

Nordea

Nordea Hypotek Covered Bonds

Q2 2021 Debt investor presentation



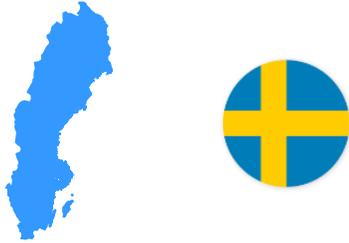
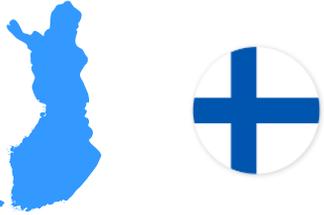
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1. In brief

Nordea covered bond operations

Q2 2021

<p><i>Four aligned covered bond issuers with complementary roles</i></p>	<p>Nordea Eiendomskreditt</p> 	<p>Nordea Hypotek</p> 	<p>Nordea Kredit</p> 	<p>Nordea Mortgage Bank</p> 
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



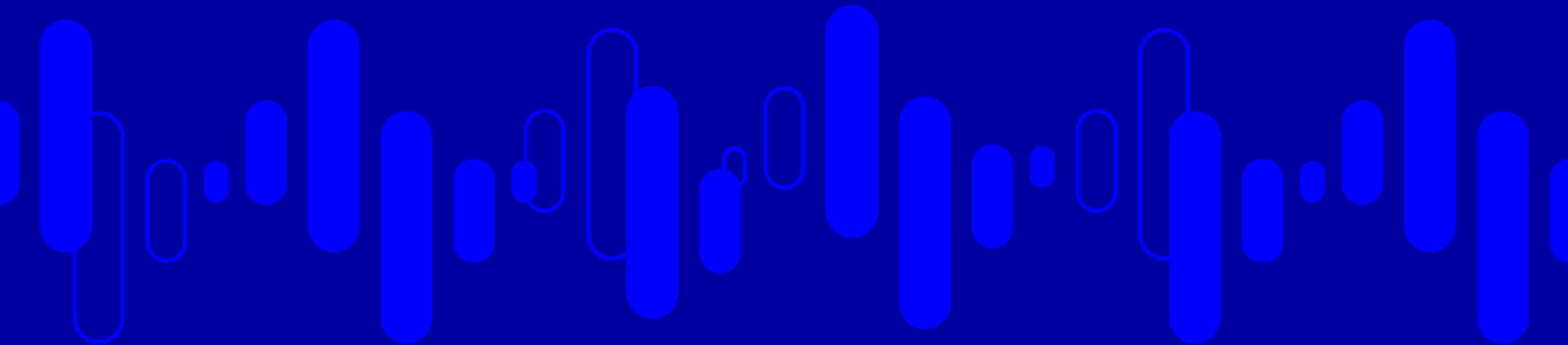
4 *The figures in Nordea Kredit only include capital centre 2 (CC2). Nordea Kredit no longer reports for CC1 (RO), as this capital centre only accounts for a minor part (<1%) of the outstanding volume of loans and bonds.

Nordea Hypotek – overview

Q2 2021

- 100% owned subsidiary of Nordea Bank Abp - the largest Nordic financial institution
- Grants long-term loans to Swedish households, municipalities, municipal housing companies and corporates
- All loans secured by mortgages, tenant-owner units or municipal/state guarantees
- Cost-effective loan origination and service through Nordea Bank's nationwide Swedish branch network and internet
- Licensed by the Swedish Financial Supervisory Authority to issue covered bonds (Säkerställda Obligationer) according to the Swedish Covered Bond Act
- Covered bonds rated Aaa by Moody's

