

Nordea

Q3 2023 Debt investor presentation

Nordea Eiendomskreditt Covered Bonds



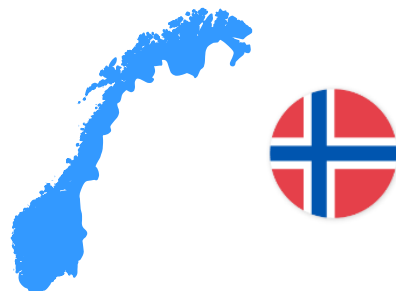
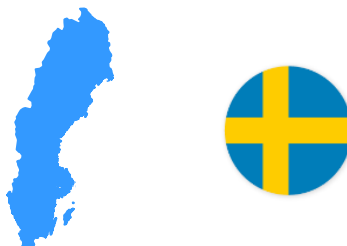

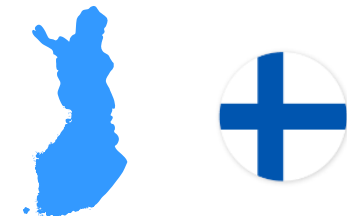
Table of contents

1. In brief	3
2. Cover pool key characteristics	6
3. Asset quality	9
4. Covered bond framework	13
5. Macroeconomy	15
6. Further information	20

1. In brief

Nordea covered bond operations

Q3 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 21.3bn (eq.)	EUR 57.8bn (eq.)	Balance principle	Pool 1: EUR 19.7bn/ Pool 2: EUR 5.6bn
	Covered bonds outstanding	EUR 15.1bn (eq.)	EUR 31.5bn (eq.)	EUR 60.0bn (eq.)*	Pool 1: EUR 15.6bn/ Pool 2: EUR 4bn
	OC	41%	83%	7%*	Pool 1: 27% / Pool 2: 44%
	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 Eiendoms kreditt – overview

Q3 2023



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

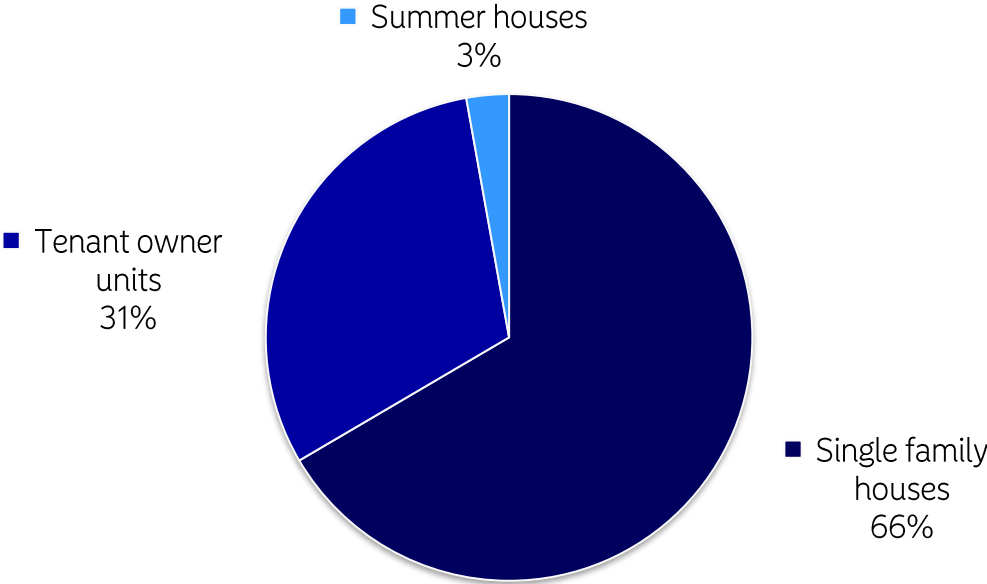
Q3 2023

Cover pool summary	
Loans in cover pool	NOK 245.9bn
Outstanding covered bonds	NOK 174.3bn
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	49.2% (indexed)
Average loans size	NOK 2.1m
Over collateralization, OC	41%
Rate type	Floating 97.8%, Fixed 2.2%
Amortization	Bullet/ interest only 39.0%, Amortizing 61.0%
Pool type	Dynamic
Loans originated by	Nordea Eiendomskreditt

