



Nordea

Q2 2023 Debt investor presentation

Nordea Eiendomskreditt Covered Bonds

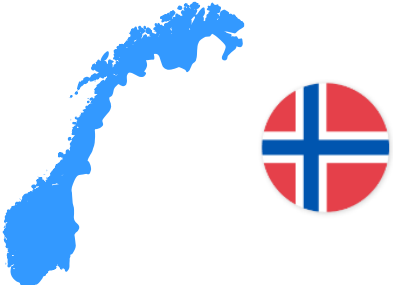
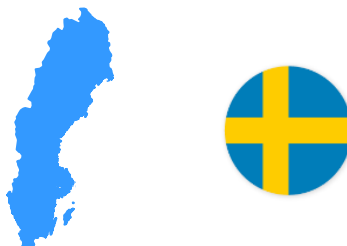

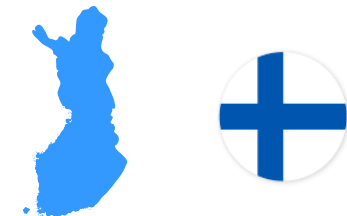
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1. In brief

Nordea covered bond operations

Q2 2023

Four aligned covered bond issuers with complementary roles	Nordea Eiendoms kreditt	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 22.2bn (eq.)	EUR 59.2bn (eq.)	Balance principle	Pool 1: EUR 21.6bn/ Pool 2: EUR 4.6bn
	Covered bonds outstanding	EUR 14.9bn (eq.)	EUR 34.2bn (eq.)	EUR 60.6bn (eq.)*	Pool 1: EUR 18.1bn/ Pool 2: EUR 3bn
	OC	49%	73%	7%*	Pool 1: 20% / Pool 2: 54%
	Issuance currencies	NOK	SEK	DKK, EUR	EUR, GBP
	Rating (Moody's / S&P)	Aaa/ -	Aaa / -	- / AAA	Aaa / -
	Included in Nordea Green Framework	Yes	Yes	Yes	Yes
Issued Green CB's	Yes (inaugural issue in 2021)	Yes (inaugural issue in 2022)	Yes (inaugural issue in 2019)	Yes (inaugural issue in 2022)	

- 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) are covered by Nordea's updated 2022 Nordea green funding framework



⁴ * The figures in Nordea Kredit only include capital centre 2 (SDRO). 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 Eiendomskreditt – overview

- 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
- Issues also green covered bonds
- Loans are originated by Nordea Eiendomskreditt (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

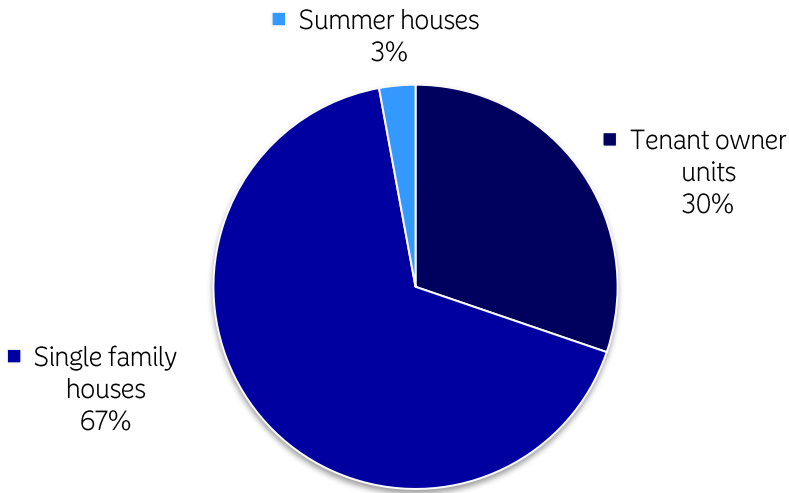
Q2 2023

Cover pool summary	
Pool notional	NOK 247.6bn
Outstanding Covered Bonds	NOK 166.5bn
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	49.5% (indexed, calculated per property)
Average loan size	NOK 2.1m
Over Collateralisation (OC)	49%
Rate type	Floating 97.7%, Fixed 2.3%
Amortisation	Bullet/ interest only 38.9%, Amortizing 61.1%
Pool type	Dynamic
Loans originated by	Nordea Eiendoms kreditt

