



Nordea

Q4 2023 Debt investor presentation
Nordea Mortgage Bank Covered Bonds
Cover pools 1 & 2

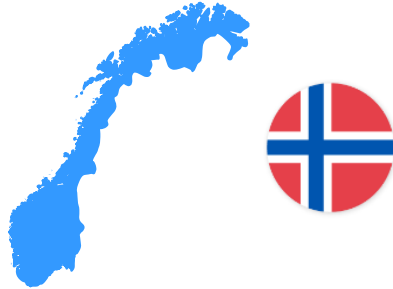
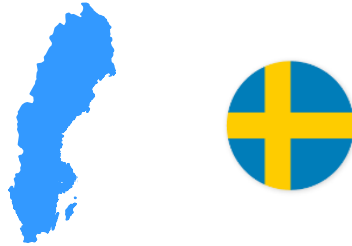

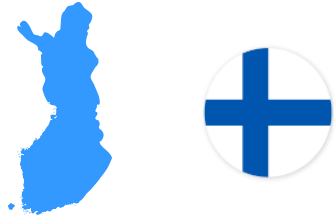
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1. In brief

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 Mortgage Bank Plc – overview

Q4 2023



100% owned subsidiary of Nordea Bank Abp - the largest Nordic financial institution



Operates as a mortgage credit institution with the main purpose of issuing covered bonds



Issuing covered bonds according to the Finnish covered bond legislation

Legacy bonds

Old Covered Bond Act (688/2010), secured by Covered Pool I

New covered bonds

New Mortgage and Covered bond Act (151/2022), secured by Covered Pool II



Acting in a healthy and conservative Finnish housing market. Market share of Nordea ~30% of the Finnish mortgage market (housing loans)



Dedicated liquidity line provided by Nordea Bank Abp to manage daily cash needs and ensure compliance with external and internal requirements regarding liquidity management

MOODY'S

Covered bonds rated Aaa by Moody's

2. Cover pool characteristics

Cover pool key characteristics

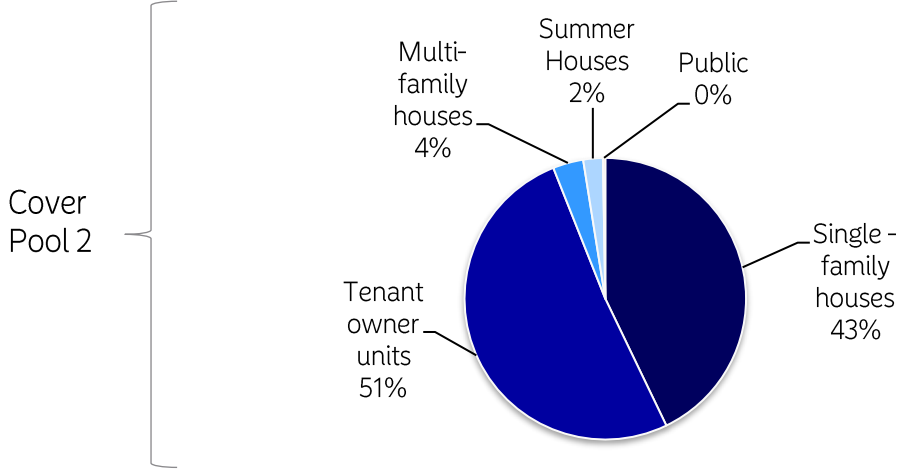
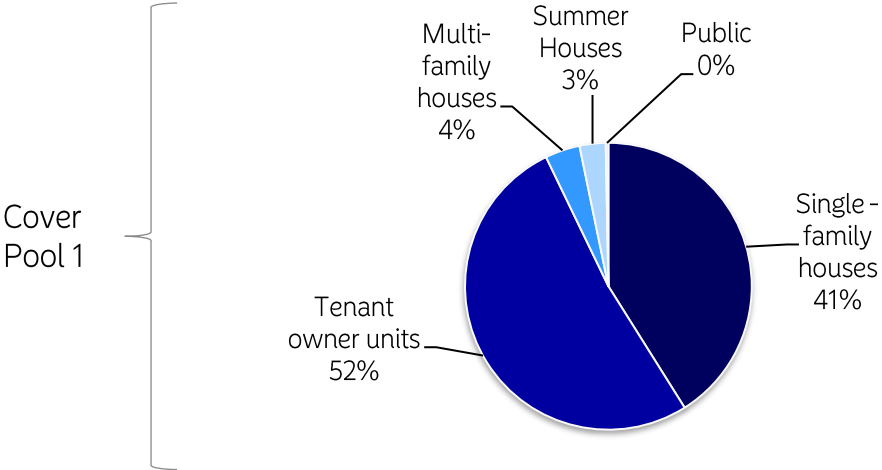
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Cover pool summary	Cover pool 1 (Legacy)	Cover Pool 2 (New)
Pool notional	EUR 16.7bn	EUR 8.4bn
Outstanding Covered Bonds	EUR 14.5bn	EUR 5.0bn
Cover pool content	Mortgage loans secured by residential property. Loans guaranteed by public sector	Mortgage loans secured by residential property. Loans guaranteed by public sector
Geographic distribution	Throughout Finland with concentration in urban areas	Throughout Finland with concentration in urban areas
Asset distribution	99.7% residential, 0.3% public sector	99.7% residential, 0.3% public sector
Weighted average LTV*	50.5% (indexed, calculated per property)	55.1% (indexed, calculated per property)
Average loan size*	EUR 75.6k	EUR 92.9k
Over collateralisation, OC	14.8%	68.1%
Rate type*	Fixed rate 1.1%, Floating rate 98.9%	Fixed rate 1.1%, Floating rate 99.0%
Amortisation*	Bullet/ interest only 2.8%, Amortising 97.2%	Bullet/ interest only 2.7%, Amortising 97.3%
Substitute assets	None	None
Pool type	Dynamic	Dynamic
Loans originated by	Nordea Bank Abp. (as of 1 October 2018)	Nordea Bank Abp. (as of 1 October 2018)

