

Nordea

Nordea Eiendoms kreditt Covered Bonds

Q2 2021 Debt investor presentation



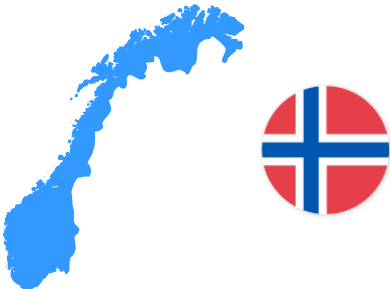
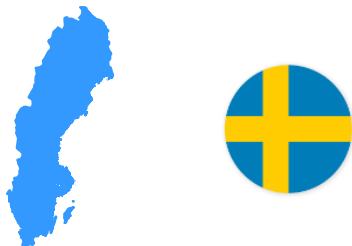


Table of contents

1. In brief	3
2. Cover pool key characteristics	6
3. Asset quality	10
4. Covered bond framework	14
5. Macro	16
6. Further information	20

1. In brief

Nordea covered bond operations

Q2 2021

Four aligned covered bond issuers with complementary roles	Nordea Eiendomskreditt	Nordea Hypotek	Nordea Kredit	Nordea Mortgage Bank	
					
	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 20.2bn (eq.)	EUR 60.8bn (eq.)	Balance principle	EUR 23.3bn
	Covered bonds outstanding	EUR 9.1bn (eq.)	EUR 34.3bn (eq.)	EUR 59.6bn (eq.)*	EUR 21.0bn
	OC	122%	77%	8%*	12%
	Issuance currencies	NOK	SEK	DKK, EUR	EUR, GBP
	Rating (Moody's / S&P)	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



4 *The figures in Nordea Kredit only include capital centre 2 (CC2). Nordea Kredit no longer reports for CC1 (RO), as this capital centre only accounts for a minor part (<1%) of the outstanding volume of loans and bonds.

Nordea Eiendoms kreditt – overview

Q2 2021

- A 100% owned subsidiary of Nordea Bank Abp
- The purpose of the Issuer is to acquire and provide residential mortgage loans and finance its activities mainly through issuance of covered bonds
- Loans are originated by Nordea Eiendoms kreditt (NE)
- Collateral must be in the form of mortgages in residential real estate or holiday houses
- 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

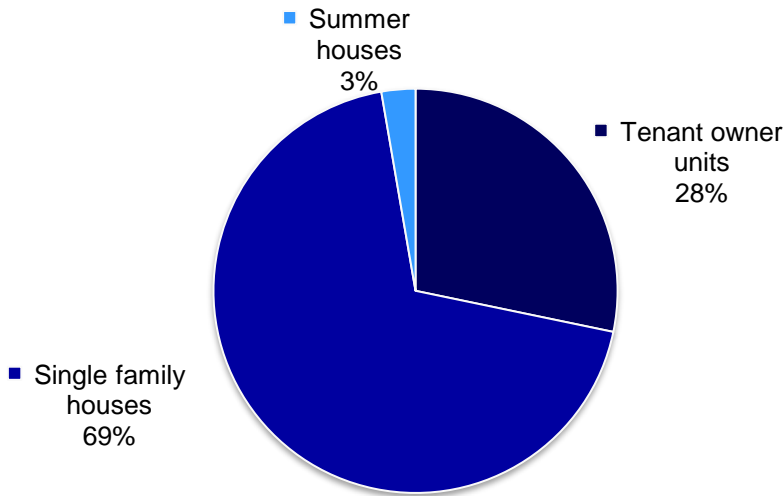
Q2 2021

Cover pool summary	
Pool notional	NOK 206.3bn
Outstanding Covered Bonds	NOK 92.7bn
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	49.7% (indexed, calculated per property)
Average loan size	NOK 1.9m
Over Collateralisation (OC)	122%
Rate type	Floating 98.0%, Fixed 2.0%
Amortisation	Bullet/ interest only 37.7%, Amortizing 62.3%
Pool type	Dynamic
Loans originated by	Nordea Eiendomskreditt