2. Cover pool characteristics



Cover pool key characteristics

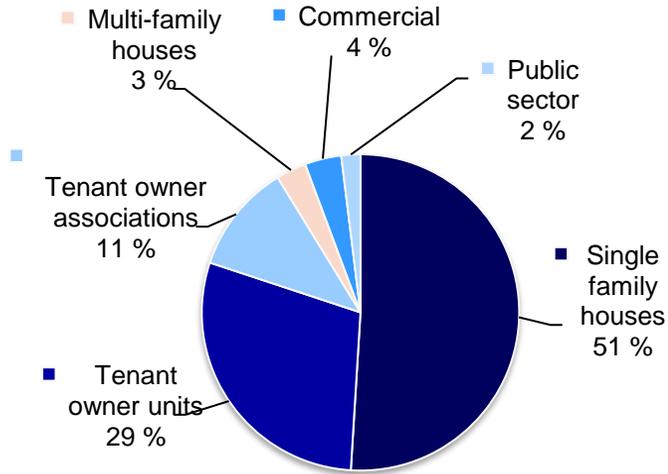
Q2 2021

Cover pool summary	
Loans in cover pool	SEK 616.4bn
Outstanding covered bonds	SEK 347.9bn
Cover pool content	Mortgage loans secured by residential or commercial property. Loans to public sector
Geographic distribution	Throughout Sweden with concentration to urban areas
Asset distribution	94.5% residential, 3.7% commercial, 1.9% public sector
Weighted average LTV*	49.9% (indexed)
Average loans size*	SEK 689.1k
Over collateralization, OC	77.2%
Rate type**	Floating 50.5%, Fixed 49.5%
Amortization**	Bullet/ interest only 28.4%, Amortizing 71.6%
Pool type	Dynamic
Loans originated by	Nordea Hypotek

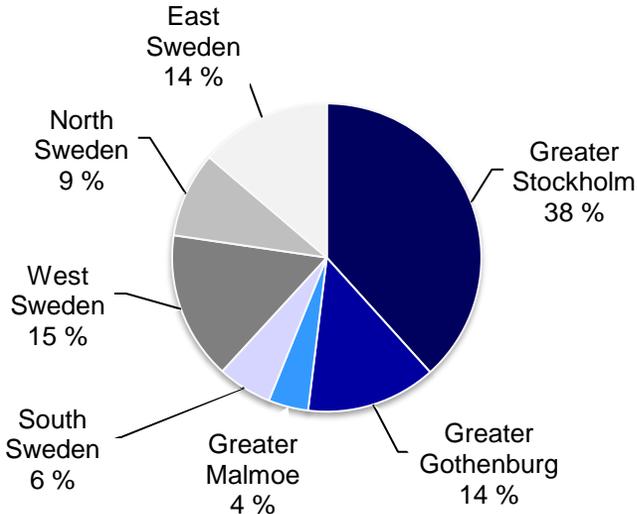
Cover pool key characteristics (2)