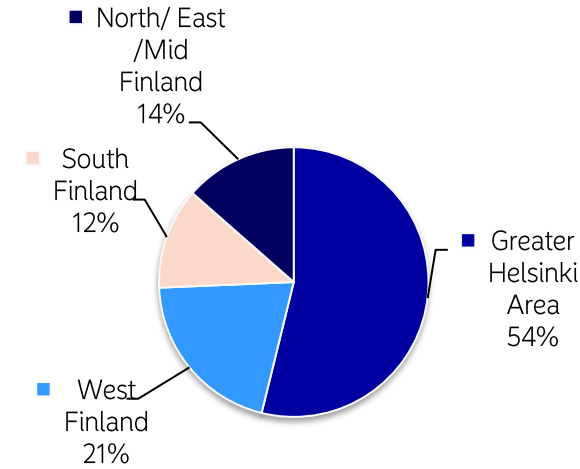
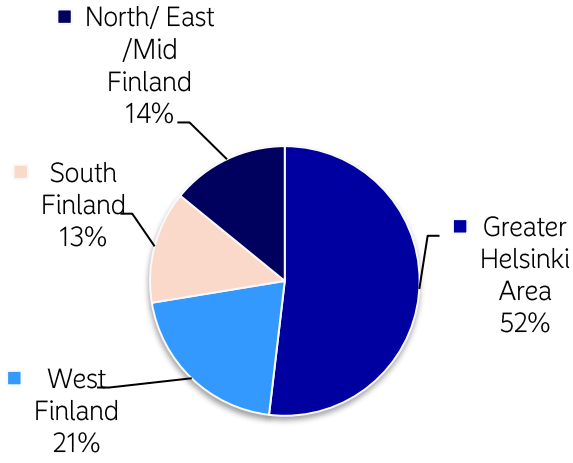
Cover pool key characteristics (2)

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Cover pool balance by loan category