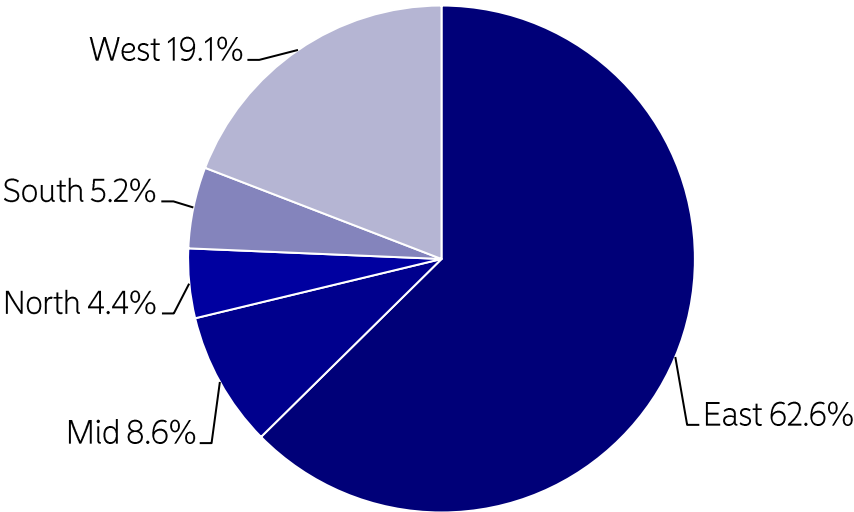
Cover pool key characteristics (2)