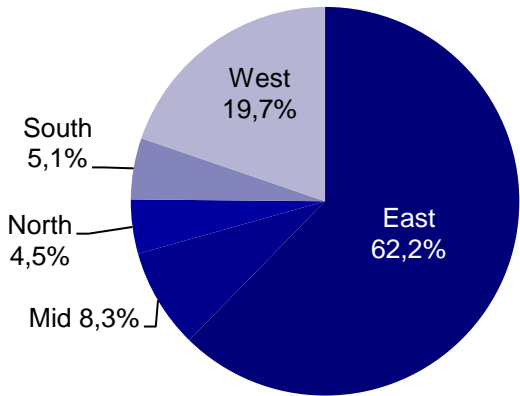
Cover pool key characteristics (2)

Q2 2021

Cover pool balance by loan category



Cover pool balance by region



3. Asset quality

Loan to Value (LTV)

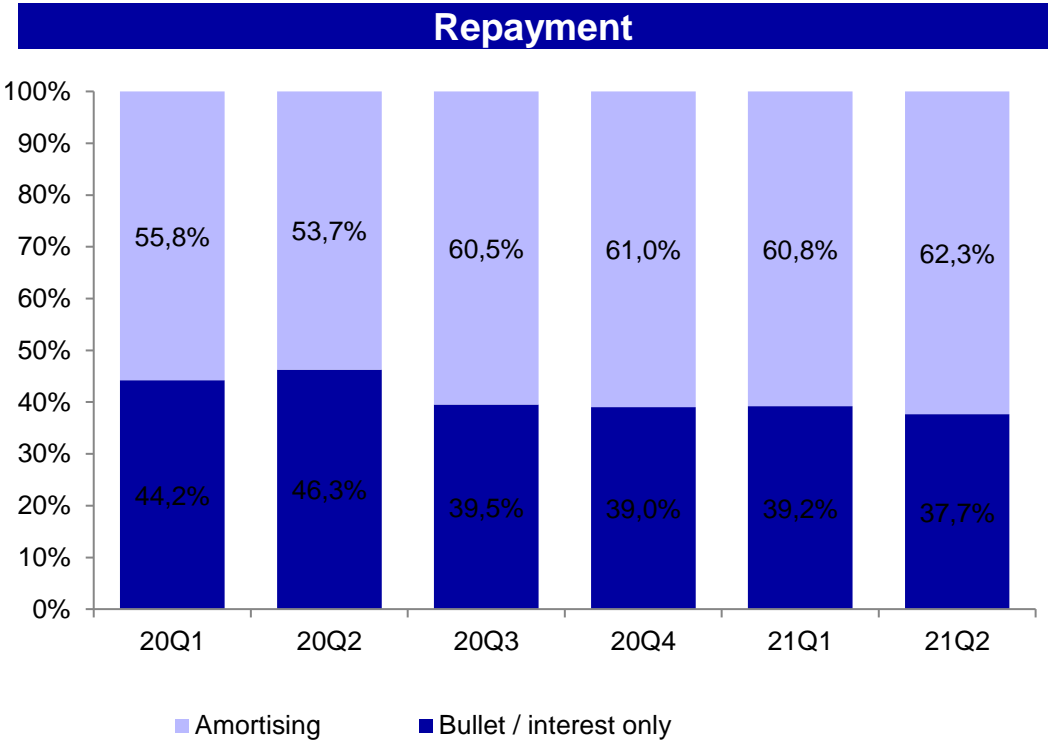
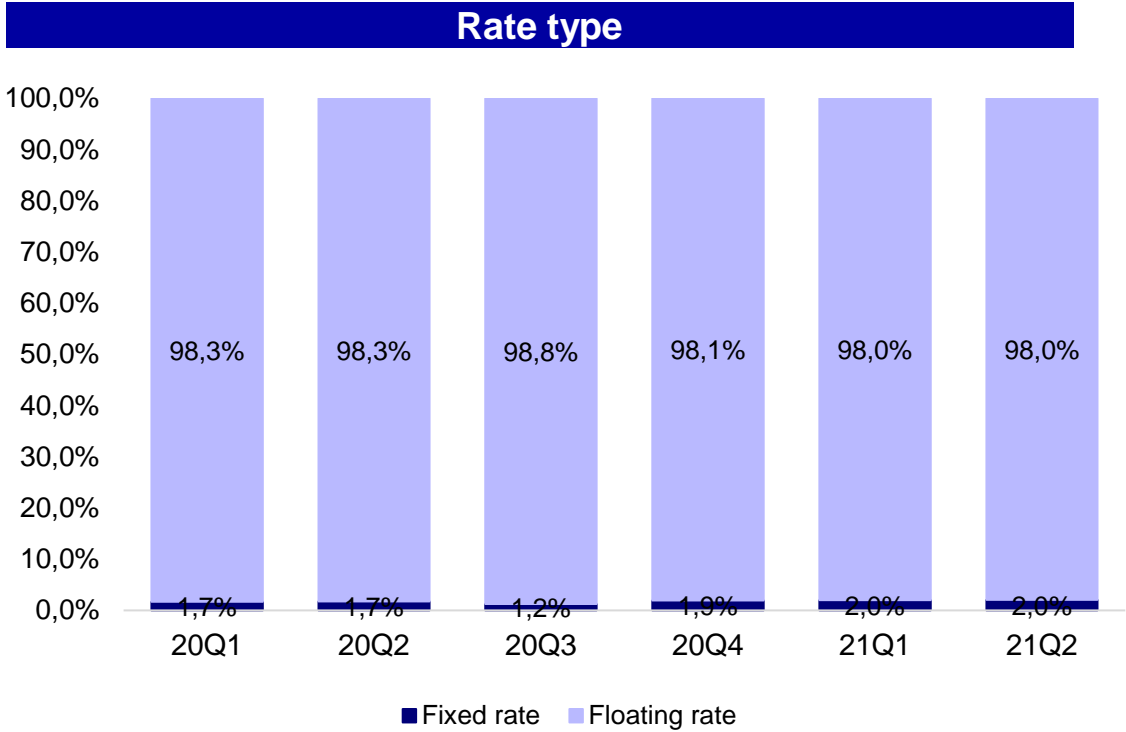
Each loan is reported in the highest bucket