Q2 2021

Cover pool balance by loan category

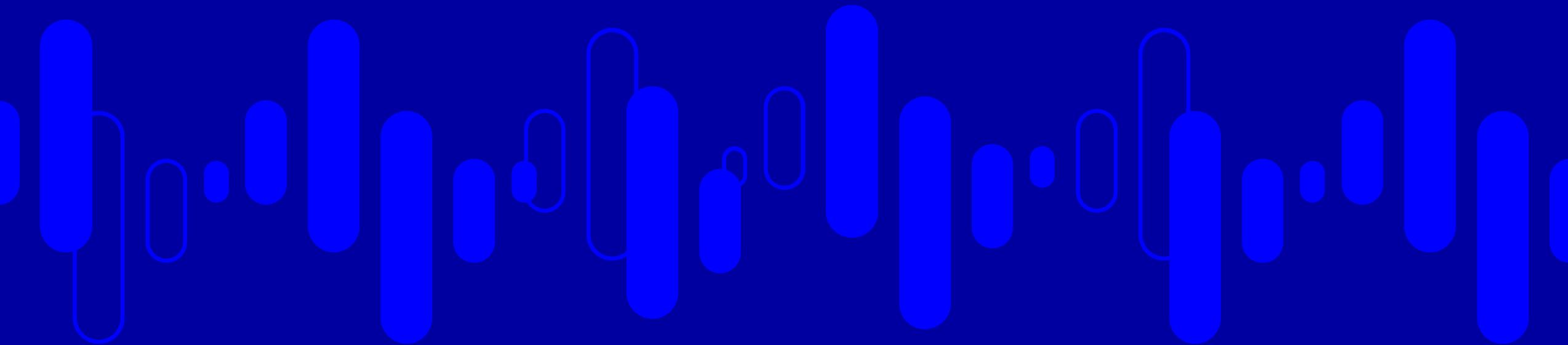


Cover pool balance by region*



* excluding Public sector

3. Asset quality



Loan To Value (LTV)*

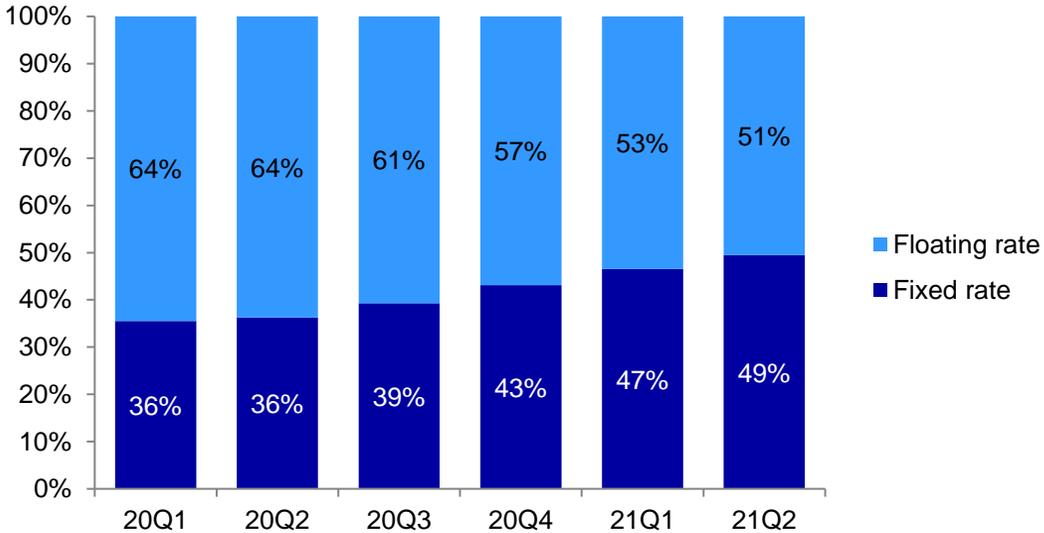
Q2 2021

Weighted Average LTV – Unindexed		56.9%
LTV buckets	Nominal (SEKm)	% Residential Loans
>0 - <=40 %	414 079	71,12%
>40 - <=50 %	67 424	11,58%
>50 - <=60 %	51 847	8,91%
>60 - <=70 %	37 167	6,38%
>70 - <=80 %	11 673	2,01%
Total	582 191	100%
Weighted Average LTV - Indexed		49.9%
LTV buckets	Nominal (SEKm)	% Residential Loans
>0 - <=40 %	454 741	78,11%
>40 - <=50 %	59 133	10,16%
>50 - <=60 %	39 838	6,84%
>60 - <=70 %	22 677	3,90%
>70 - <=80 %	5 801	1,00%
Total	582 191	100%