Q3 2023

Cover pool balance by loan category



Cover pool balance by region



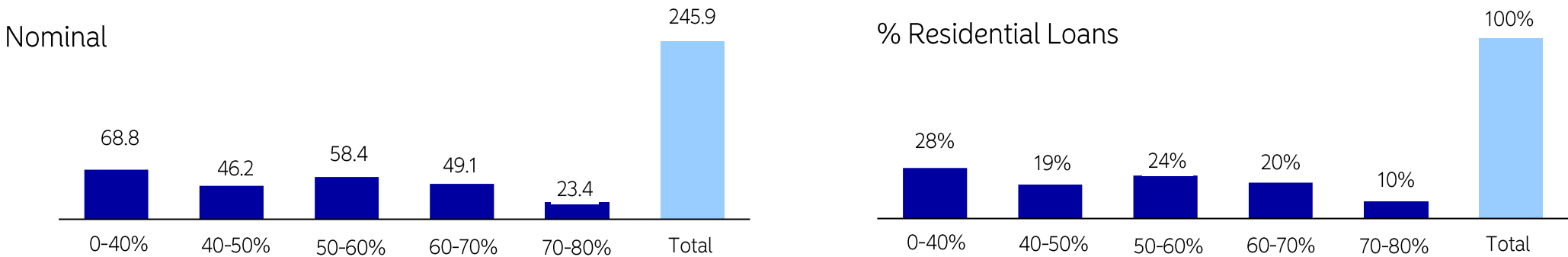
3. Asset quality

Loan To Value (LTV)*

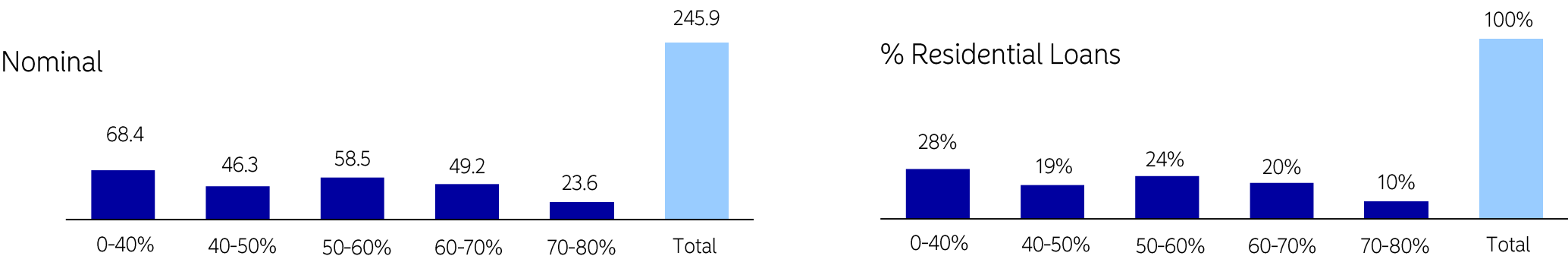
Continuous distribution where each loan can exist in multiple buckets

Q3 2023

Weighted Average LTV – Indexed – 49.2%



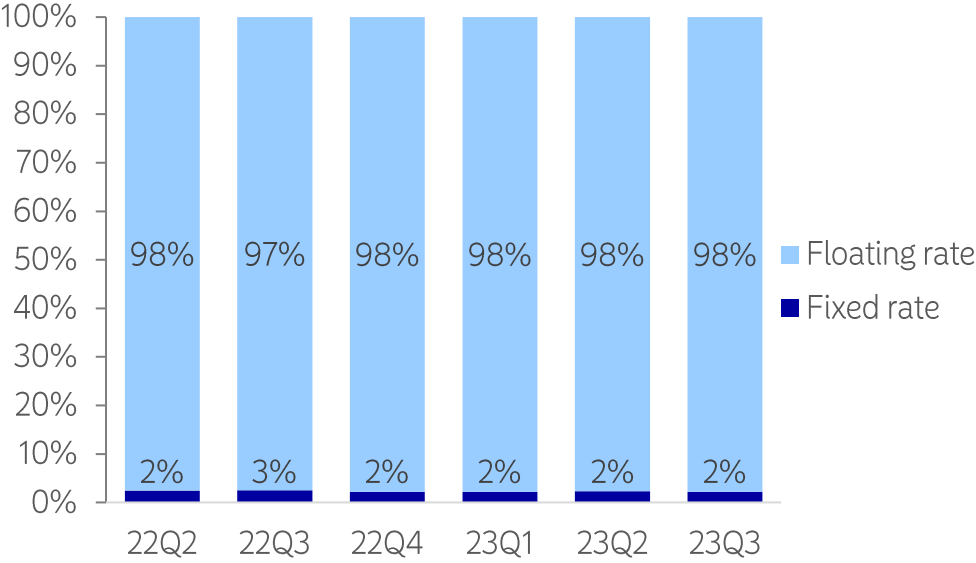
Weighted Average LTV – Unindexed – 49.3%