Q2 2021

Weighted Average LTV – Unindexed		49.7%	
LTV buckets		Nominal (NOKm)	% Residential Loans
>0 - <=40 %	56 358		27,3%
>40 - <=50 %	38 058		18,4%
>50 - <=60 %	46 243		22,4%
>60 - <=70 %	42 437		20,6%
>70 - <=80 %	23 202		11,2%
Total	206 298		100%
Weighted Average LTV - Indexed		50.3%	
LTV buckets		Nominal (NOKm)	% Residential Loans
>0 - <=40 %	56 403		27,3%
>40 - <=50 %	38 070		18,5%
>50 - <=60 %	46 270		22,4%
>60 - <=70 %	42 415		20,6%
>70 - <=80 %	23 139		11,2%
Total	206 298		100%

Loan structure

Q2 2021



Underwriting criteria

Q2 2021

Regulation

- Mortgages is regulated in "Boliglånsforskriften" which set requirements on borrowers' debt to income, rent sensitivity, instalments and loan to value.

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 three sources of real estate valuations:
 - a) Written statement from external authorized valuer
 - b) Use of external evaluating system "Eiendomsverdi" (used by most banks and real estate agents in Norway)
 - c) Written statement from (external) real estate agent

4. Covered Bond framework

Norwegian covered bond framework

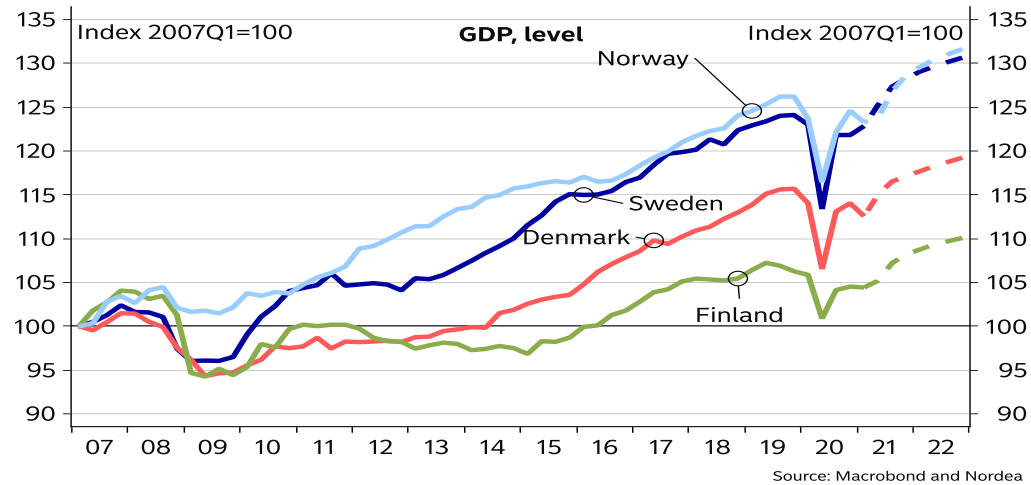
Q2 2021

- Legal framework
 - Financial Undertakings Act (Act. No. 17 of 10 April 2015, Norwegian: Finansforetaksloven)
- 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 holiday houses
- Matching cover requirements
 - The value of the cover pool shall at all times exceed the value of covered bonds by 102% 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