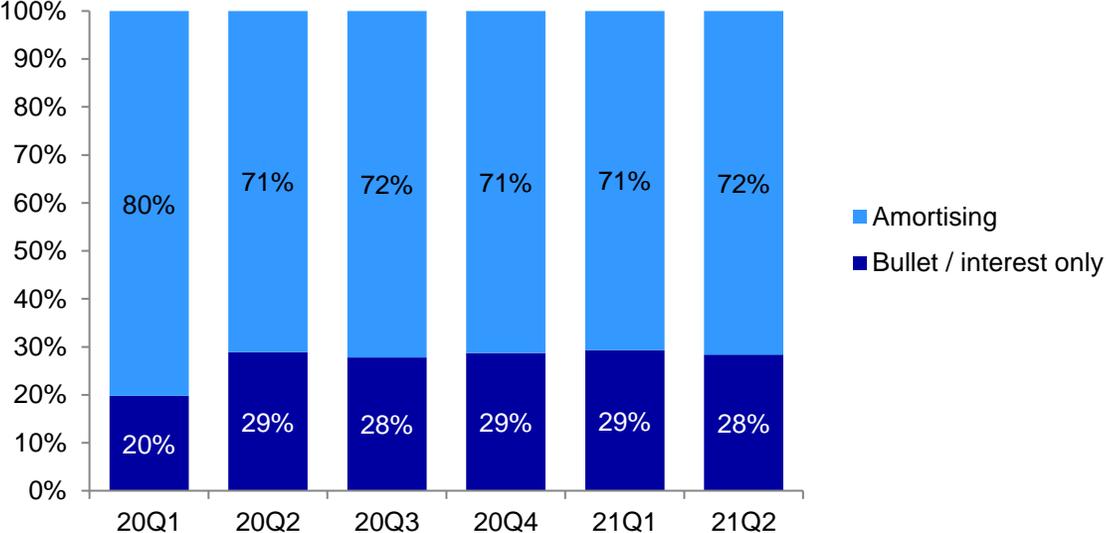
Loan structure

Q2 2021

Rate type



Repayment



Underwriting criteria

Q2 2021

Private households

- Track record and income checked via UC
- Always household budget "before-after" with buffer requirement and stress test including behavioral analysis
- Individual valuation of the pledged property

Corporates / Municipalities

- Financial analysis with adjustments to market conditions
- Verification of key ratios and other requirements in Nordea general real estate lending policy
- Rating according to Nordea's in-house models
- Individual valuation of the pledged property
- Yearly reassessments

4. Covered Bond framework

Swedish covered bond framework

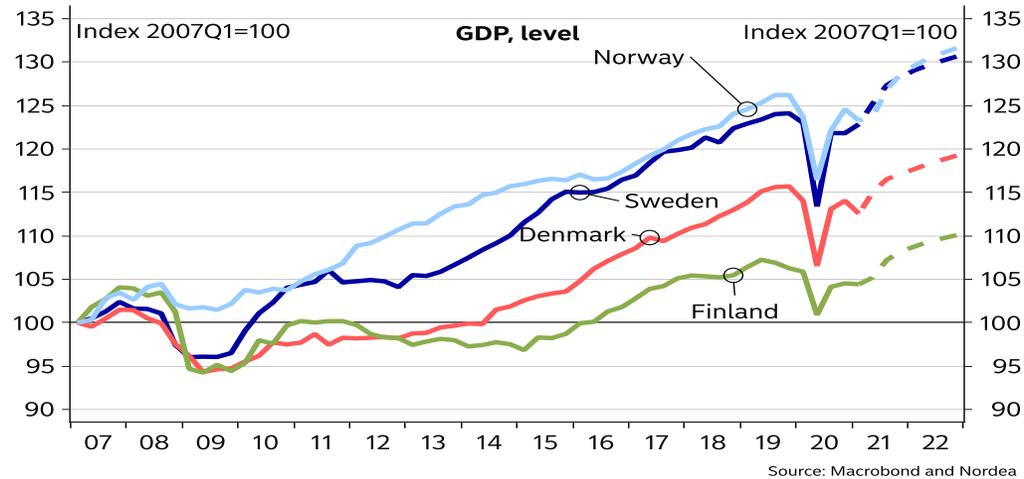
Q2 2021

- Legal framework
 - Swedish Covered Issuance Act (SFS 2003:1223), came into force 1 July 2004
 - A domestic legal proposal regarding the new EU covered bond directive was presented in November 2020 (SOU 2020:61)
- Registration
 - An issuing institution is required to maintain a register on covered bonds, the cover pool and, if applicable, derivative agreements
- Limit on LTV ratio – based on the current value
 - 75% for housing loans (residential property)
 - 60% for commercial loans (commercial property)
- Matching rules
 - The nominal value of the cover pool must at all times exceed the aggregate nominal value of any claims that may be brought against the issuing institution in respect of covered bonds by a minimum of 2%
 - The issuing institution must ensure that the flow of payments regarding assets in the cover pool, derivative agreements and covered bonds are such that the institution is, at all times, able to fulfil its payment obligations towards the holders of covered bonds and counterparties in derivative agreements
- Independent inspector
 - Finansinspektionen will appoint an independent inspector for each issuing institution
 - The inspector is required to look after that the register is maintained in a correct manner and in accordance with the provisions of the Act

