

# Nordea



**Nordea Eiendomskreditt Covered Bonds  
Investor presentation Q2 2017**

# Nordea Eiendoms kreditt – overview

Q2 2017

- 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 Eiendoms kreditt (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
- 16% 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

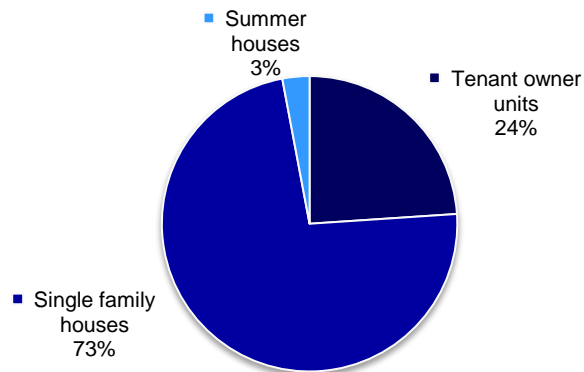
Q2 2017

<b>Pool notional</b>	NOK 126.0bn
<b>Outstanding Covered Bonds</b>	NOK 81.8bn
<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>	50.5% (indexed, calculated per property)
<b>Average loan size</b>	NOK 1.46m
<b>Over Collateralisation (OC)</b>	54.0%, (2% legal requirement)
<b>Rate type</b>	Floating 98.3%, Fixed 1.7%
<b>Amortisation</b>	Bullet/ interest only 35.0%, Amortizing 65.0%
<b>Substitute assets</b>	None
<b>Pool type</b>	Dynamic
<b>Loans originated by</b>	Nordea Bank AB, Norway Branch

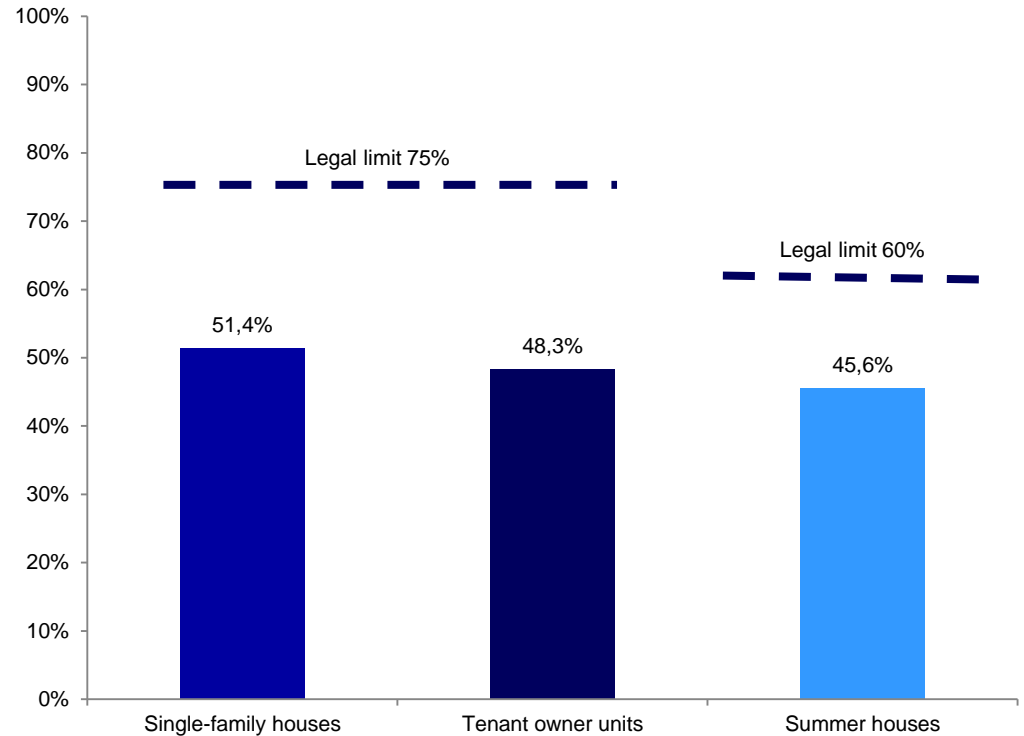
# Cover pool key characteristics (2)