5. Macroeconomy

Nordic economies – resilient economies back on track

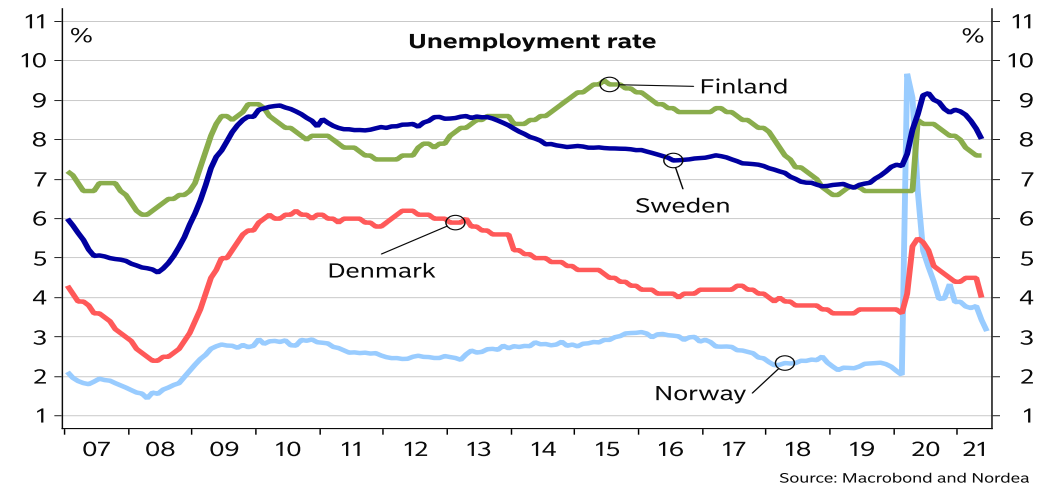
GDP development



Comments

- After the dramatic setback in 2020 due to the coronavirus, the Nordic economies have almost fully recovered
- Vaccines have brought long-awaited relief and the prospect of a return to normal. Nordic households' relatively strong finances have paved the way for a broad recovery, as pent-up demand unwinds when restrictions are lifted
- The labour market has shown resilience, largely due to government subsidies such as short-term furloughs. The hard-hit services sector is rebounding, and GDP is expected to reach pre-crisis levels in mid-to-late 2021

Unemployment rate

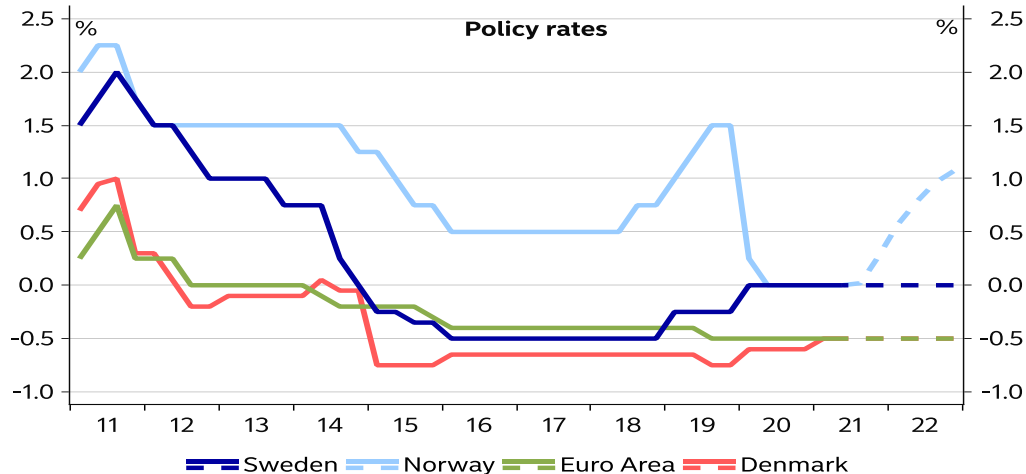


GDP, forecasts from Economic Outlook May 2021

Country (% , y/y)	2020	2021E	2022E
Denmark	-2.7	3.0	2.8
Finland	-2.8	3.0	3.0
Norway	-2.5	3.5	4.0
Sweden	-3.1	4.5	3.0

