



Nordea

Q4 2023 Debt investor presentation
Nordea Eiendomskreditt Covered Bonds

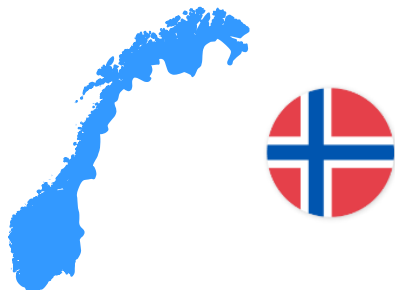
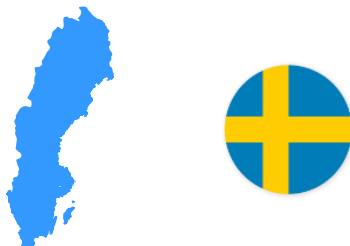

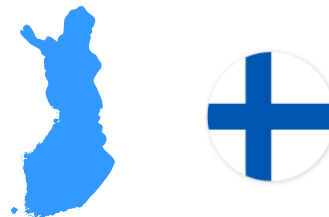
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1. In brief

Covered bonds

Nordea covered bond operations

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 28.0bn (eq.)	EUR 61.7bn (eq.)	Balanced principle	Pool 1: EUR 16.7bn/ Pool 2: EUR 8.4bn
	Covered bonds outstanding	EUR 17.5bn (eq.)	EUR 34.5bn (eq.)	EUR 57.4bn (eq.)*	Pool 1: EUR 14.5bn/ Pool 2: EUR 5bn
	OC	60%	79%	7%*	Pool 1: 15% / Pool 2: 68%
	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



Nordea Eiendoms kreditt – overview

Q4 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

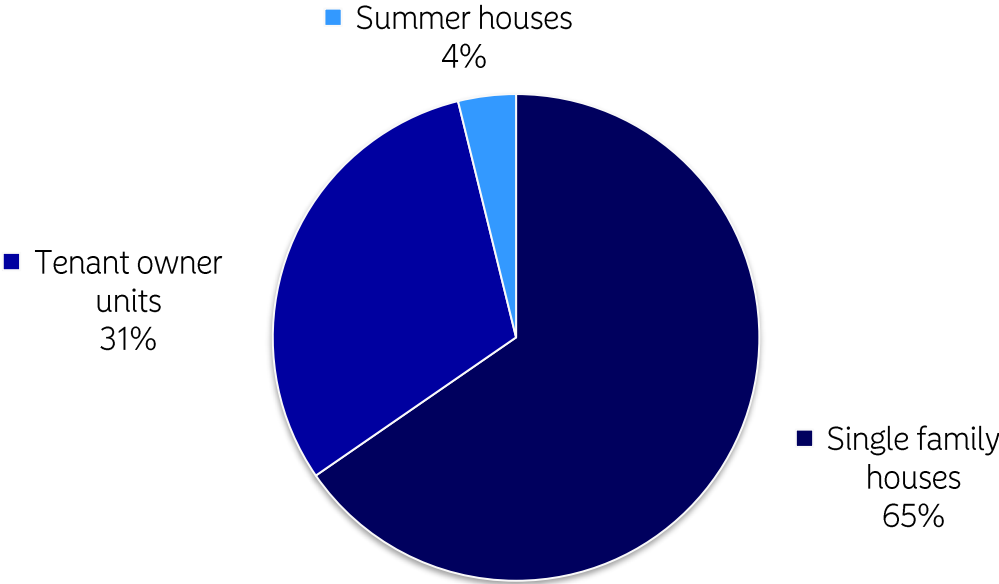
Q4 2023

Cover pool summary	
Loans in cover pool	NOK 313.6bn
Outstanding covered bonds	NOK 195.8bn
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	55.9% (indexed)
Average loans size	NOK 2.3m
Over collateralization, OC	60%
Rate type	Floating 97.8%, Fixed 2.2%
Amortization	Bullet/ interest only 34.1%, Amortizing 65.9%
Pool type	Dynamic
Loans originated by	Nordea Eiendomskreditt