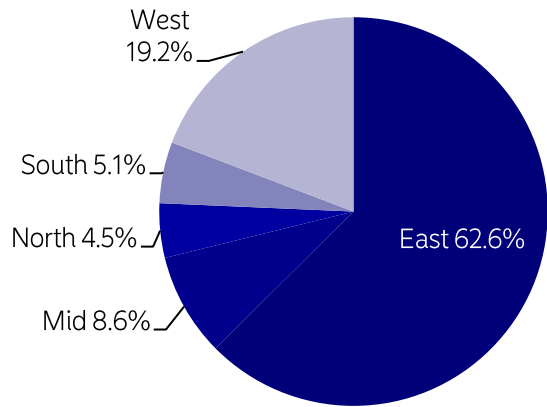
Cover pool key characteristics (2)

Q2 2023

Cover pool balance by loan category



Cover pool balance by region



3. Asset quality

Loan to Value (LTV)

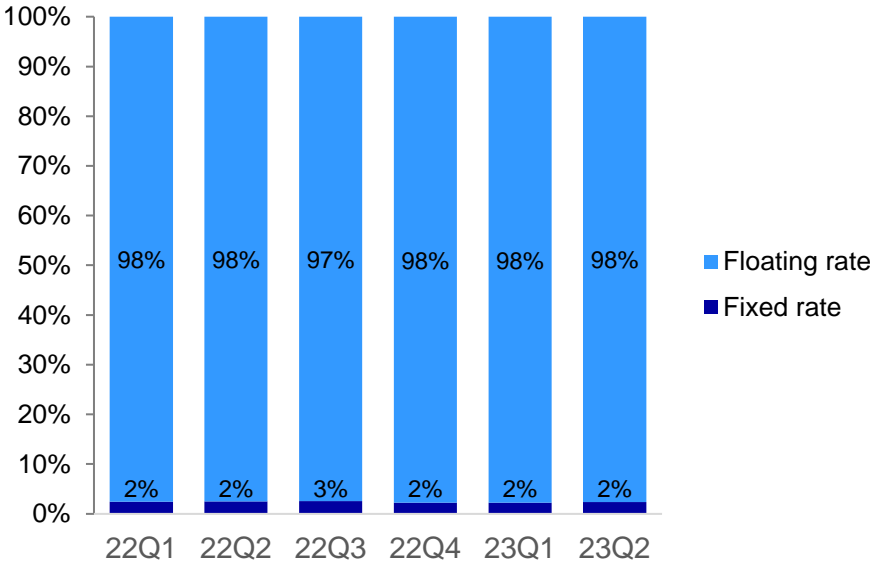
Q2 2023

Weighted Average LTV - Indexed	49.5%	
LTV buckets	Nominal (NOKbn)	% Residential Loans
>0 - <=40 %	67.7	45%
>40 - <=50 %	46.1	16%
>50 - <=60 %	58.3	18%
>60 - <=70 %	51.3	15%
>70 - <=80 %	24.2	6%
Total	247.6	100%