Cover pool balance by region



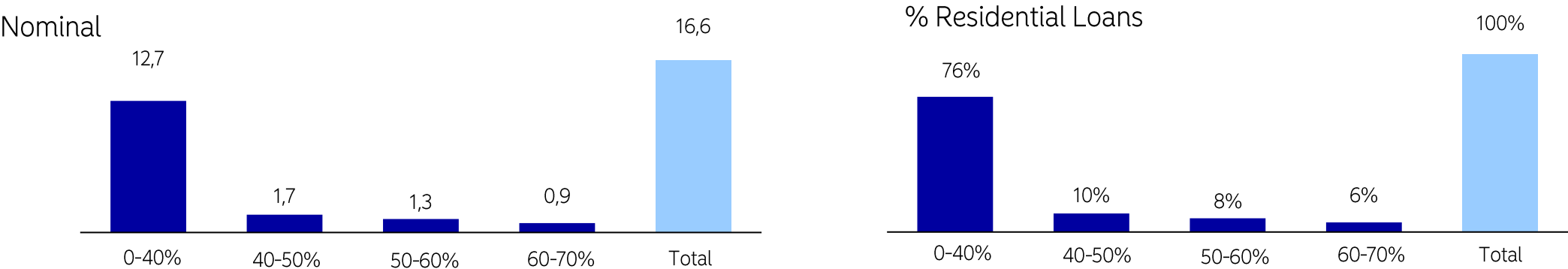
3. Asset quality

Loan To Value (LTV)

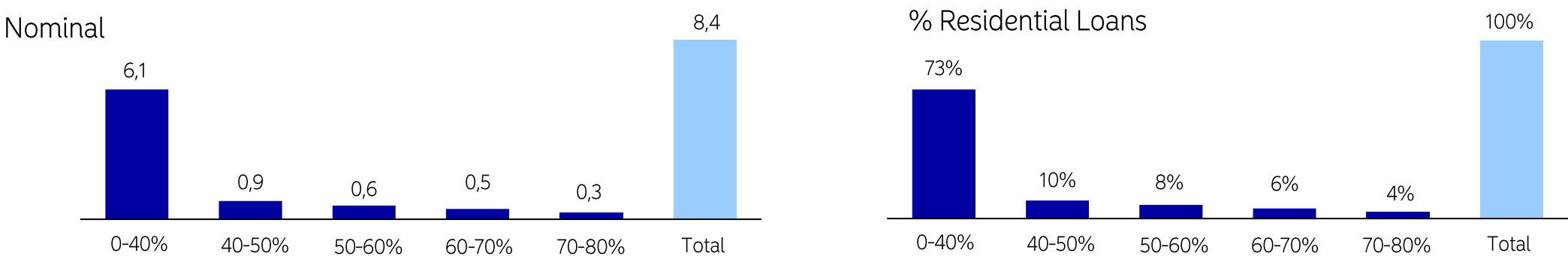
Continuous distribution where each loan can exist in multiple buckets

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Cover Pool 1 - Weighted Average LTV – Indexed – 50.9%