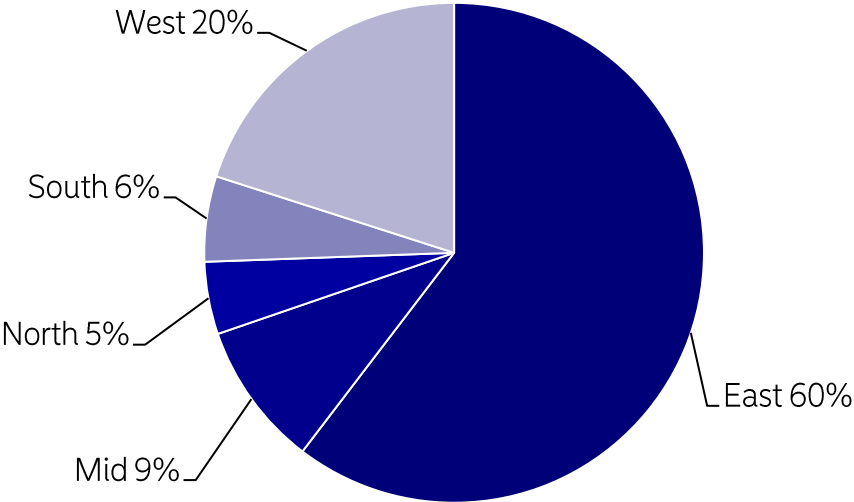
Cover pool key characteristics (2)

Q4 2023

Cover pool balance by loan category



Cover pool balance by region



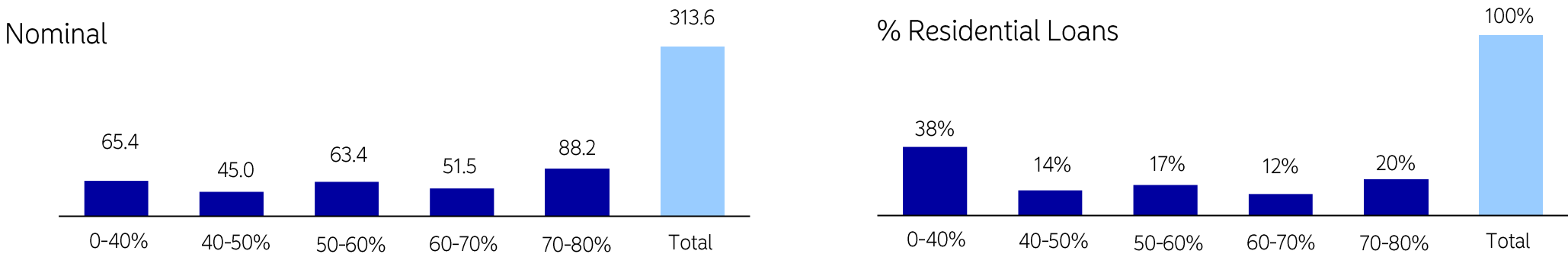
3. Asset quality

Loan To Value (LTV)*

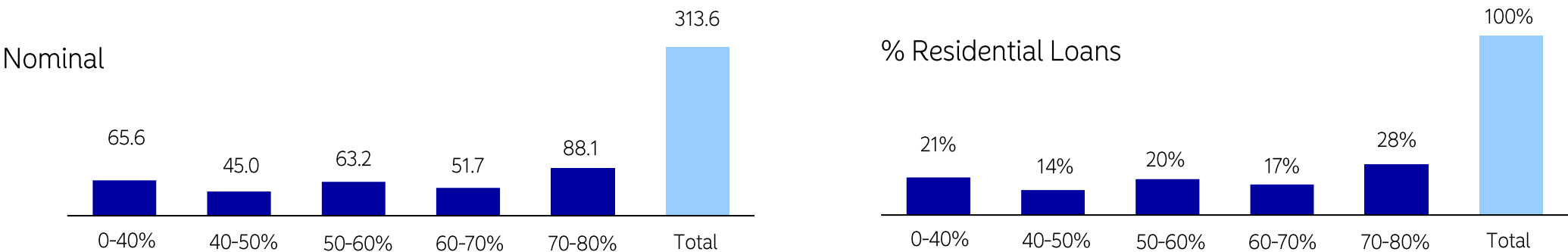
Continuous distribution where each loan can exist in multiple buckets