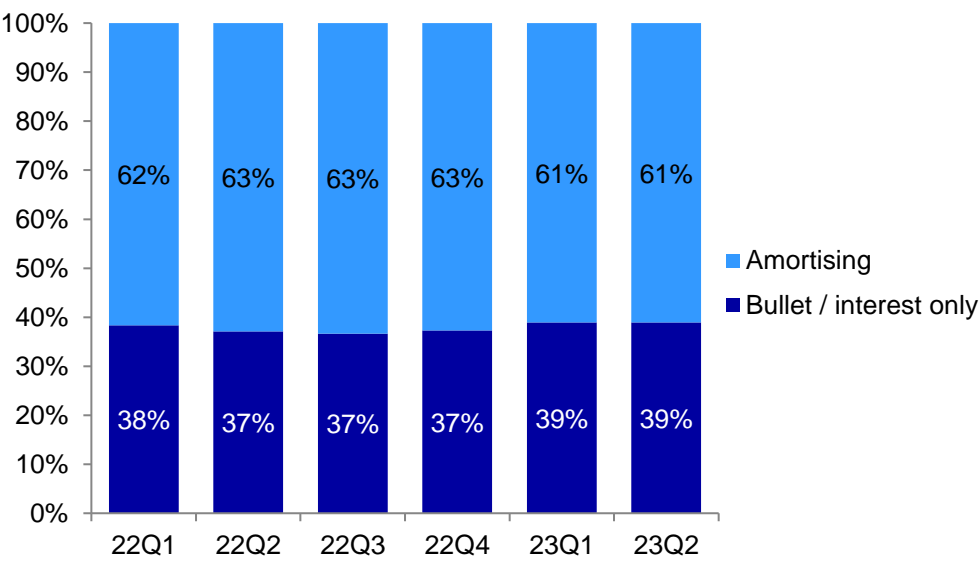
Loan structure

Q2 2023

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 paymerk 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

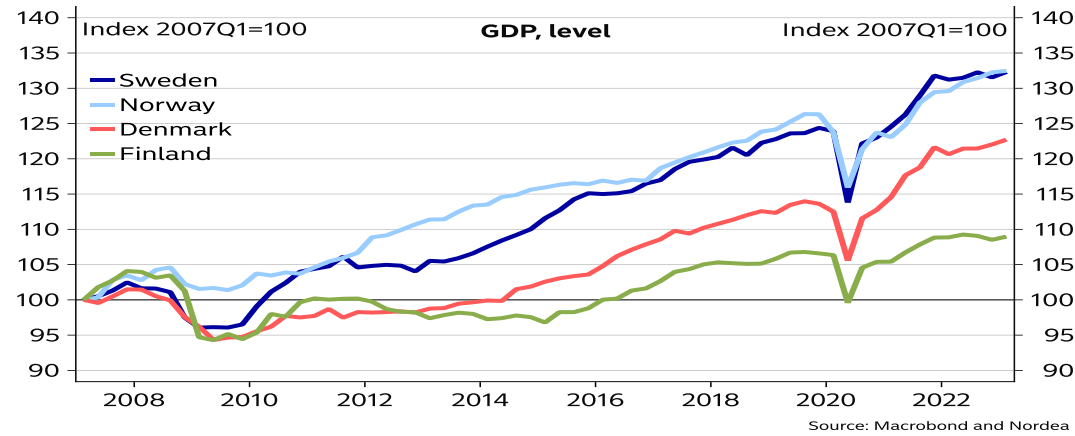
- Legal framework
 - Financial Undertakings Act (Act. No. 17 of 10 April 2015, Norwegian: Finansforetaksloven), which was recently amended on 8 July 2022 to implement the European Covered Bond Directive.
- Registration and independent inspector
 - A mortgage credit institution shall for each cover pool 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 requirement
 - 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