Nordic rates – Nordics well-equipped to handle long-term consequences of COVID

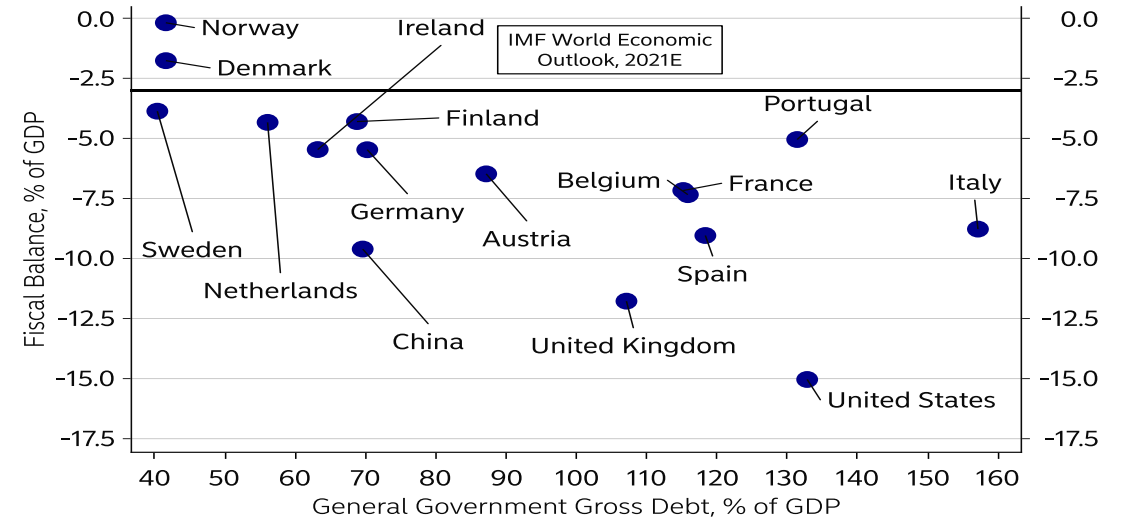
Policy rates



Comments

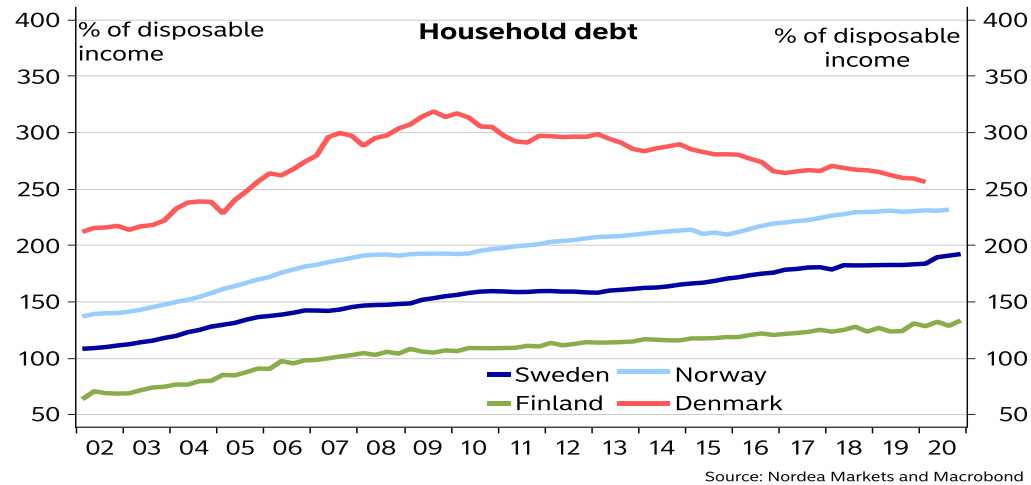
- Norges Bank now expects to start hiking rates in September this year, with a second hike likely in December. Policy rates in the euro area, Denmark and Sweden are expected to remain unchanged throughout the forecast period
- Sveriges Riksbank and the ECB launched new large-scale asset purchase programmes (QE) as a response to the COVID-19 crisis. The ECB is expected to purchase financial assets corresponding to 7% of euro area GDP in 2021, while Sveriges Riksbank's purchases amount to an expected 8% of GDP
- Solid public finances prior to the crisis have enabled the Nordic governments to act swiftly during the crisis, and large recovery packages have been announced in 2021 as well. Fiscal deficits are expected to narrow this year and approach zero in 2022, except in Finland. The Nordics are relatively well equipped to handle the long-term consequences of the pandemic