Q4 2023

Weighted Average LTV – Indexed – 55.9%



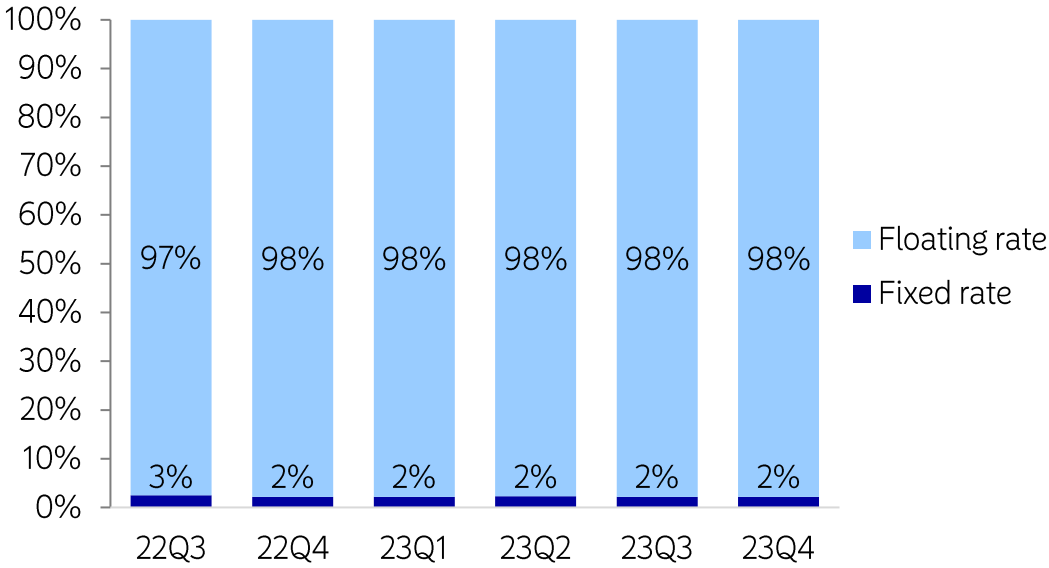
Weighted Average LTV – Unindexed – 55.9%



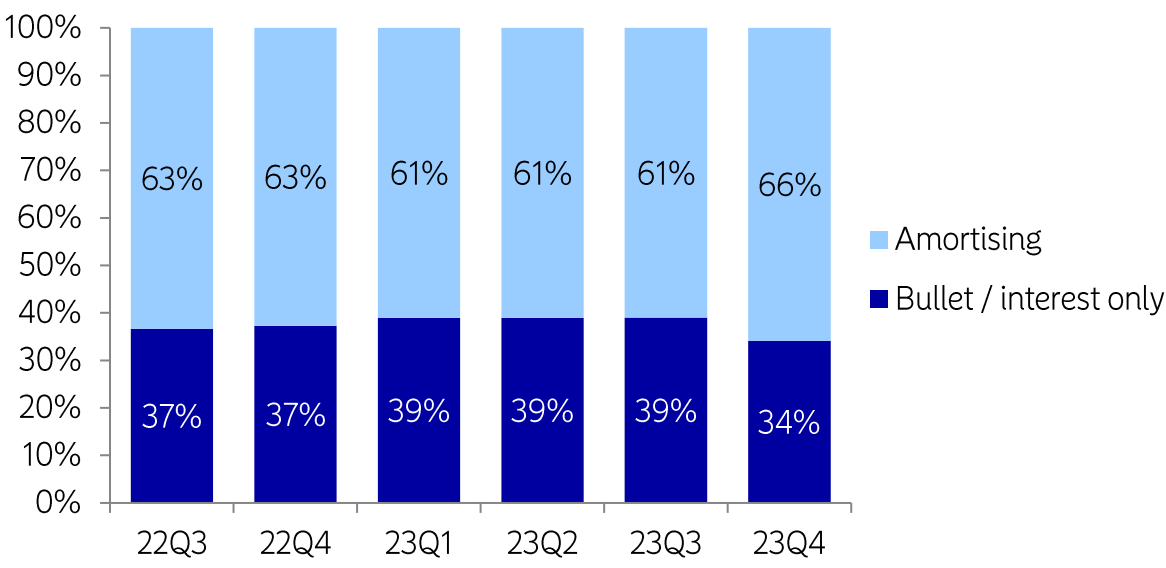
Loan structure

Q4 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 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