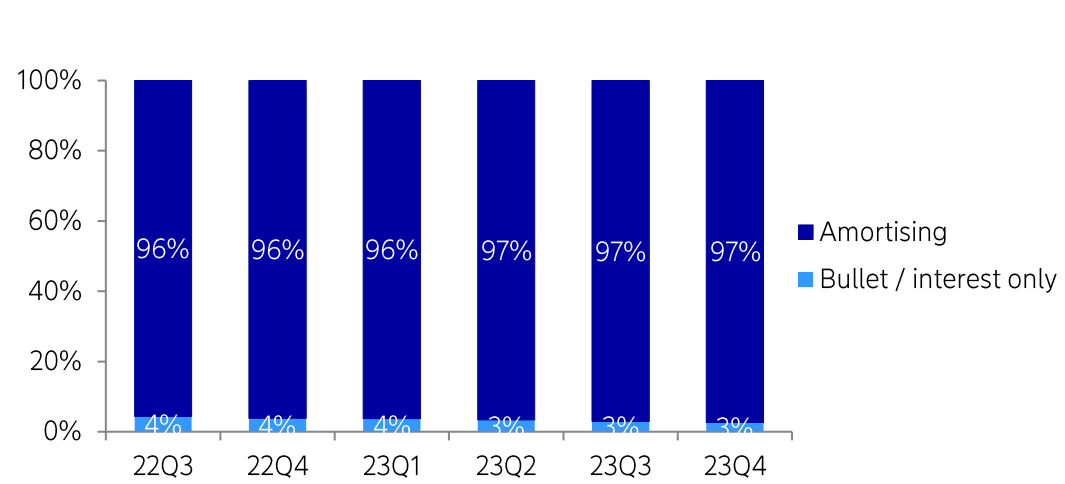
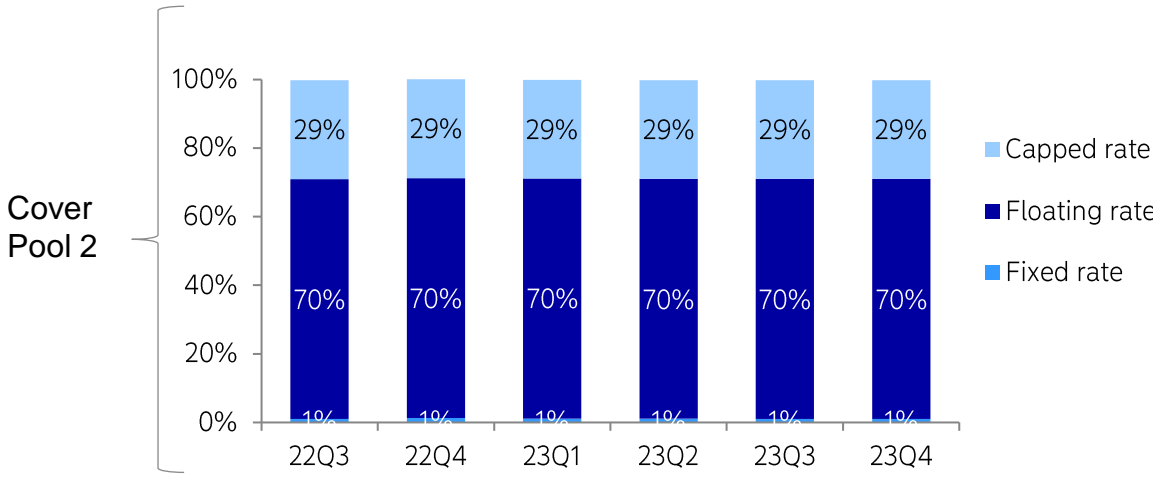
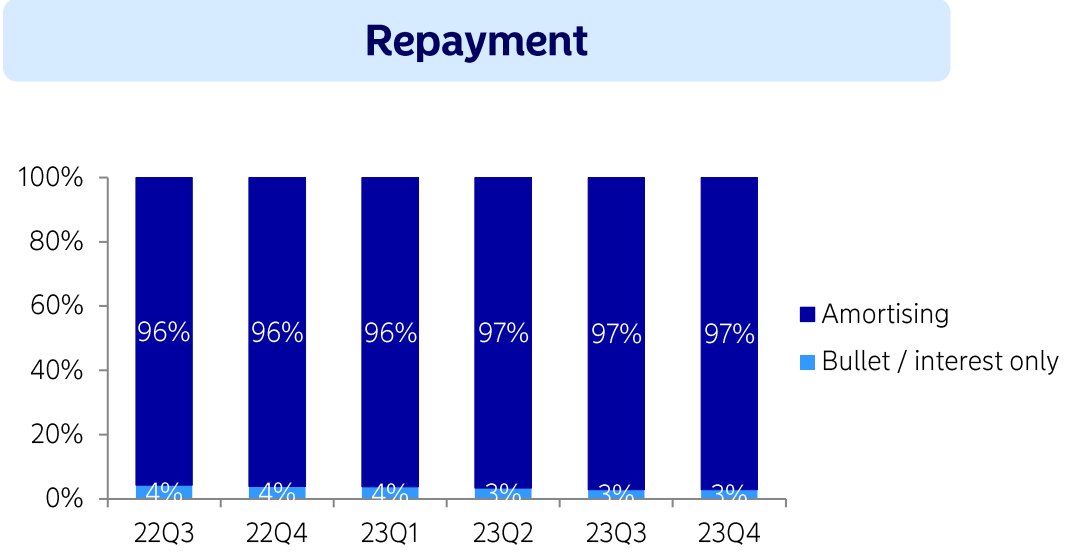
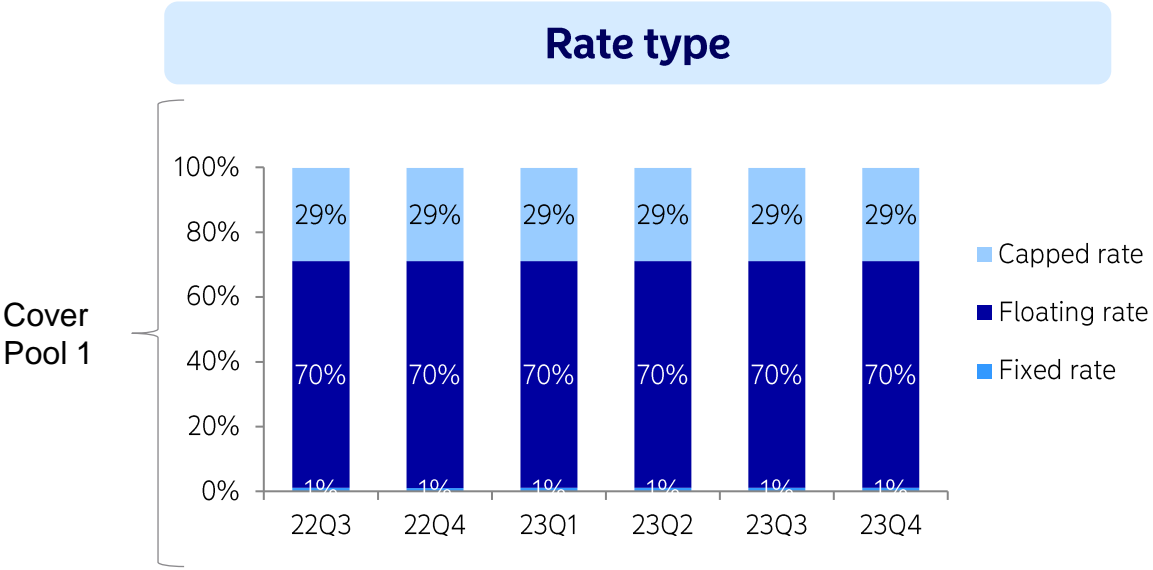