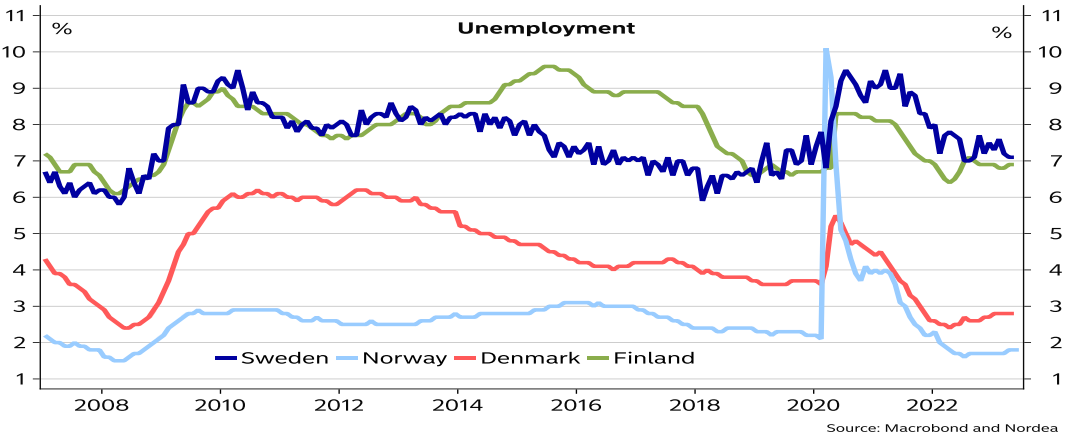
Nordic economic development

Resilient economies are facing headwinds

GDP development



Unemployment rate



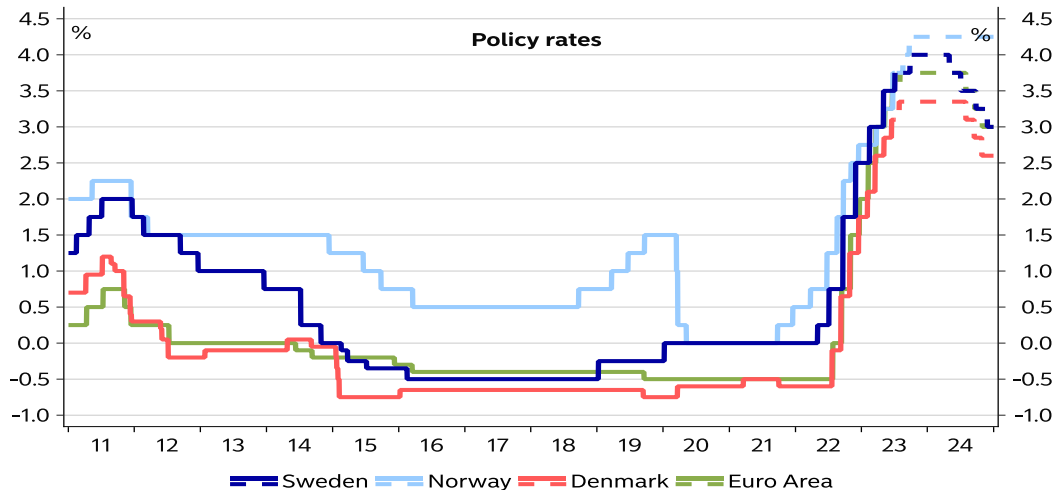
GDP, % y/y, Economic Outlook May 2023

Country	2021	2022	2023E	2024E
Denmark	6.8	2.7	0.5	1.5
Finland	3.2	1.6	0.0	1.0
Norway (mainland)	4.2	3.8	0.5	0.5
Sweden	6.0	2.8	-1.2	0.4

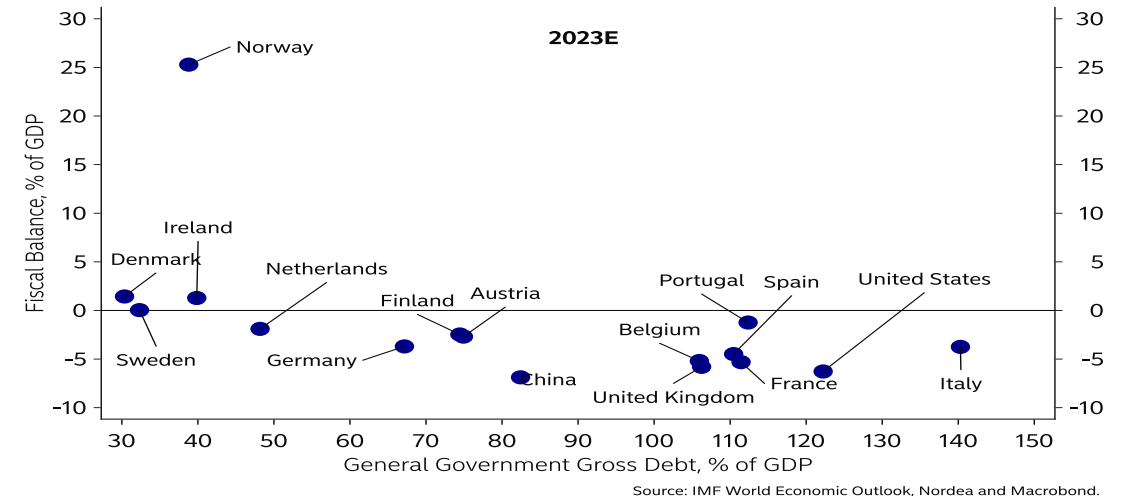
- The Nordic economies have been among the best performing economies globally since the pandemic.
- However, on the back of surging inflation and interest rates, coupled with weaker global growth, the resilient Nordic economies are facing headwinds.
- The stronger than anticipated labour market is set to weaken as economic growth dampens.