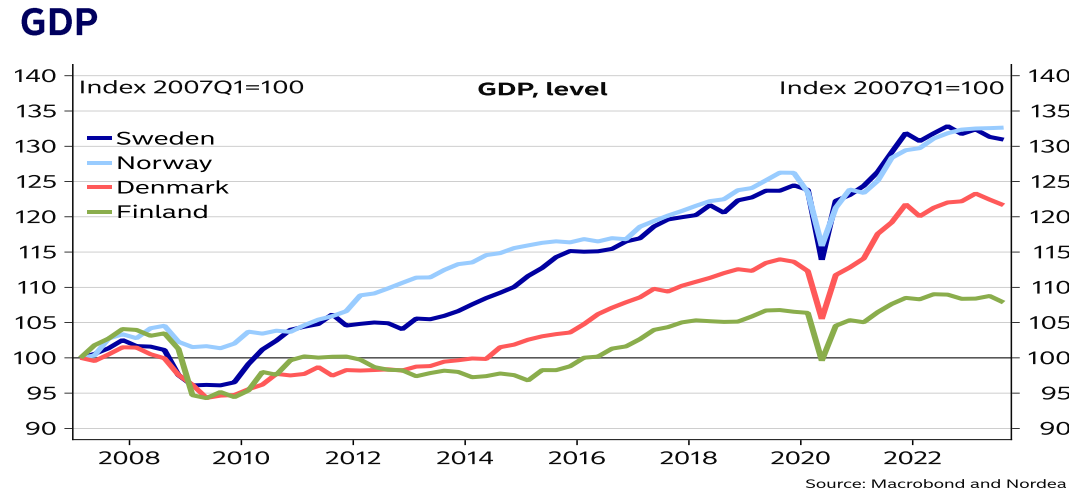
Liquidity buffer requirements

- 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

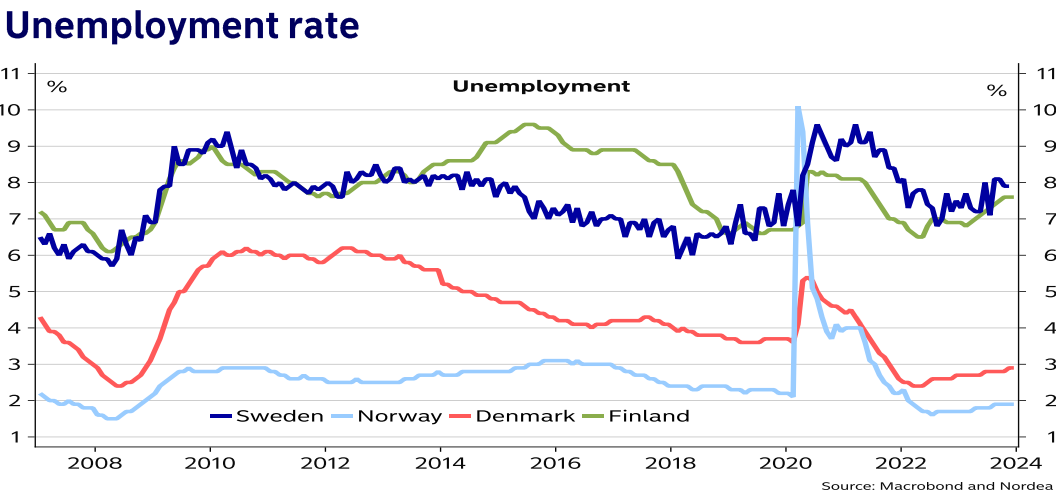
5. Macroeconomy

Nordic economic development

Soft landing



- The Nordic economies have shown mixed trends on the back of surging inflation and higher interest rates
- Central banks are done hiking policy rates. However, the current high interest rate environment and dampened global demand will lead to a prolonged economic slowdown in the Nordics
- The labour market is set to weaken further with unemployment rising in all Nordic countries

