterparties at any and all times

## Liquidity buffer requirements

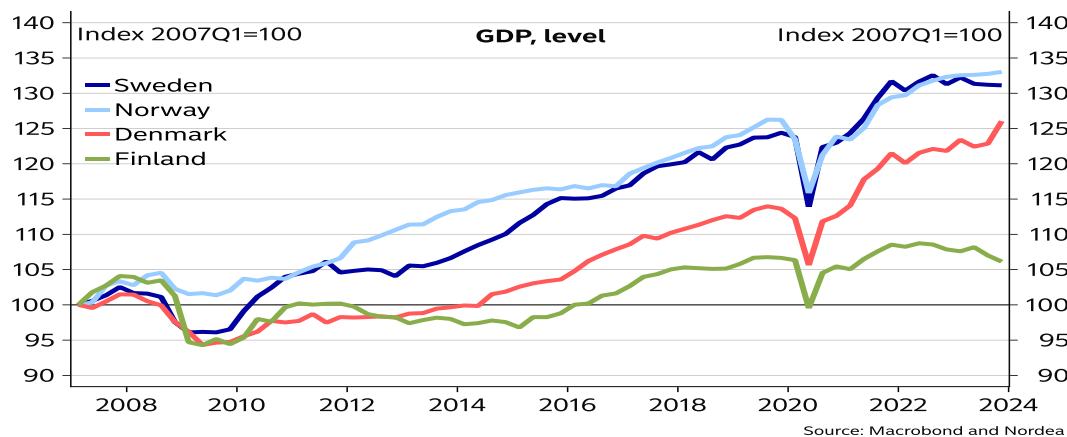
- The cover pool must include a liquidity buffer in an amount covering the net liquidity outflow during the next following period of 180 days
- For covered bonds with an extendable maturity, the extended maturity date may be used when calculating the net liquidity outflow

## 5. Macroeconomy

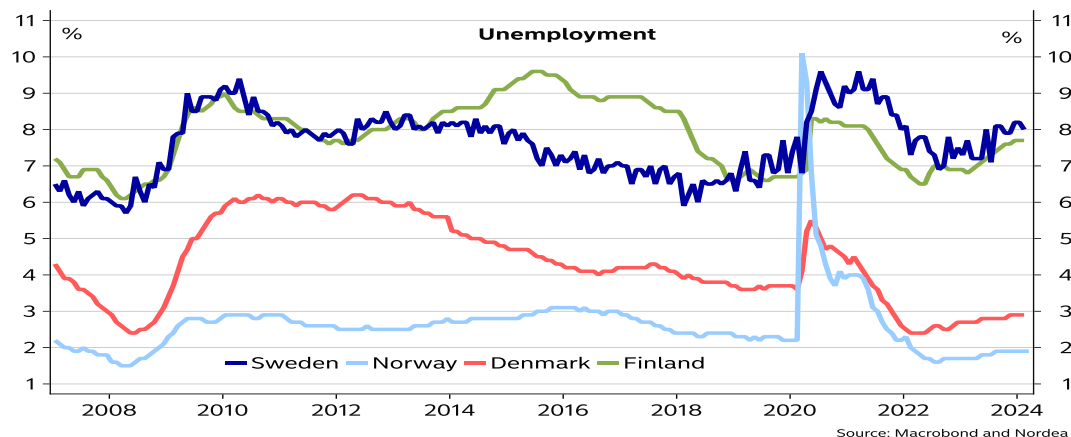
## Nordic economic development

### Recovery continues

#### GDP



#### Unemployment rate



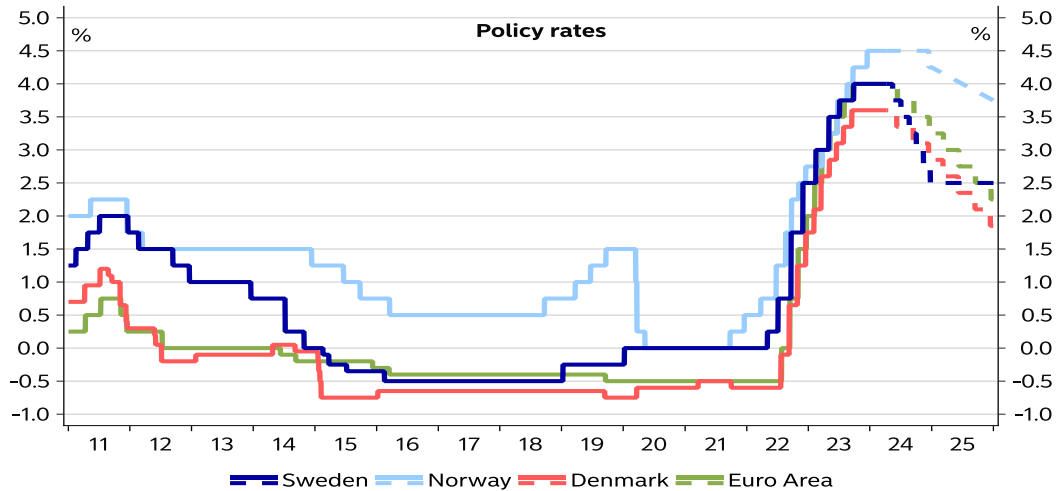
- The Nordic economies have shown mixed trends on the back of surging inflation and higher interest rate. However, the economic development has generally been better than previously anticipated.
- Normalising inflation and central banks moving closer to cutting policy rates this year should ease financial conditions going forward.
- The labour market is expected to further weaken before stabilising during the second half of 2024.