Q2 2017

Cover pool balance by loan category



Weighted Average LTV - Indexed



## Loan to Value (LTV)

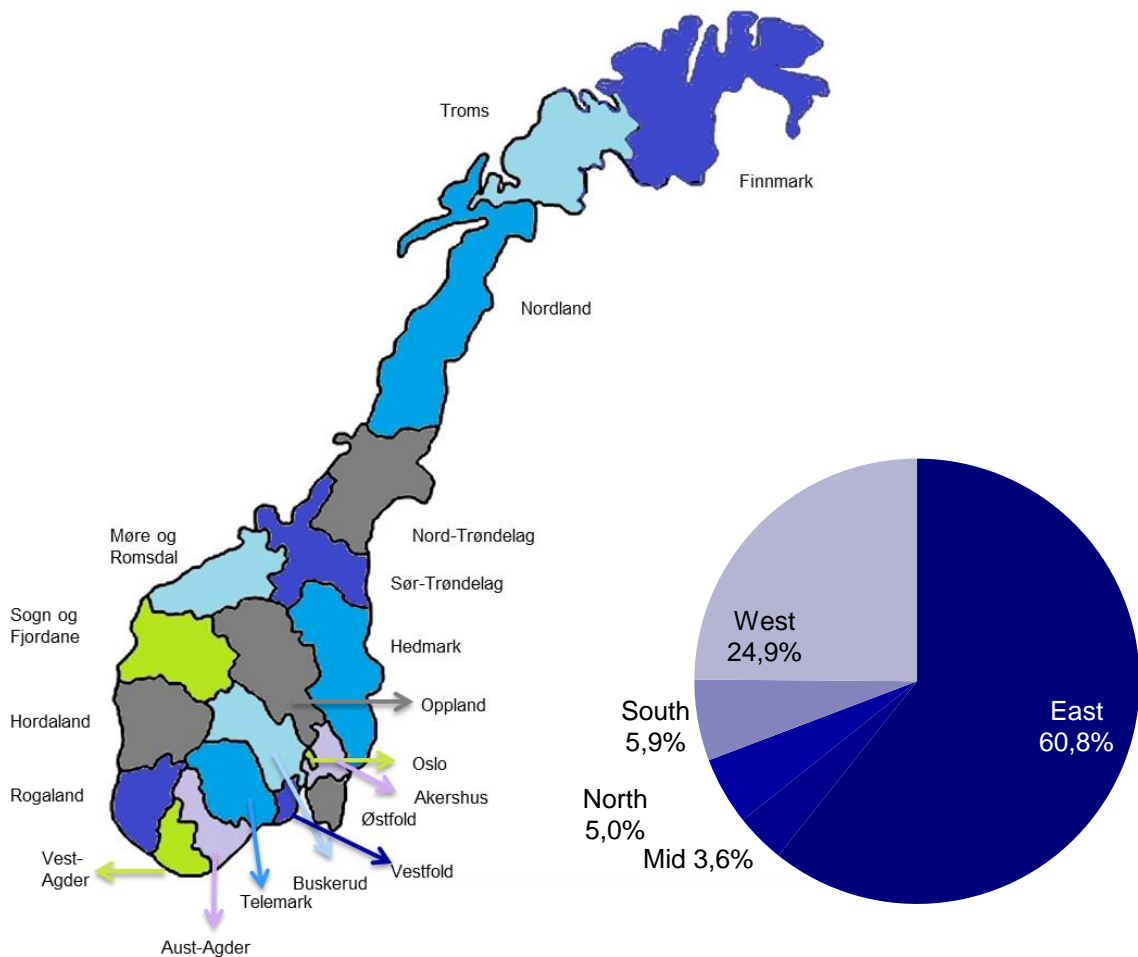
Each loan is reported in the highest bucket