5. Macroeconomy

Nordic economies – resilient economies back on track

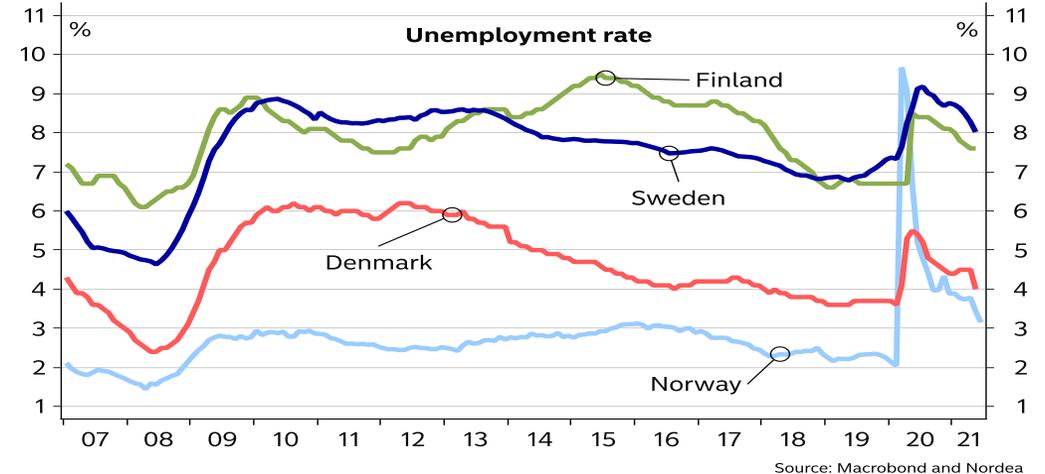
GDP development



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

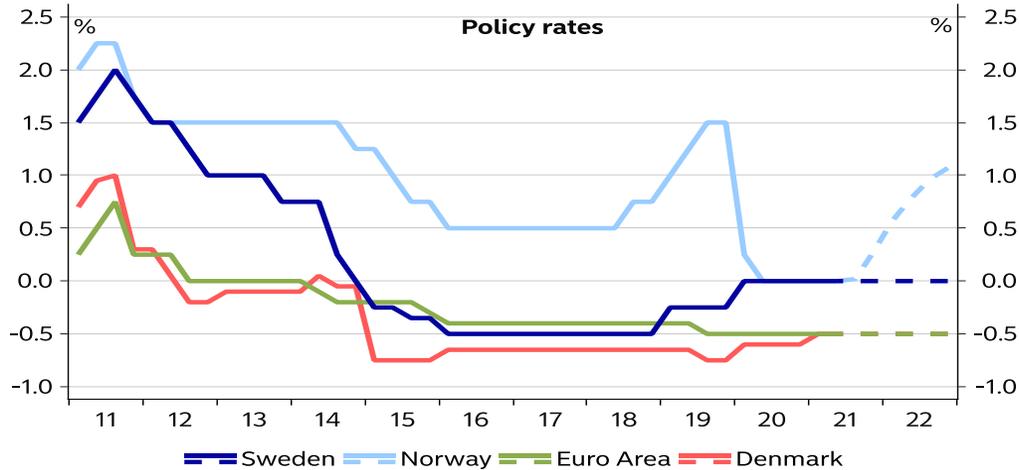


GDP, forecasts from Economic Outlook May 2021

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

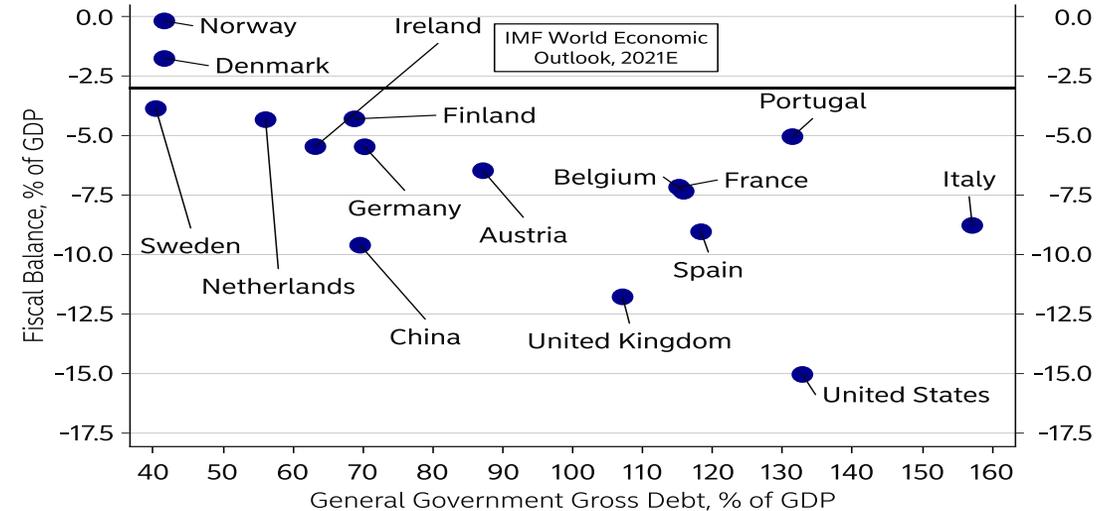
Policy rates



Comments