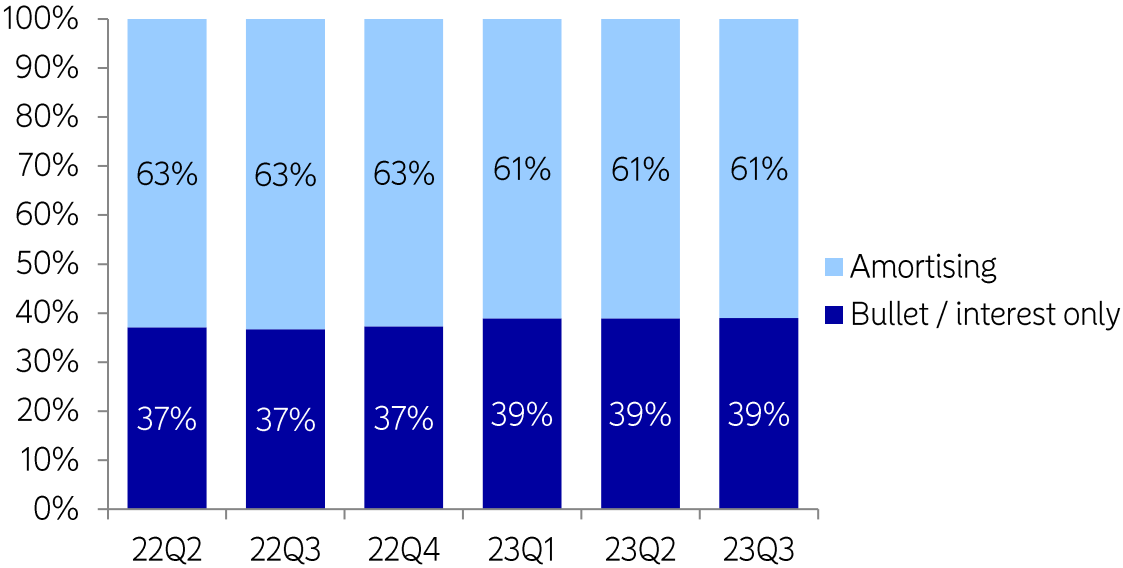
Loan structure

Q3 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

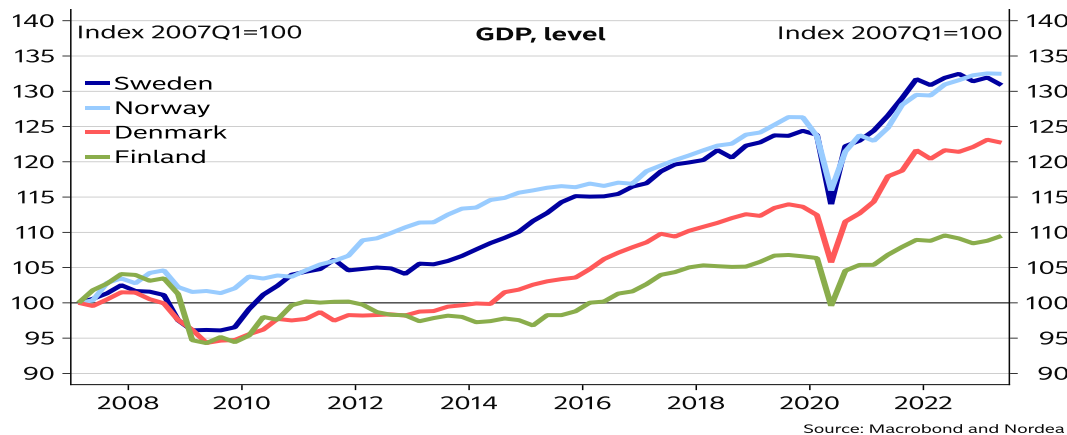
Liquidity buffer requirements

- 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

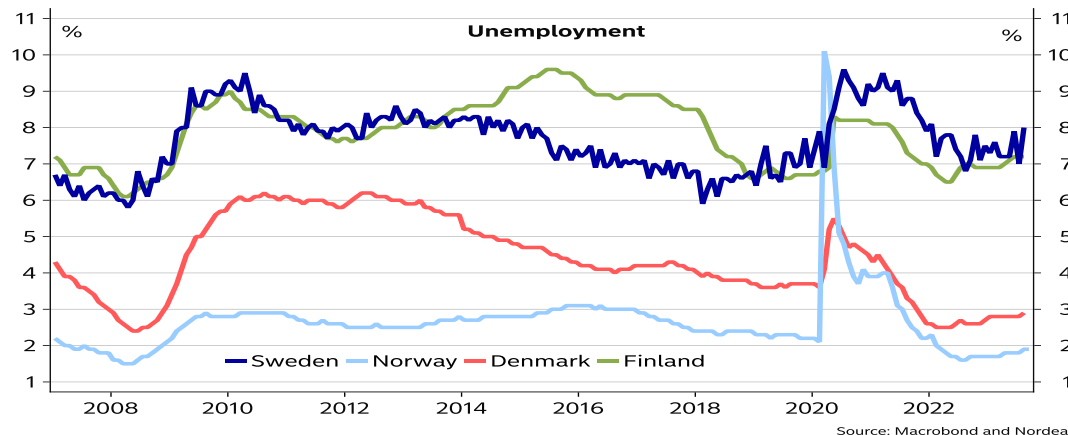
5. Macroeconomy

New interest rate environment

GDP development



Unemployment rate



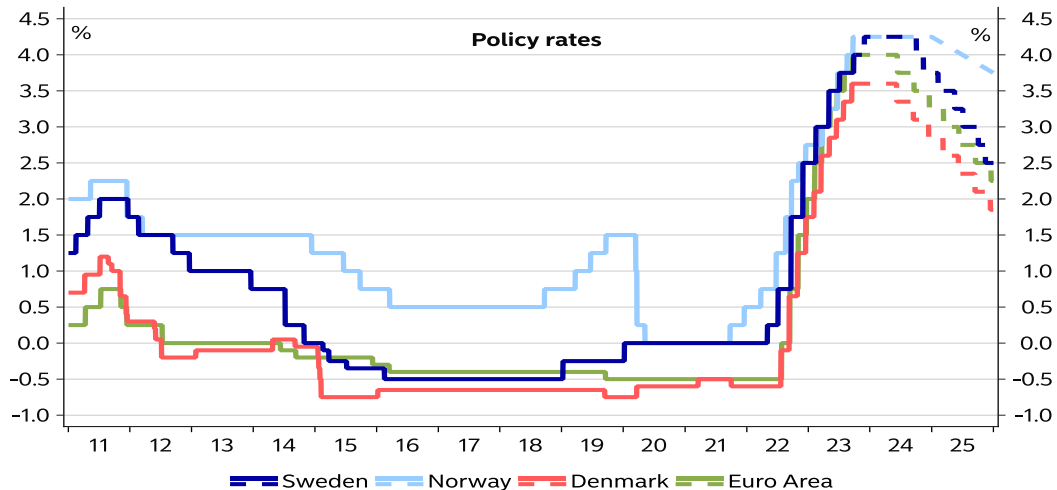
- The Nordic economies have shown mixed resilience on the back of surging inflation and interest rates