#### GDP, % y/y, Economic Outlook January 2024

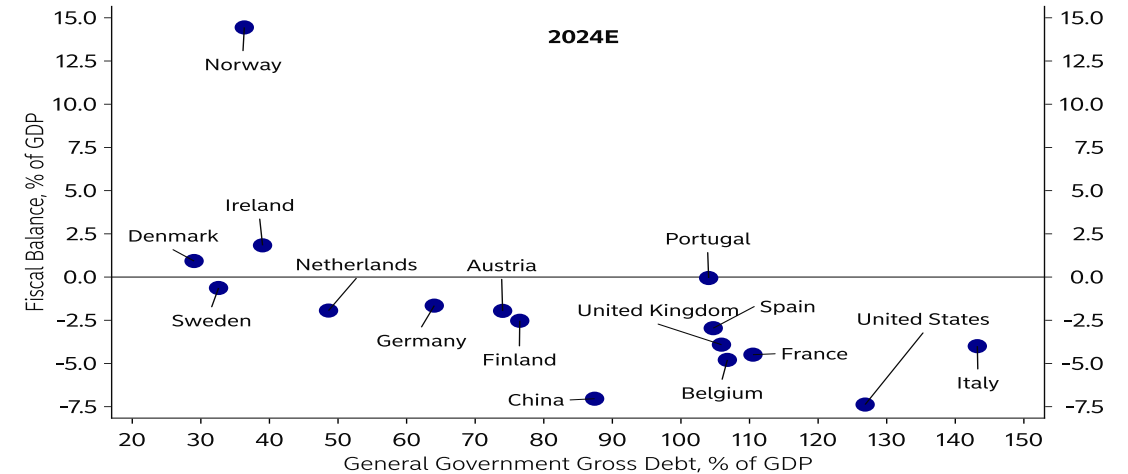
Country	2022	2023	2024E	2025E
Denmark	2.7	1.9	1.0	1.7
Finland	1.3	-1.0	-1.0	2.0
Norway (mainland)	3.7	0.7	1.0	1.5
Sweden	2.7	0.0	-0.5	2.2

## Central banks moving closer to cutting policy rates

### Policy rates



### Public balance/debt, % of GDP, 2024E (IMF)



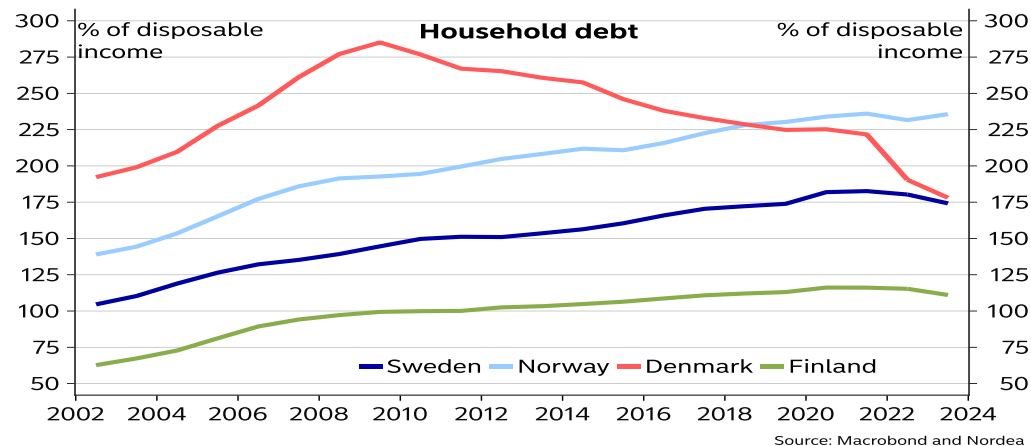
Source: IMF World Economic Outlook, Nordea and Macrobond.