Cover Pool 2 - Weighted Average LTV – Indexed – 56.1%



Loan structure

Q4 2023



Underwriting criteria

Residential mortgage loans

- Nordea's credit decision is based on the borrower's repayment capacity and collateral is always taken
- Collateral must be in the form of mortgages in real estate or in shares in housing companies
- Repayment ability of borrowers is calculated using stressed scenarios
- Credit bureau check is always conducted (Suomen Asiakastieto)
- Individual valuation of property based on market value
- Repayment schedules ranging from 20 to 30 years

Multi-family residential mortgage loans

- Borrowers with strong EBITDA/debt and cash flow based on e.g. long-term high quality lease contracts and adequate interest rate hedging
- Individual credit decision based on credit policy and rating
- An evaluation of all property-related commitments is performed in the ordinary annual review against a background of quality issues/risk factors regarding the property itself, the lease, the management, the long-term cash flow and -strength of balance sheet/gearing. The analysis focuses on the repayment capacity
- Individual valuation of property based on market value

4. Covered bond framework

Finnish covered bond framework

	Cover pool 1 – old until July 2022	Cover pool 2 – new as per July 2022
Legal framework	Finnish Covered Bond Act (statute 688/2010)	Finnish Mortgage Banks and Covered Bonds Act (statute 151/2022)
LTV ratios	Limit on LTV ratio – based on the current value <ul style="list-style-type: none"> • 70% for housing loans (residential property) • 60% for commercial loans (commercial property) 	Limit on LTV ratio – based on the current value <ul style="list-style-type: none"> • 80% for housing loans (residential property) • 60% for commercial loans (commercial property)
Coverage	Matching cover requirements <ul style="list-style-type: none"> • Total value of the cover pool must be greater than the aggregate outstanding principal amount of the covered bonds • Net present value of the cover pool must be at least 2% above the net present value of the liabilities under the covered bonds 	Overcollateralization requirements <ul style="list-style-type: none"> • Value of the cover pool must be at least 2% above the value of the payment liabilities under the covered bonds calculated on a net present value basis or on a nominal value basis depending on which method provides a lower value for the cover pool • In addition, the overcollateralization must cover the estimated winding-down costs of the covered bonds
Liquidity risk mitigation	Liquidity requirements <ul style="list-style-type: none"> • Average maturity of the covered bonds must not exceed the average maturity of the loans entered in the register • Total amount of interest accrued from the cover pool assets, during any 12-month period, must be sufficient to cover the total amount payable under covered bonds and derivatives transactions during the same period 	Liquidity Buffer Requirement <ul style="list-style-type: none"> • Cover pool must also include liquid assets in the amount that covers the maximum net liquidity outflow during the next following period of 180 days • When determining the net liquidity outflow, the issuer may use the soft bullet maturity date as the date when the covered bond matures