- Central banks intend to keep interest rates higher for longer. Combined with weaker global demand, the Nordic economies are facing headwinds going forward
- Indicators are pointing to a weaker labour demand. The labour market is set to weaken as economic growth continues to dampen

GDP, % y/y, Economic Outlook September 2023

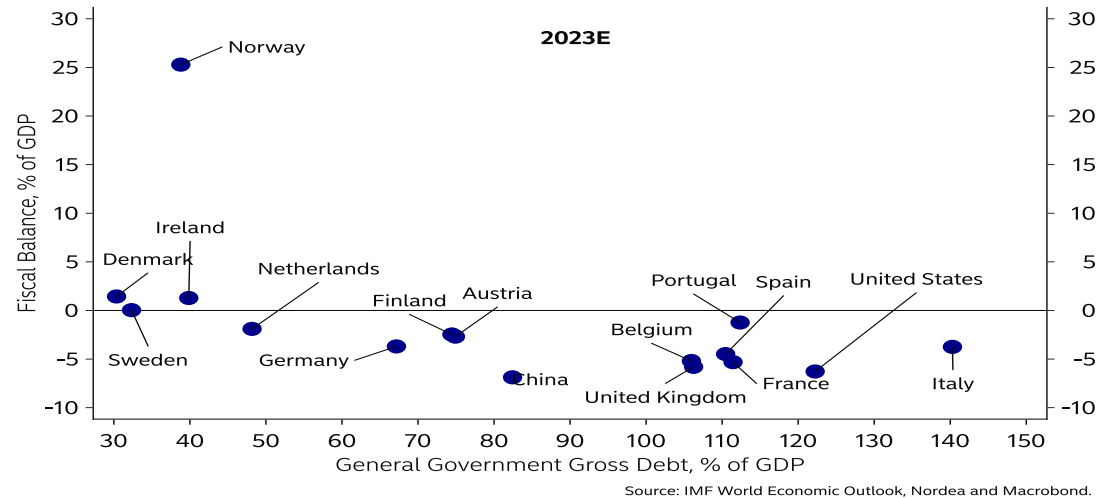
Country	2022	2023E	2024E	2025E
Denmark	2.7	1.3	1.0	1.7
Finland	1.6	0.0	0.0	1.5
Norway (mainland)	3.8	1.2	0.5	1.0
Sweden	2.8	-1.0	-0.2	2.2