Public balance/debt, % of GDP, 2021E



Households remain resilient

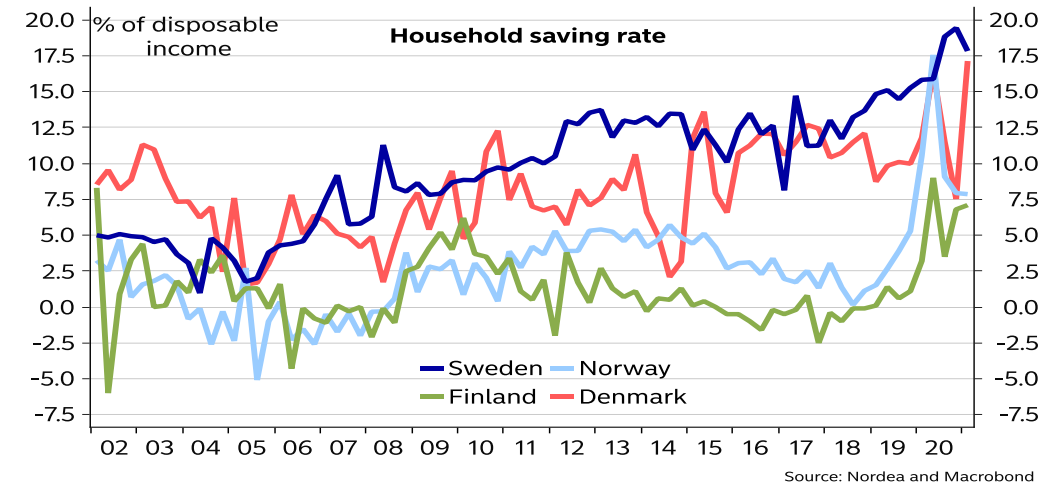
Household debt



Comments

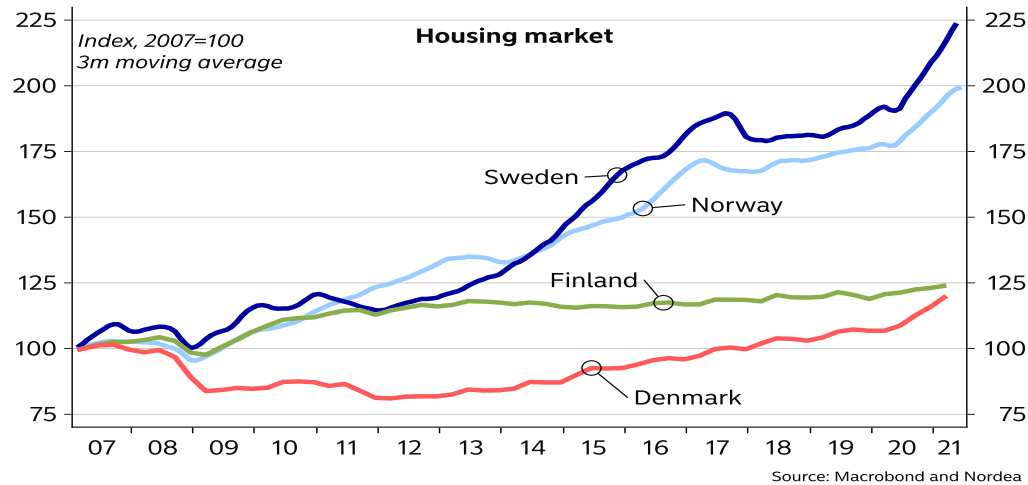
- Household savings have increased dramatically during the crisis, mainly due to a decline in spending. Despite high debt levels, Nordic households' strong finances are expected to support economic growth as restrictions are lifted. Low interest rates and economic stimulus continue to support credit growth and the housing market
- Early labour market measures, automatic stabilisers and other measures to stimulate demand have helped to soften the blow to households and businesses. Robust public finances prior to the crisis have increased the credibility of the measures and harsh fiscal tightening is neither needed in the short term nor expected, which is important for households' income expectations