Q2 2017

Weighted Average LTV – Unindexed (%)	50,8	
LTV buckets	Nominal (NOKm)	% Residential Loans
>0 - <=40 %	34 131	27,1
>40 - <=50 %	20 225	16,1
>50 - <=60 %	26 162	20,8
>60 - <=70 %	27 647	21,9
>70 - <=80 %	17 803	14,1
Total	125 968	100%
Weighted Average LTV - Indexed (%)	50,5	
LTV buckets	Nominal (NOKm)	% Residential Loans
>0 - <=40 %	34 585	27,5
>40 - <=50 %	20 561	16,3
>50 - <=60 %	26 564	21,1
>60 - <=70 %	27 520	21,8
>70 - <=80 %	16 738	13,3
Total	125 968	100%

# Cover pool – Geographic distribution

Q2 2017



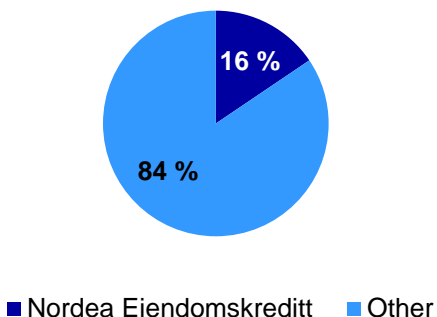
Fylke	Loan balance	Region
Oslo	22.2%	East
Akershus	16.9%	East
Østfold	7.4%	East
Buskerud	3.95%	East
Oppland	3.7%	East
Vestfold	3.5%	East
Hedmark	1.9%	East
Telemark	1.2%	East
Sør-Trøndelag	3.3%	Mid
Nord-Trøndelag	0.3%	Mid
Troms	2.35%	North
Nordland	2.1%	North
Finnmark	0.5%	North
Svalbard	0.0%	North
Vest-Agder	4.3%	South
Aust-Agder	1.6%	South
Hordaland	11.6%	West
Møre og Romsdal	7.7%	West
Rogaland	4.4%	West
Sogn og Fjordane	1.2%	West

# Nordea Eiendoms kreditt relative to market

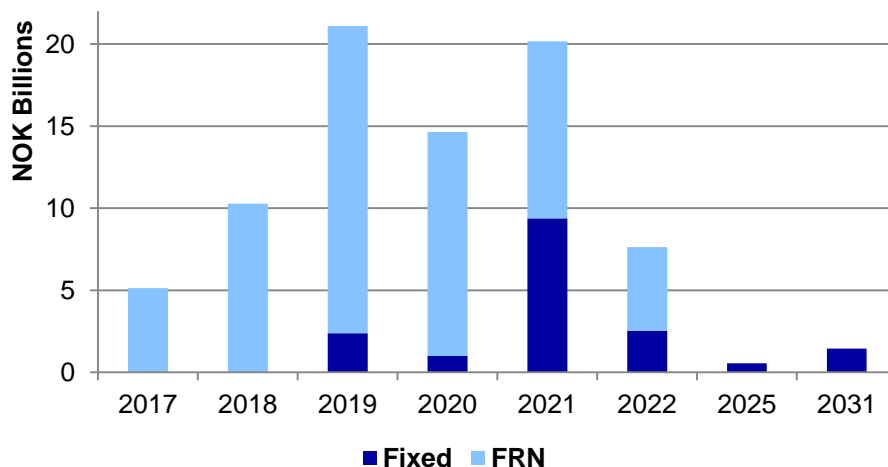
Q2 2017

- Average amount outstanding covered bonds at Oslo Børs and ABM Nordic was NOK 492bn, and NEK's share was 16%
- Nordea Eiendoms kreditt printed a total of NOK 0,9bn in Q2-2017
- Market turnover was 76% of total outstanding in 2016
- Nordea Eiendoms kreditt covered bonds turnover was 103% of total outstanding in 2016