Higher for longer interest rates

Policy rates



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

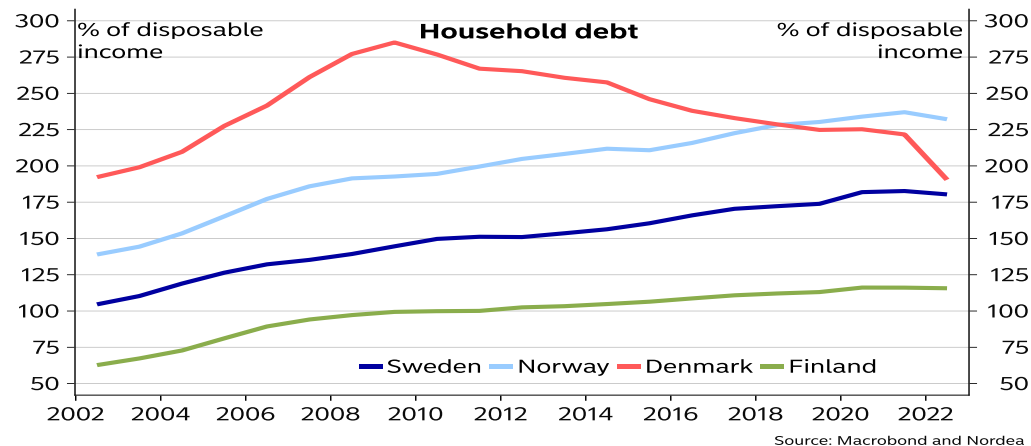


- Central banks are continuing to combat too high core inflation
- Norges Bank delivered a 25bp hike in September. The bank has in total hiked from 0 to 4.25% since autumn 2021
- The Swedish Riksbank raised the policy rate to 4.00% in September and is expected to hike until they reach 4.25% in November
- The ECB delivered a 25bp hike in September to 4.00%. We predict that the policy rate in the Euro Area, Denmark and Norway will not be raised any further this cycle
- 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