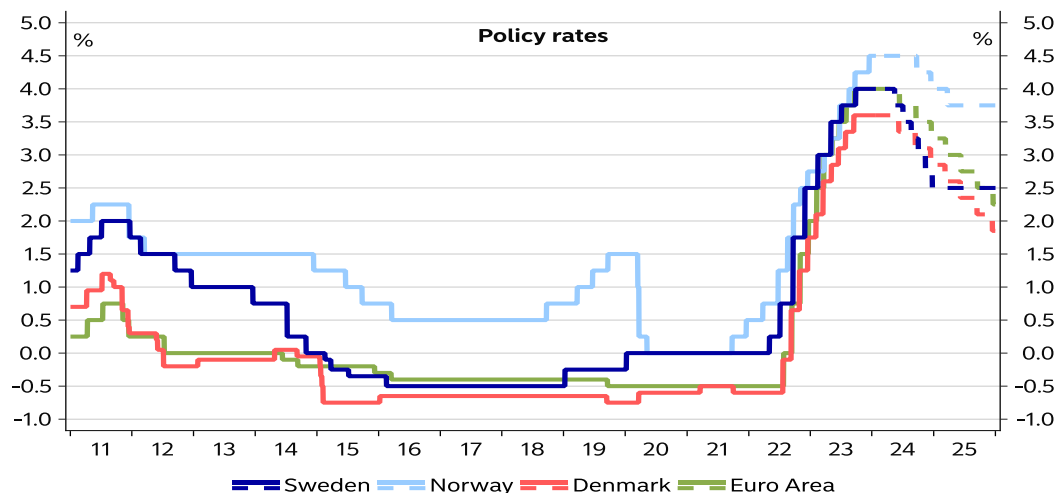


GDP, % y/y, Economic Outlook January 2024

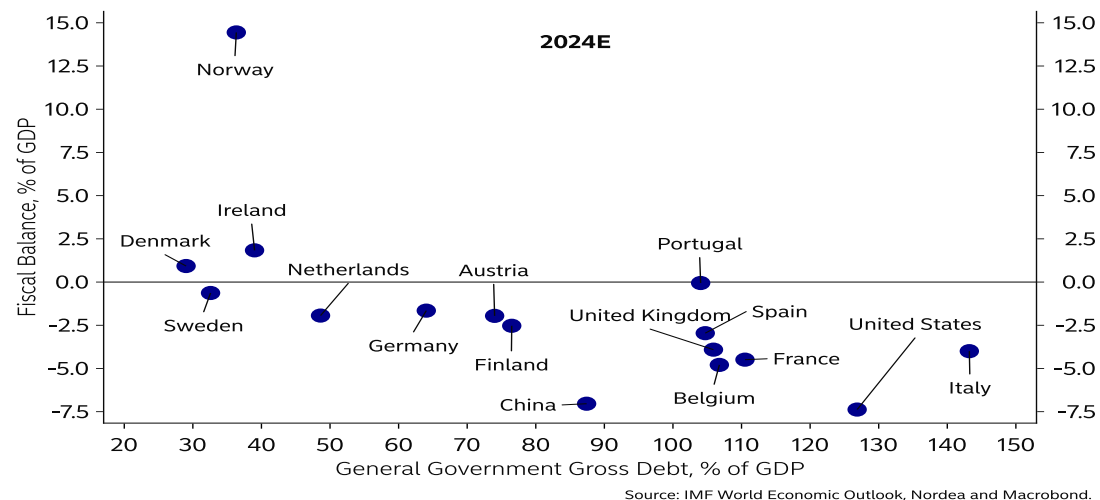
Country	2022	2023E	2024E	2025E
Denmark	2.7	0.7	1.0	1.7
Finland	1.6	-0.5	-1.0	2.0
Norway (mainland)	3.8	1.1	1.0	1.5
Sweden	2.9	-0.3	-0.5	2.2