Finnish covered bond framework, continued

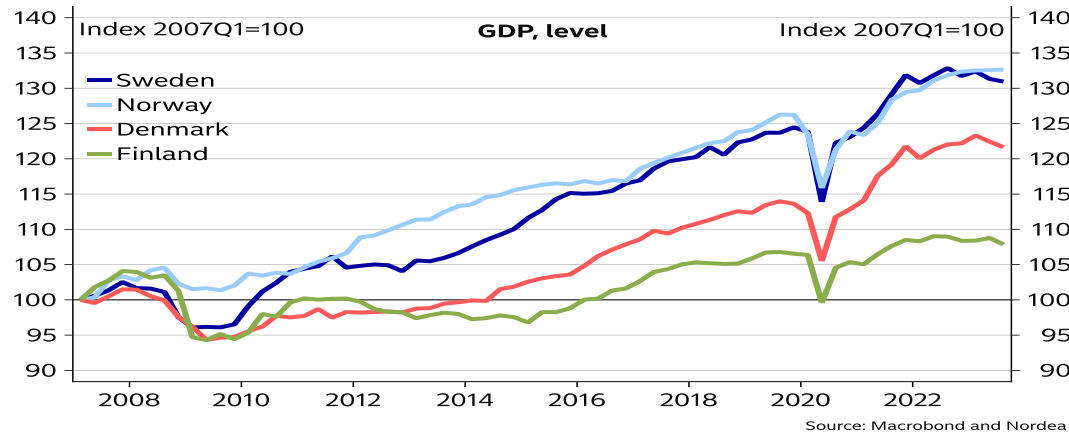
	Cover pool 1 & 2
Registration	<ul style="list-style-type: none"> • Collateral assets remain on the balance sheet of the issuer • Covered bonds, collateral and relevant derivative contracts are entered in a separate register
Bankruptcy remoteness	Isolation of registered collateral assets and registered derivatives from all other assets and liabilities of the insolvent issuer
Preferential claim	Holders of covered bonds together with counterparties of registered derivatives and creditors of management and settlement costs in bankruptcy would rank pari passu and have a preferential claim to the cover pool assets
Post-bankruptcy procedures	<ul style="list-style-type: none"> • A bankruptcy administrator is appointed by the court (administration of estate) and a supervisor is appointed by the Finnish FSA (protection of covered bond creditors' rights) • The cover pool, derivatives and covered bonds to be kept separated from the bankruptcy estate and remain outstanding until their maturity unless the coverage requirements can no longer be met, in which case the bankruptcy administrator will upon request or consent of the supervisor accelerate the covered bonds and liquidate the cover pool assets • Covered bond creditors, counterparties of registered derivatives and creditors of management and settlement costs would rank pari passu and have a preferential claim on the proceeds of the liquidation of the cover pool