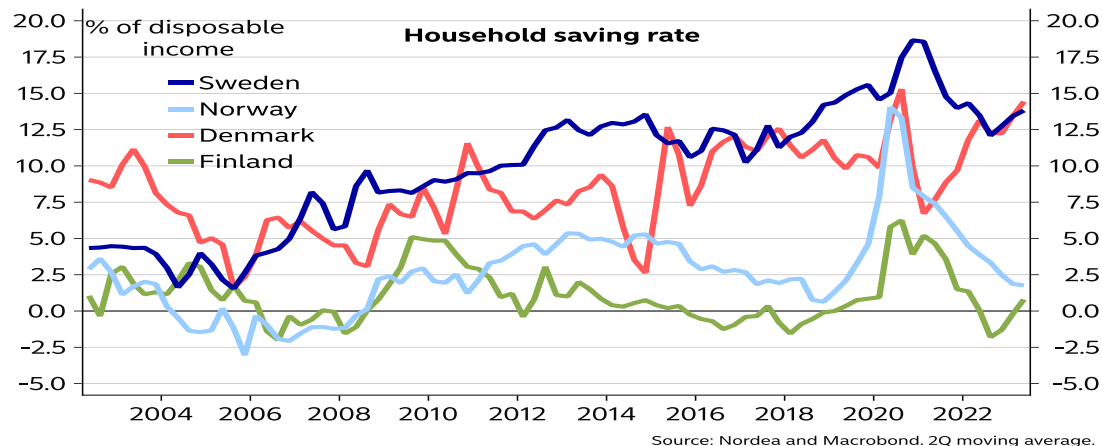
Households

Heavy steps

Household debt

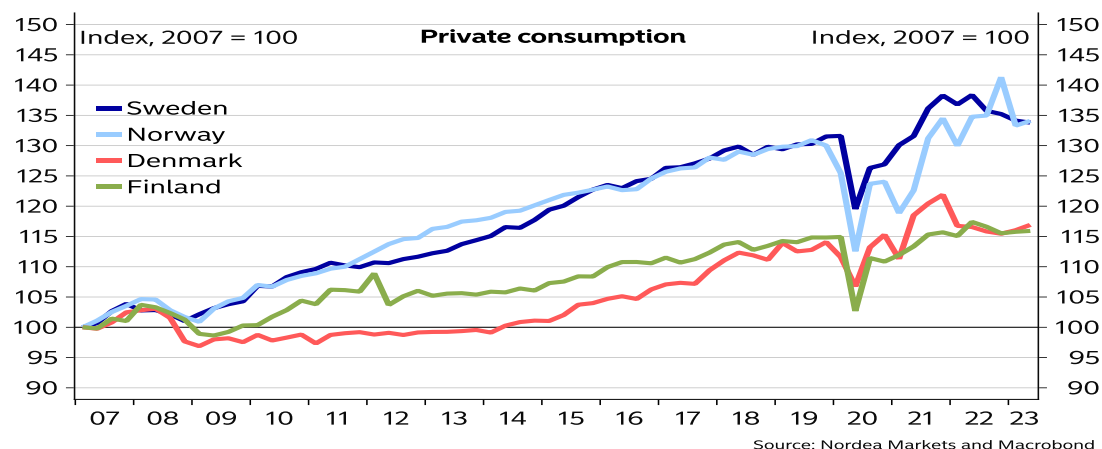


Household savings



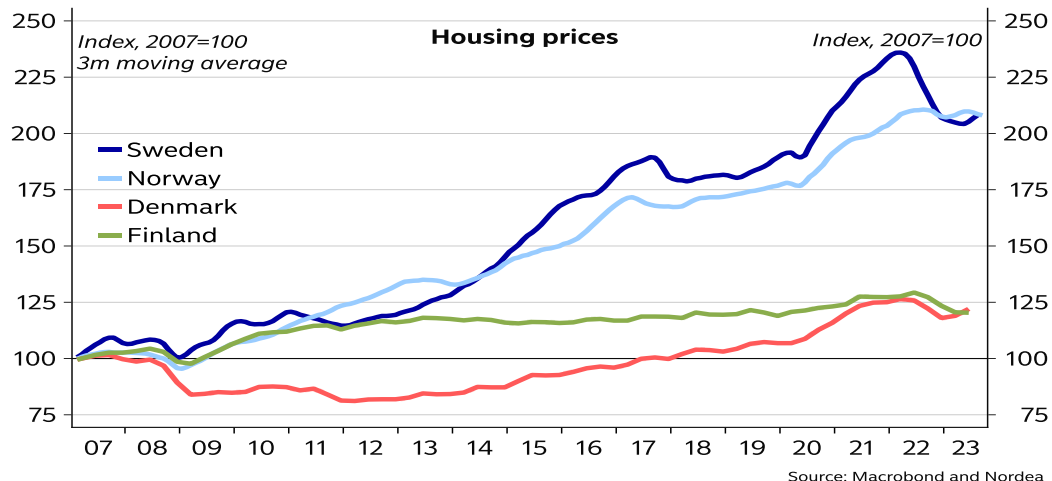
- High and broad-based inflation continues to pressure households' purchasing power. Additionally, the arduous adaptation process to higher for longer interest rates will continue to squeeze households
- Real disposable income in Sweden is expected to decline by -3.0 percent in 2023
- Household indebtedness has started to decrease, due to rising interest rates