Nordic economies Past the peak

Policy rates



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

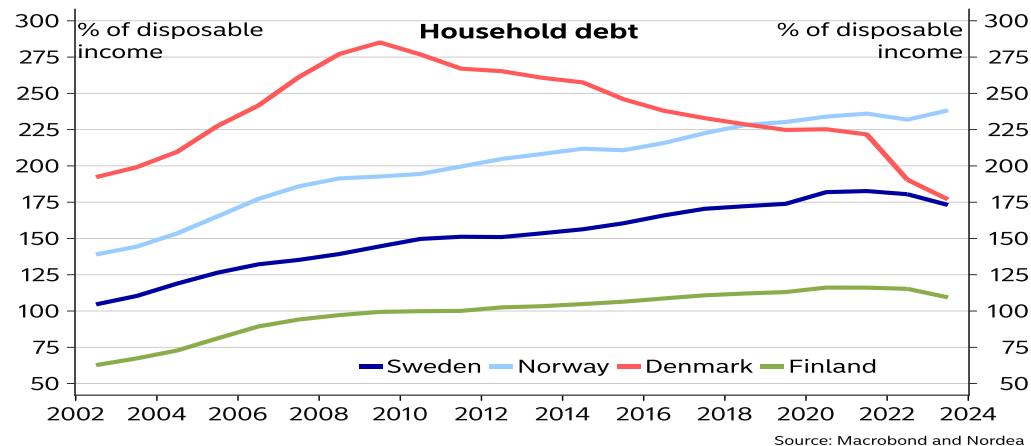


- The Swedish Riksbank, ECB, Danmarks Nationalbank and Norges Bank are not expected to raise policy rates any further
- The Riksbank is expected to start cutting the policy rate in May, by 0.25 percentage points to 3.75%, and cut five additional times during this year to 2.50% in December. The ECB will start cutting the policy rates in June and thereafter lower the level by 0.25 percentage points each quarter until they reach 2.25% by the end of the forecast horizon
- 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 handle the economic slowdown ahead