5. Macroeconomy

Nordic economic development

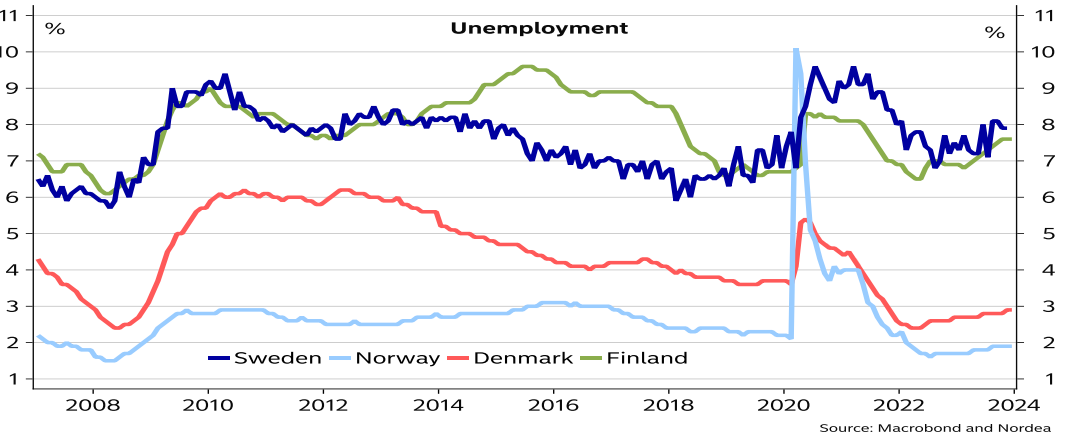
Soft landing

GDP



- 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

Unemployment rate

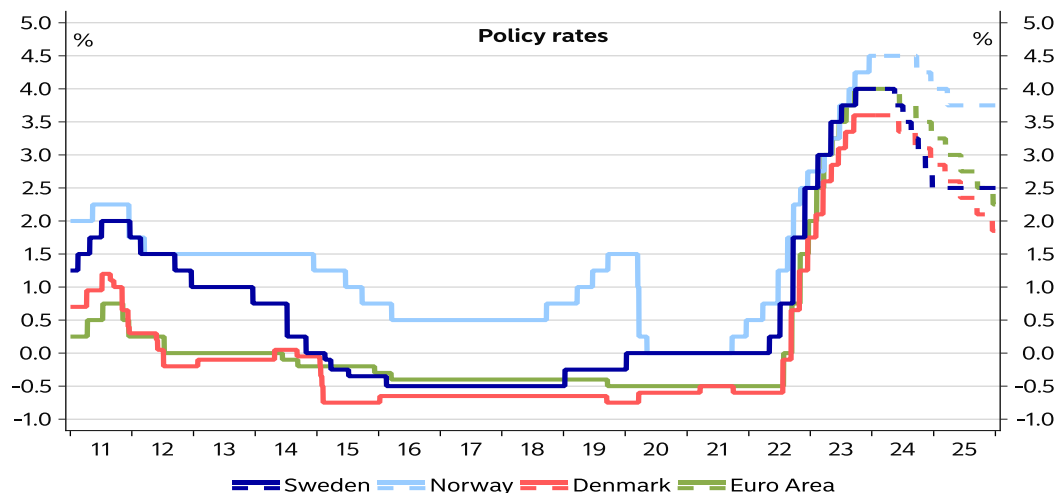


GDP, % y/y, Economic Outlook January 2024

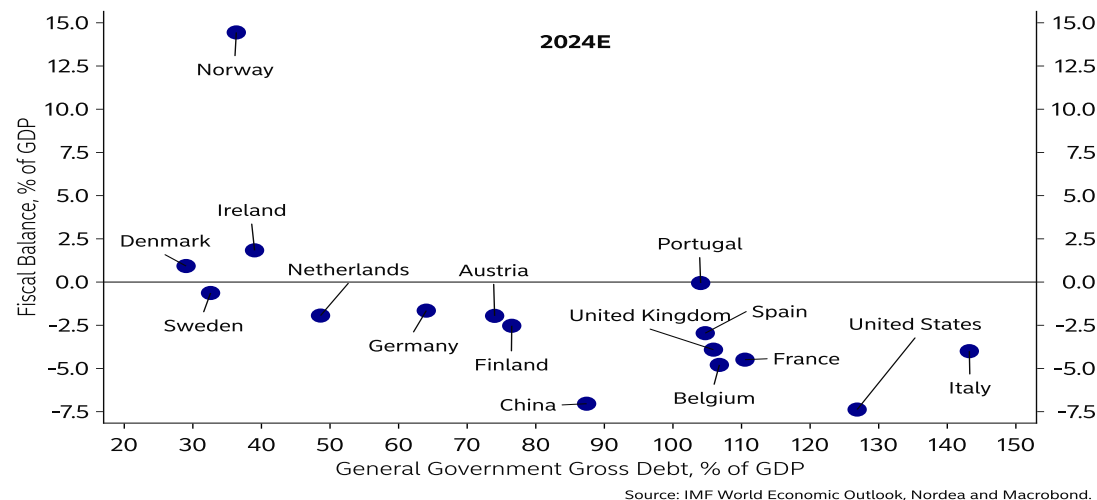
Country	2022	2023E	2024E	2025E
Denmark	2.7	0.7	1.0	1.7
Finland	1.6	-0.5	-1.0	2.0
Norway (mainland)	3.8	1.1	1.0	1.5
Sweden	2.9	-0.3	-0.5	2.2