Higher for longer interest rates

Policy rates



Public balance/debt, % of GDP, 2023E (IMF)

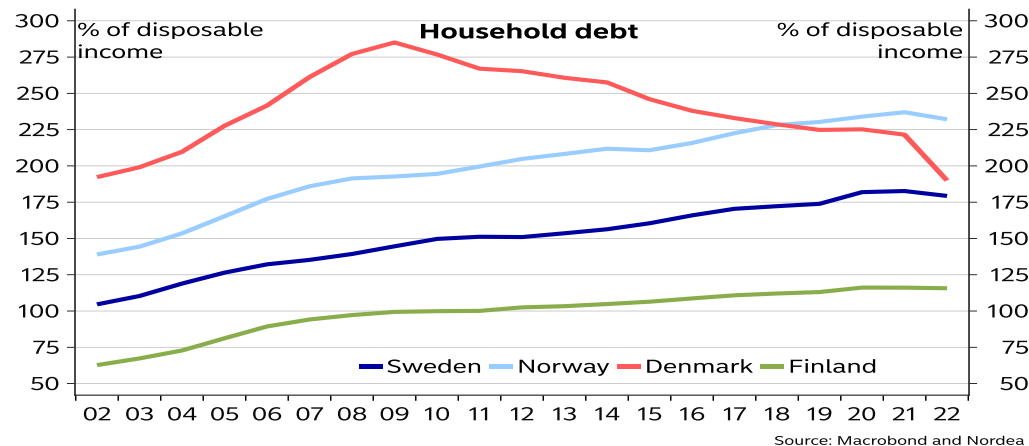


- Central banks are continuing to hike interest rates to combat the high inflation.
- Norges Bank has hiked from 0 to 3.75% since autumn 2021 and are expected to continue until they reach 4.25% in September 2023.
- The Swedish Riksbank raised the policy rate to 3.75% in June and are expected to hike one more time to 4.00% in September 2023.
- The ECB delivered a 25bp hike in June to 3.50%. We predict that the policy rate in the Euro Area and Denmark will peak in July at 3.75% and 3.35% respectively.
- The ECB and the Riksbank are reducing the size of their balance sheets.
- Solid public finances will help Nordic governments to handle the economic slowdown ahead.