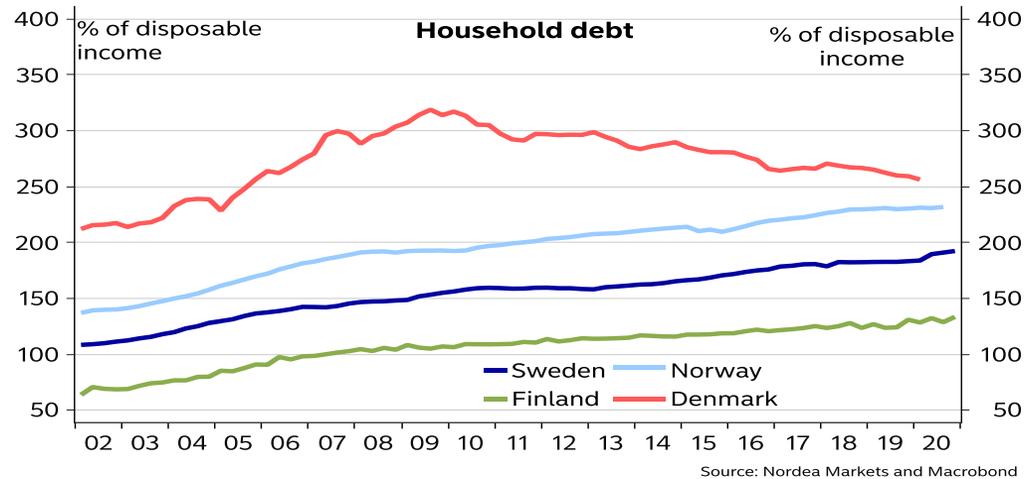
- Norges Bank now expects to start hiking rates in September this year, with a second hike likely in December. Policy rates in the euro area, Denmark and Sweden are expected to remain unchanged throughout the forecast period
- Sveriges Riksbank and the ECB launched new large-scale asset purchase programmes (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