- The Swedish Riksbank, ECB, Danmarks Nationalbank and Norges Bank are not expected to raise policy rates any further
- The Riksbank is expected to start cutting the policy rate in May, by 0.25 percentage points to 3.75%, and cut five additional times during this year to 2.50% in December, according to Nordea Market's forecast. The ECB will start cutting the policy rates in June and thereafter lower the level by 0.25 percentage points each quarter until they reach 2.25%
- Norges Bank is expected to cut the policy rate by 0.75 percentage points, from 4.50 to 3.75%, until year-end 2025
- The ECB and the Riksbank are reducing their balance sheets
- Policy rates are expected to remain well above pre-pandemic levels, despite the expected rate cuts
- Solid public finances will help Nordic governments to support the economic recovery ahead

## Households

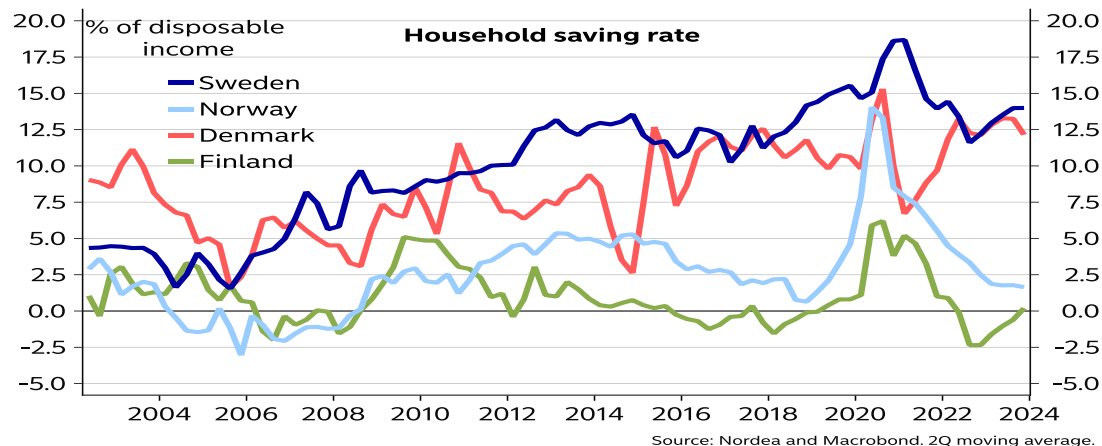
# High savings rates and sluggish consumption

## Household debt

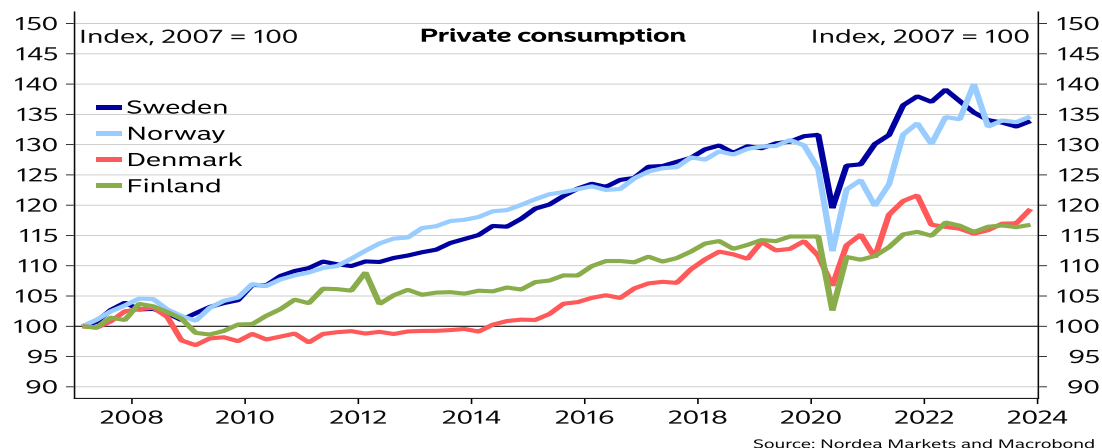


- Household consumption will remain sluggish due to high interest rates. Denmark and Norway is expected to recover faster than their Nordic counterparts
- Households' purchasing power will continue to improve as inflation normalise, and wage growth remains higher than before the pandemic
- In most of the Nordics, households' debt ratios have decreased whilst savings rate have increased