Households

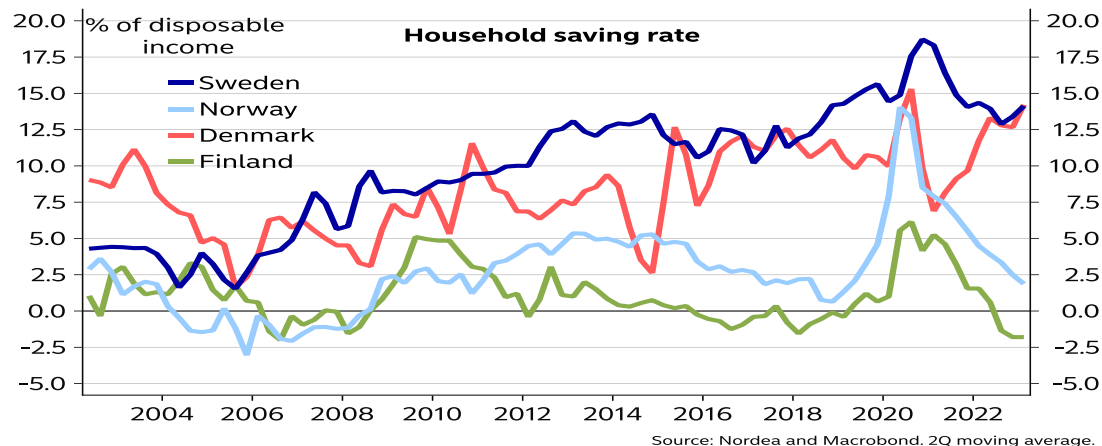
Feeling the squeeze

Household debt

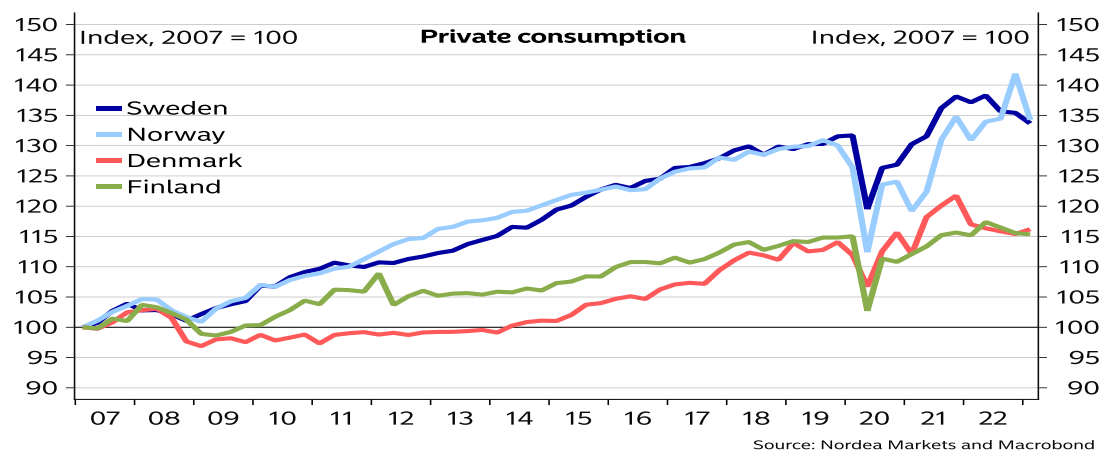


- High and broad-based inflation and still rising interest rates continues to pressure households' purchasing power. Households are feeling the squeeze and consumption is set to decline this year in all the Nordic countries.
- Household debt is beginning to decrease as interest rates continues to rise.