Household savings

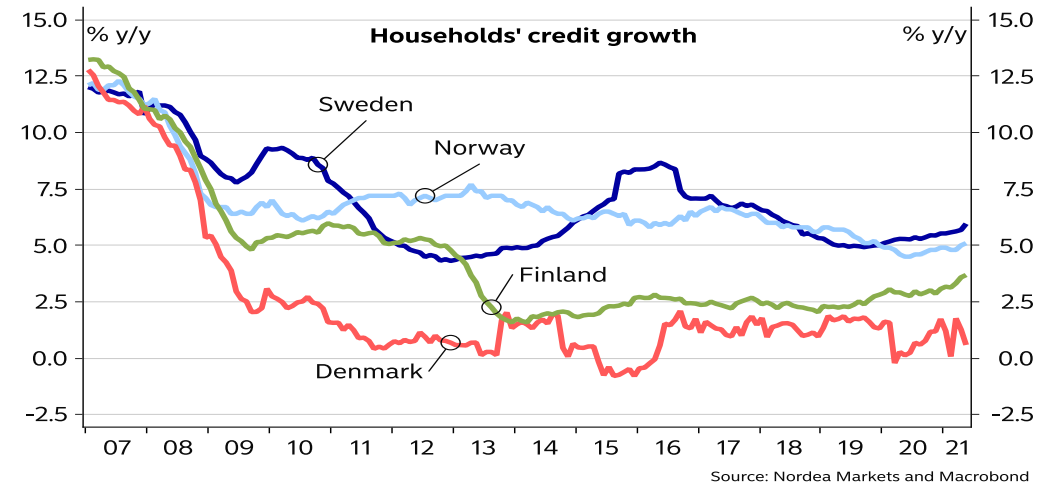


Nordic housing markets heat up

House prices



Households' credit growth



Comments

- Contrary to expectations, house prices have increased to record-high levels in all the Nordic countries during the crisis. This is not least due to unprecedented expansionary fiscal and monetary policy in support of households and businesses
- The crisis has had a limited effect on those groups in the labour market which are more active in the housing market, while demand has surged due to preferences shifting towards larger housing and single-family homes. At the same time, people's mobility has been severely restricted, causing a sharp decline in the number of homes on the market, which in turn has contributed to driving prices higher
- House prices are expected to continue to rise in all four countries this year and next year. However, interest rates are not likely to be reduced any further, and at some point the expansionary fiscal policies will come to an end. Moreover, as mobility levels increase, the housing supply will increase again. Against this backdrop, the pace of price growth will slow. If the housing market remains in good shape, the economy will as well, so the benign trend in house prices has helped all the Nordic countries get through the crisis

6. Further information

Covered bonds – outstanding volumes

Q2 2021

Breakdown by ISIN				
ISIN	Currency	Amount (NOKm)	Maturity	Coupon (%)
NO0010758931	NOK	4 615	2022-06-15	1,08
NO0010759632	NOK	14 236	2022-06-15	FRN
NO0010819717	NOK	18 550	2023-06-21	FRN
NO0010843626	NOK	18 900	2024-06-19	FRN
NO0010873334	NOK	11 400	2025-03-19	FRN
NO0010593064	NOK	550	2025-06-18	4,8
NO0010893282	NOK	7 750	2025-09-16	FRN
NO0010981301	NOK	6 250	2026-03-18	FRN
NO0010852650	NOK	5 050	2026-05-22	2,17
NO0010766827	NOK	500	2031-06-18	1,75
NO0010812084	NOK	300	2043-06-17	2,20
NO0010821986	NOK	300	2048-05-04	2,60
XS1487838291	GBP	133	2021-09-09	FRN
XS1837099339	GBP	3 270	2023-06-18	FRN
XS1451306036	EUR	938	2031-07-15	0,74
Total		92 742		

Contacts

Investor Relations

Andreas Larsson

Head of Debt IR
Mobile: +46 709 70 75 55
Tel: +46 10 156 29 61
andreas.larsson@nordea.com

Maria Caneman

Senior Debt IR Officer
Mobile: +46 738 66 17 24
Tel: +46 10 156 50 19
maria.caneman@nordea.com

Group Treasury

Ola Bladholm

Chief Treasury Manager
Tel: +46 101 56 1389
Mobile: +46 702 69 6532
ola.bladholm@nordea.com