## Household savings



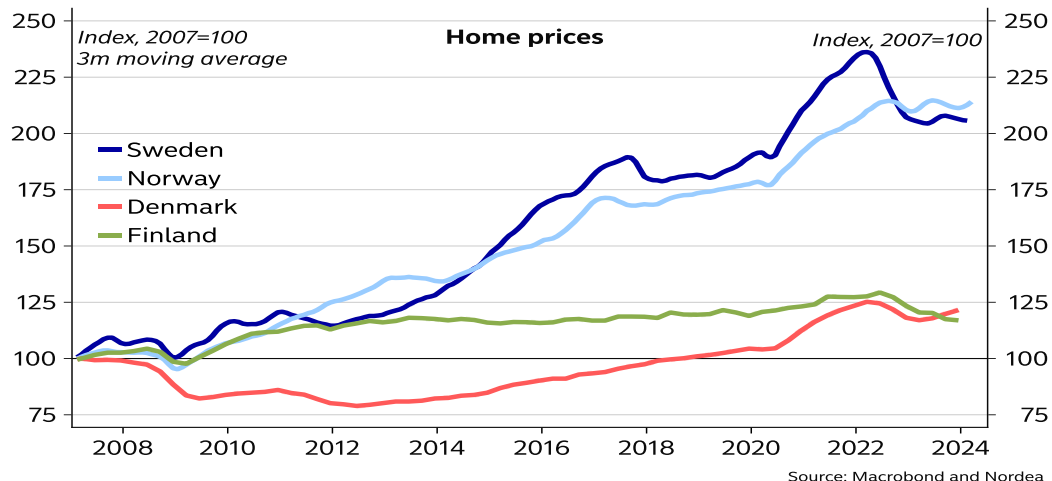
## Private consumption



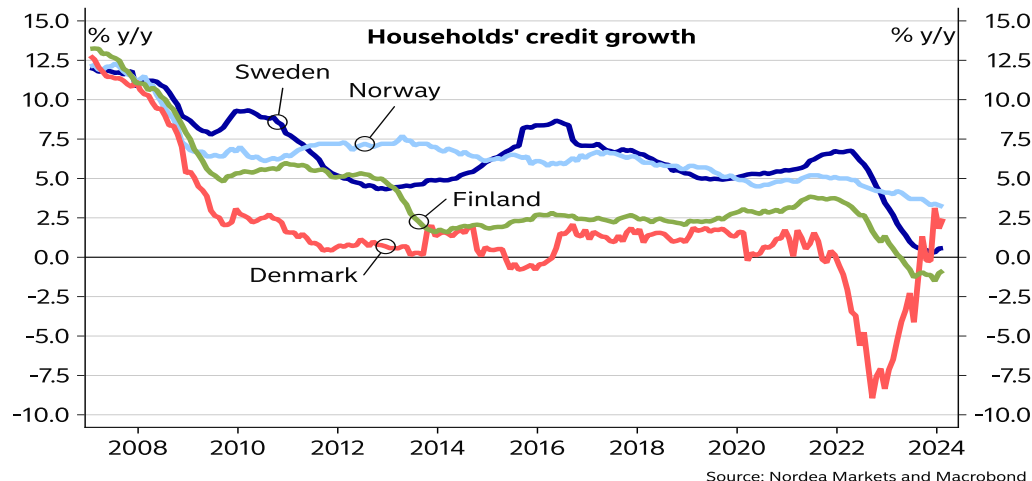


## Stabilisation across the Nordic countries

### Home prices



### Households' credit growth



- Home prices have stabilised in Sweden and Norway at the start of this year, likely attributed to households' expectations of lower interest rates. Developments were mixed last year in the Nordics following the record-high levels in 2022
- Monetary policy will remain restrictive for the better part of 2024 despite central banks starting to cut rates
- Home prices are expected to bottom out by the summer and to recover gradually in the second half of this year
- Households' credit growth has stabilised close to zero in Sweden and Finland. Norwegian credit growth remains high but continues to slow down. In Denmark, credit growth has bounced back from record low levels

## 6. Further information

# Nordea Eiendoms kreditt – outstanding benchmark covered bonds

Q1 2024

Breakdown by ISIN				
ISIN	Currency	Amount (EURm)	Maturity	Coupon
NO0010843626	NOK	18,961	19/06/2024	FRN
NO0010873334	NOK	40,000	19/03/2025	FRN
NO0010893282	NOK	25,000	16/09/2025	FRN
NO0010981301	NOK	27,400	18/03/2026	FRN
NO0010852650	NOK	6,000	22/05/2026	2.170%
NO0011151771*	NOK	7,000	17/09/2026	FRN
NO0012513532	NOK	26,050	17/03/2027	FRN
NO0012829763	NOK	26,700	02/02/2028	FRN
NO0013072991*	NOK	7,000	22/11/2028	FRN
NO0013134684	NOK	19,700	23/02/2029	FRN
NO0012720988	NOK	6,600	12/10/2029	4.000%

# Contacts

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