## Market share NOK Covered 2017-Q2

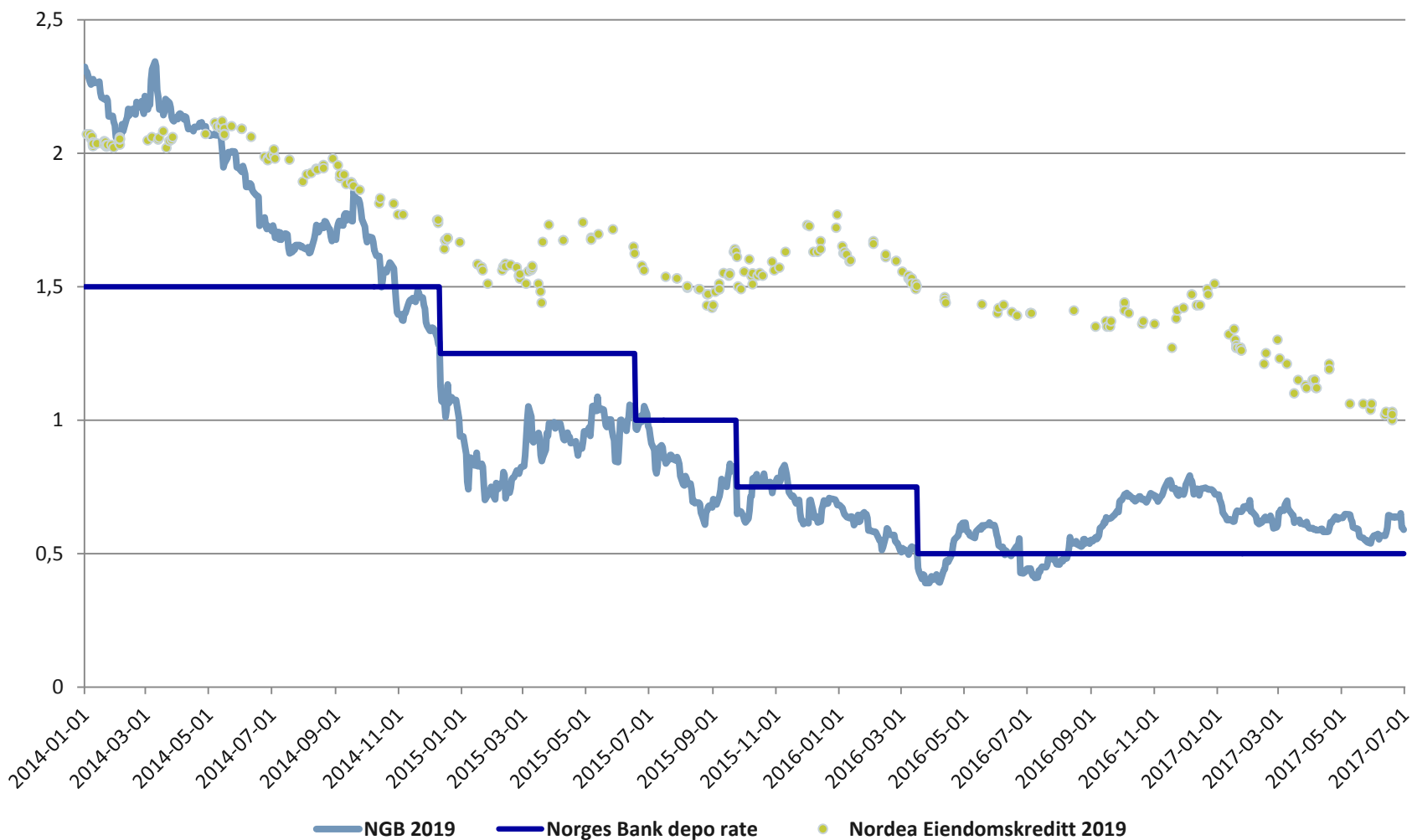


## Current maturities



# Nordea Eiendomskreditt bonds offer a pick-up

Q2 2017





# Covered bonds – outstanding volumes

Q2 2017

Breakdown by ISIN				
ISIN	Currency	Amount (NOKm)	Maturity	Coupon (%)
NO0010674971	NOK	10 277	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	2 615	2022-06-15	1,08
NO0010759632	NOK	5 590	2022-06-15	FRN
NO0010593064	NOK	550	2025-06-18	4,8
NO0010766827	NOK	550	2031-06-18	1,75
XS1108787703	GBP	5 133	2017-09-11	FRN
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>81 808</b>		

# Underwriting criteria – Common Nordea policy

Q2 2017

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

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