Households

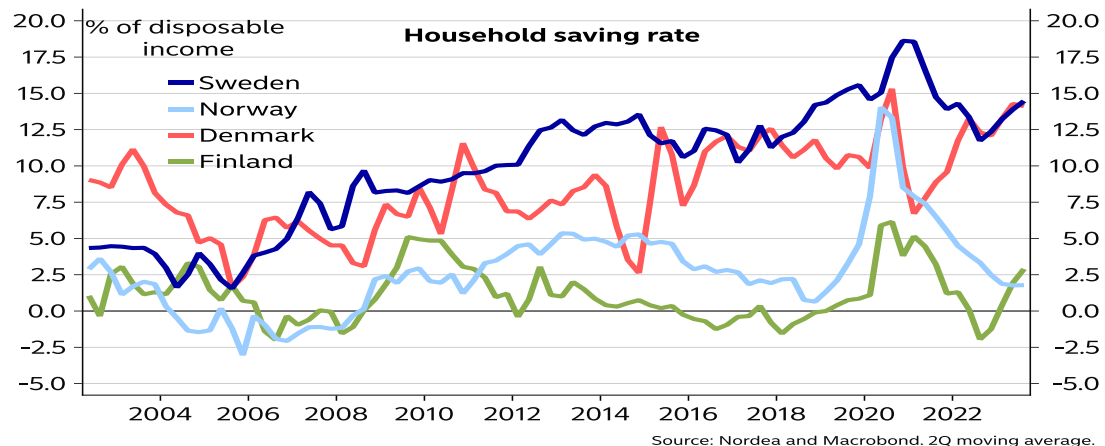
Adapting to higher interest rates

Household debt

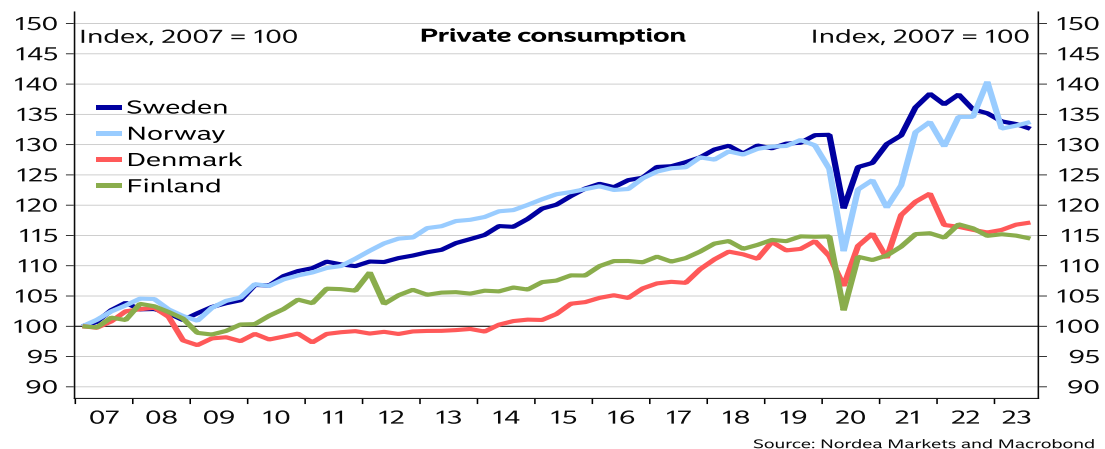


- Household consumption will remain sluggish as households continue to adapt to the higher interest rates
- In all the Nordics, except for Norway, savings rates have risen whilst households' debt ratio has decreased
- Households' purchasing power is set to recover as inflation normalises and wage growth remains elevated