Household savings



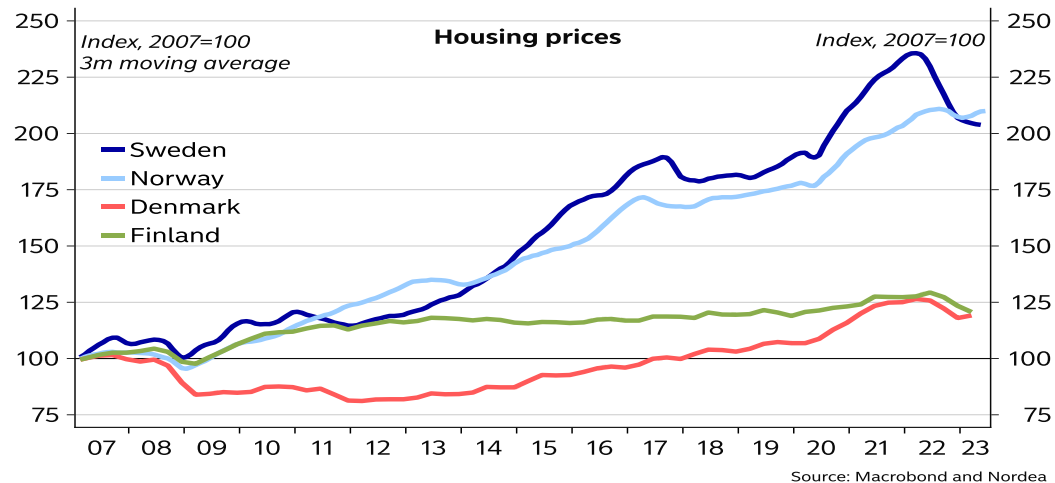
Private consumption



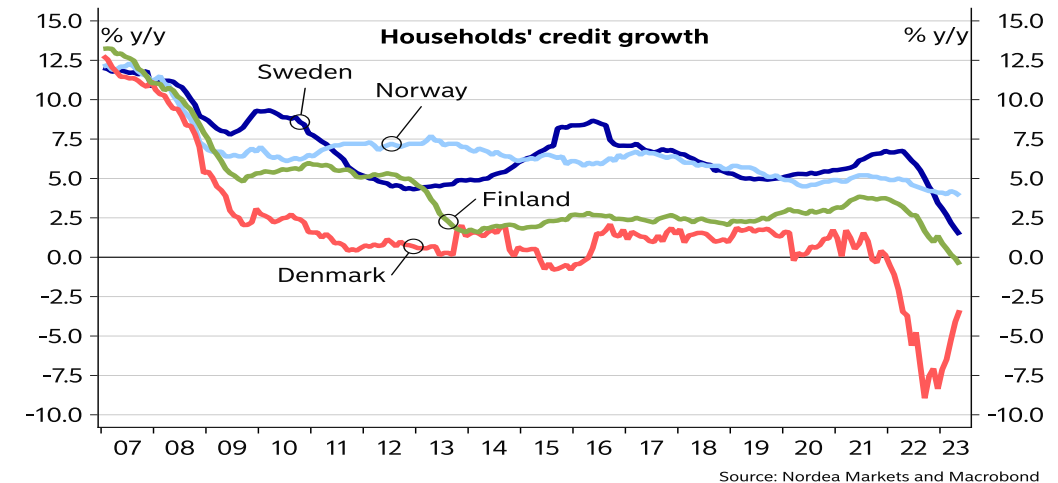
Housing markets

Higher interest rates imply downside risks on the housing market

Housing prices



Households' credit growth



- Housing prices rose to record-high levels in all the Nordic countries in 2022.
- Housing prices have fallen in all Nordic countries on the back of surging borrowing costs. However, prices have recently started to stabilize.
- The risks are still on the downside for housing prices going forward, accounting for the higher interest rates.
- Households' credit growth in the Nordic countries, except for Denmark, have been on a downward trend the past couple of quarters. In May 2023, both Finland and Denmark had negative credit growth.

6. Further information

Covered bonds – outstanding volumes

Domestic benchmark in NOK									
ISIN	Amount, M	Currency	Amount, MNOK	Issue date	Coupon	Interest rate type	Maturity type	Maturity	Extended maturity
NO0010843626	35 864	NOK	35 864	26/02/2019	0.34	Float	Soft bullet	19/06/2024	19/06/2025
NO0010852650	6 000	NOK	6 000	22/05/2019	2.17	Fixed	Soft bullet	22/05/2026	22/05/2027
NO0010873334	20 000	NOK	20 000	22/01/2020	0.26	Float	Soft bullet	19/03/2025	19/03/2026
NO0010893282	20 000	NOK	20 000	16/09/2020	1.5	Float	Soft bullet	16/09/2025	16/09/2026
NO0010981301	25 000	NOK	25 000	21/04/2021	1.5	Float	Soft bullet	18/03/2026	18/03/2027
NO0011151771	7 000	NOK	7 000	17/11/2021	0.75	Float	Soft bullet	17/09/2026	17/09/2027
NO0012513532	23 800	NOK	23 800	03/05/2022	0.33	Float	Soft bullet	17/03/2027	17/03/2028
NO0012829763	16 300	NOK	16 300	02/02/2023	0.48	Float	Soft bullet	02/02/2028	02/02/2029
Sum	153 964		153 964						

Other bonds									
ISIN	Amount, M	Currency	Amount, MNOK	Issue date	Coupon	Interest rate type	Maturity type	Maturity	Extended maturity
NO0010593064	550	NOK	550	22/12/2010	4.8	Fixed	Soft bullet	18/06/2025	18/06/2026
NO0010678766	100	NOK	100	08/05/2013	3.6	Fixed	Hard bullet	08/05/2025	08/05/2026
NO0010766827	500	NOK	500	21/06/2016	2.2	Fixed	Soft bullet	18/06/2031	18/06/2032
XS1451306036	100	EUR	938	19/07/2016	0.74	Fixed	Soft bullet	15/07/2031	15/07/2032
NO0010812084	300	NOK	300	11/12/2017	2.2	Fixed	Soft bullet	17/06/2043	17/06/2044
NO0010821986	300	NOK	300	04/05/2018	2.6	Fixed	Soft bullet	04/05/2048	04/05/2049
NO0012441643	3 500	NOK	3 500	15/02/2022	2.45	Fixed	Soft bullet	15/02/2030	15/02/2031
NO0012720988	4 200	NOK	4 200	12/10/2022	4	Fixed	Soft bullet	12/10/2029	12/10/2030
NO0012732017	750	NOK	750	28/10/2022	4	Fixed	Soft bullet	28/10/2037	28/10/2038
NO0012838277	1 420	NOK	1 420	14/02/2023	3.39	Fixed	Soft bullet	14/02/2035	14/02/2036
Sum			12 558						

	Amount, MNOK
Total outstanding bonds	166 522
of which repos	0

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