Private consumption

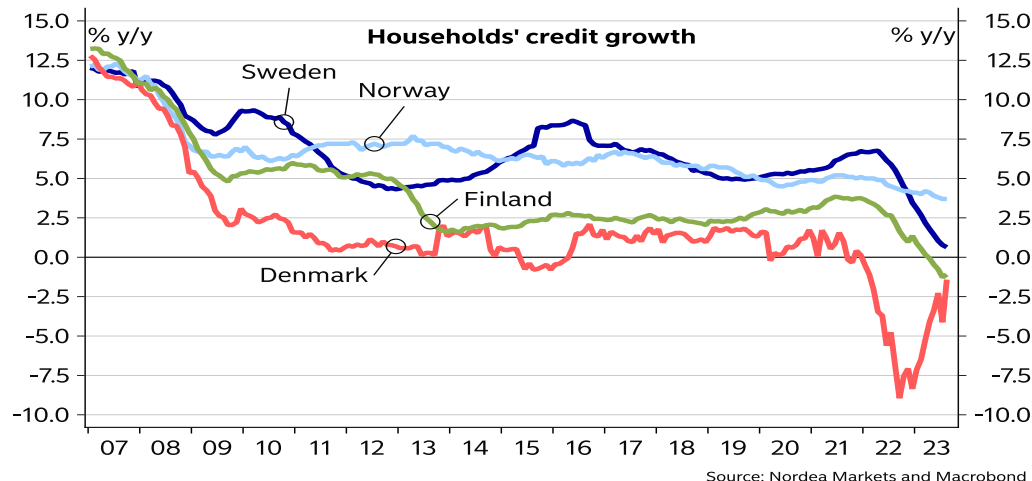


Higher interest rates imply downside risks on the housing market

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 the Nordic countries on the back of surging borrowing costs and lower credit growth. However, housing prices have stabilized during the summer, possibly attributed to lower activity
- The risks are on the downside going forward, accounting for low demand and higher interest rates. We expect further declines in all Nordic economies, especially Sweden
- Households' credit growth in the Nordic countries, except for Denmark, has been on a downward trend the past couple of quarters. In August 2023, Sweden had close to zero credit growth while 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	33 254	NOK	33 254	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	27 400	NOK	27 400	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
NO0012720988	6 150	NOK	6 150	12/10/2022	4	Fixed	Soft bullet	12/10/2029	12/10/2030
NO0012829763	19 800	NOK	19 800	02/02/2023	0.48	Float	Soft bullet	02/02/2028	02/02/2029
Sum	163 404		163 404						

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
NO0012732017	1 250	NOK	1 250	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
NO0012959636	1 000	NOK	1 000	14/07/2023	0.28	Float	Soft bullet	14/07/2025	14/07/2026
NO0012982729	1 000	NOK	1 000	10/08/2023	4.61	Fixed	Soft bullet	10/08/2032	10/08/2033
Sum			10 858						

	Amount, MNOK
Total outstanding bonds	174 262
of which repos	0

Contacts

Investor Relations

Maria Caneman

Head of Debt IR and Ratings
Tel: +46 10 156 50 19
Mobile: +46 768 24 92 18
maria.caneman@nordea.com

Group Treasury

Fredrik Dahllöf

Senior Dealer
Tel: +46 8 407 90 69
Mobile: +46 721 45 75 56
fredrik.dahllof@nordea.com

Morten Kiel

Head of Covered bonds
Tel: +45 3333 1875
Mobile: +45 6177 3100
morten.keil@nordea.com