Household savings



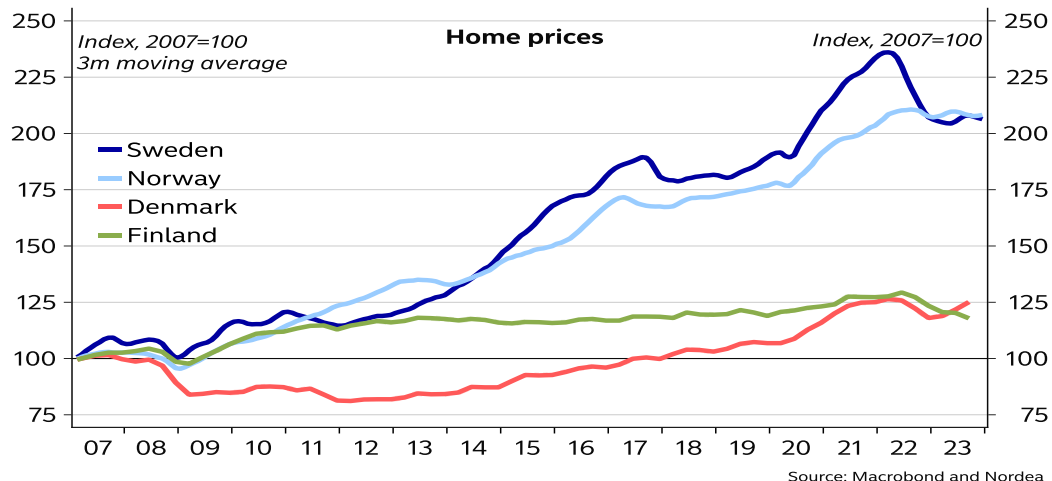
Private consumption



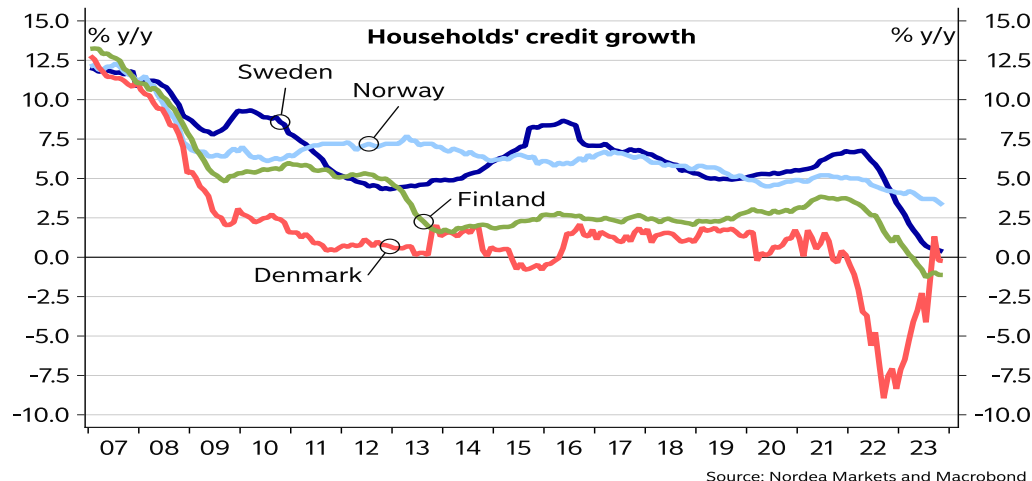
Housing markets

Still under pressure from high interest rates

Home prices



Households' credit growth



- Home price development was mixed last year in the Nordic countries after rising to record-high levels in 2022
- Monetary policy will remain restrictive for most of 2024 despite central banks starting to cut rates from the middle of this year
- Accordingly, prices are expected to bottom out by the summer and start to increase in the second half of this year
- Households' credit growth has seemingly stabilised close to zero in Sweden, Denmark and Finland. Credit growth remains high but continues to slow down in Norway

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	32 387	NOK	32 387	2019-02-26	0,34	Float	Soft bullet	2024-06-19	2025-06-19
NO0010852650	6 000	NOK	6 000	2019-05-22	2,17	Fixed	Soft bullet	2026-05-22	2027-05-22
NO0010873334	30 000	NOK	30 000	2020-01-22	0,26	Float	Soft bullet	2025-03-19	2026-03-19
NO0010893282	25 000	NOK	25 000	2020-09-16	1,5	Float	Soft bullet	2025-09-16	2026-09-16
NO0010981301	27 400	NOK	27 400	2021-04-21	1,5	Float	Soft bullet	2026-03-18	2027-03-18
NO0011151771	7 000	NOK	7 000	2021-11-17	0,75	Float	Soft bullet	2026-09-17	2027-09-17
NO0012513532	23 800	NOK	23 800	2022-05-03	0,33	Float	Soft bullet	2027-03-17	2028-03-17
NO0012720988	6 350	NOK	6 350	2022-10-12	4	Fixed	Soft bullet	2029-10-12	2030-10-12
NO0012829763	19 800	NOK	19 800	2023-02-02	0,48	Float	Soft bullet	2028-02-02	2029-02-02
NO0013072991	7 000	NOK	7 000	2023-11-22	0,54	Float	Soft bullet	2028-11-22	2029-11-22
Sum	184 737		184 737						

Other bonds									
ISIN	Amount, M	Currency	Amount, MNOK	Issue date	Coupon	Interest rate type	Maturity type	Maturity	Extended maturity
NO0010593064	550	NOK	550	2010-12-22	4,8	Fixed	Soft bullet	2025-06-18	2026-06-18
NO0010678766	100	NOK	100	2013-05-08	3,6	Fixed	Hard bullet	2025-05-08	2026-05-08
NO0010766827	500	NOK	500	2016-06-21	2,2	Fixed	Soft bullet	2031-06-18	2032-06-18
XS1451306036	100	EUR	938	2016-07-19	0,74	Fixed	Soft bullet	2031-07-15	2032-07-15
NO0010812084	300	NOK	300	2017-12-11	2,2	Fixed	Soft bullet	2043-06-17	2044-06-17
NO0010821986	300	NOK	300	2018-05-04	2,6	Fixed	Soft bullet	2048-05-04	2049-05-04
NO0012441643	3 500	NOK	3 500	2022-02-15	2,45	Fixed	Soft bullet	2030-02-15	2031-02-15
NO0012732017	1 420	NOK	1 420	2022-10-28	4	Fixed	Soft bullet	2037-10-28	2038-10-28
NO0012838277	1 420	NOK	1 420	2023-02-14	3,39	Fixed	Soft bullet	2035-02-14	2036-02-14
NO0012959636	1 000	NOK	1 000	2023-07-14	0,28	Float	Soft bullet	2025-07-14	2026-07-14
NO0012982729	1 000	NOK	1 000	2023-08-10	4,61	Fixed	Soft bullet	2032-08-10	2033-08-10
Sum			11 028						

	Amount, MNOK
Total outstanding bonds	195 765
of which repos	0

Contacts

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