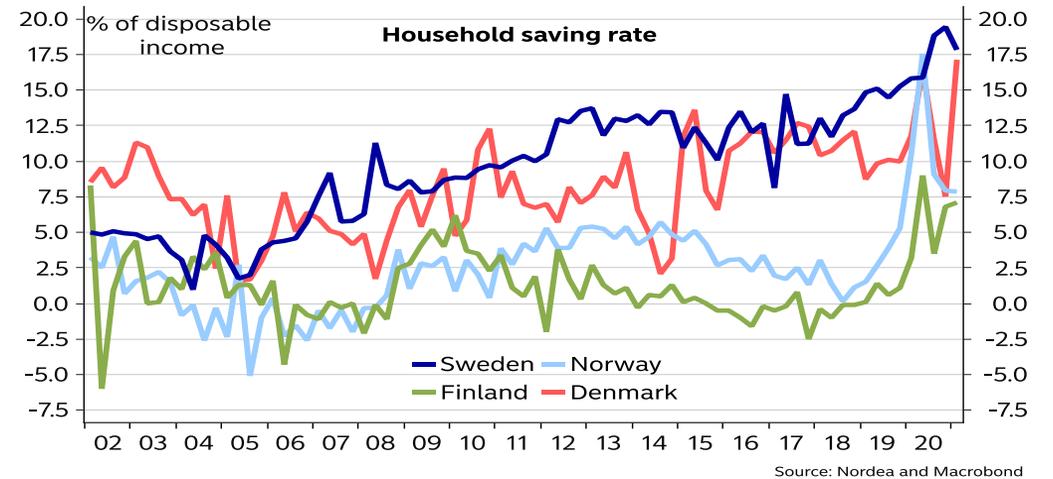


Households remain resilient

Household debt



Household savings

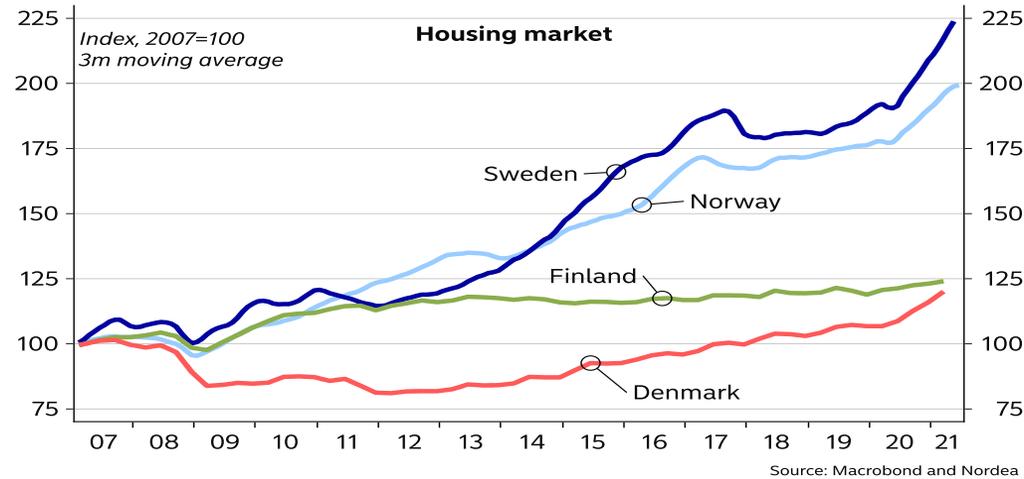


Comments

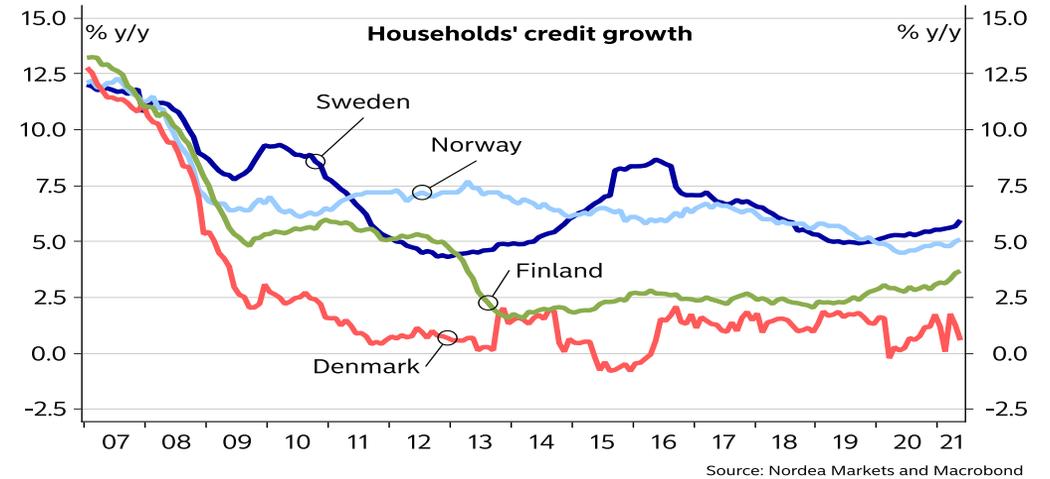
- Household savings have increased dramatically during the crisis, mainly due to a decline in spending. Despite high debt levels, Nordic households' strong finances are expected to support economic growth as restrictions are lifted. Low interest rates and economic stimulus continue to support credit 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

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

Nordea Hypotek – outstanding benchmark covered bonds

Q2 2021

Breakdown by ISIN				
Serial no.	Currency	Amount (m)	Maturity	Coupon (%)
5531	SEK	77 515	2022-04-08	1
5533	SEK	64 400	2023-09-20	1,25
5534	SEK	78 700	2024-09-18	1
5535	SEK	46 750	2025-09-17	1
5536	SEK	14 100	2026-09-16	0,50
-	EUR	3 000*	2024-03-19	FRN

* Retained bond issue

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