Nordic economies Past the peak

Policy rates



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

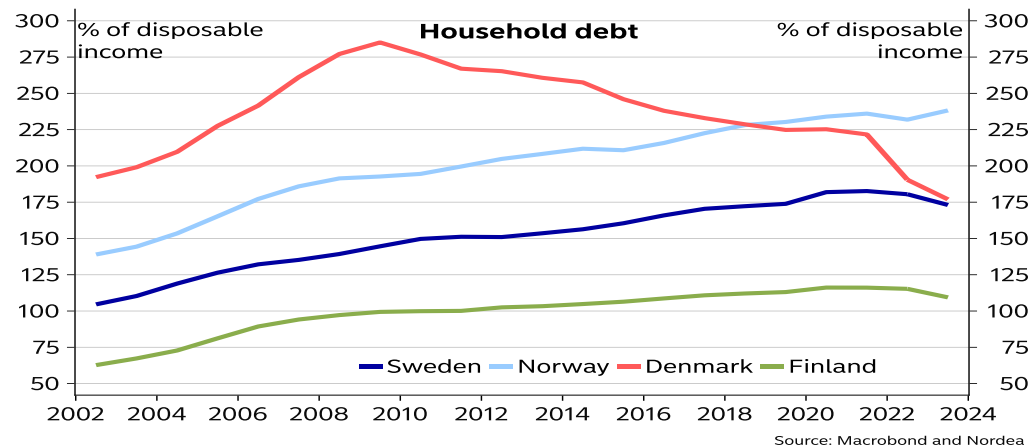


- The Swedish Riksbank, ECB, Danmarks Nationalbank and Norges Bank are not expected to raise policy rates any further
- The Riksbank is expected to start cutting the policy rate in May, by 0.25 percentage points to 3.75%, and cut five additional times during this year to 2.50% in December. The ECB will 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

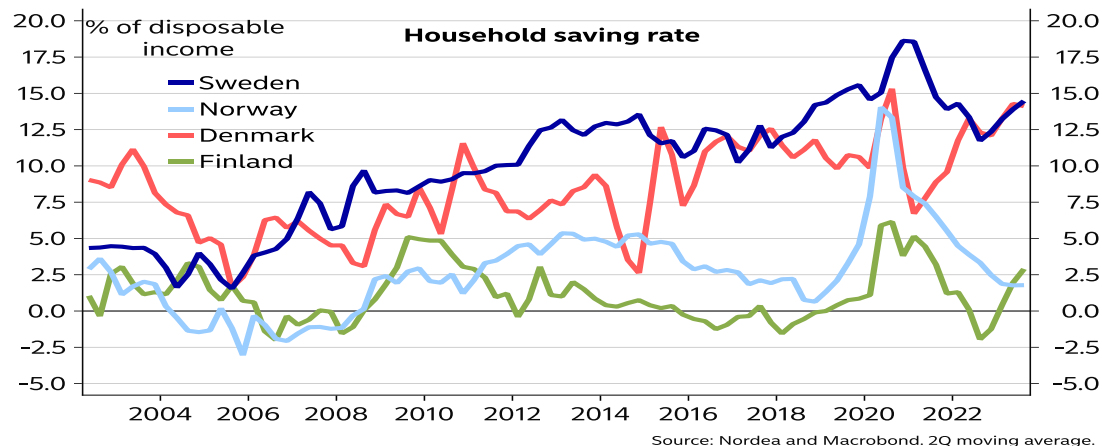
Adapting to higher interest rates

Household debt

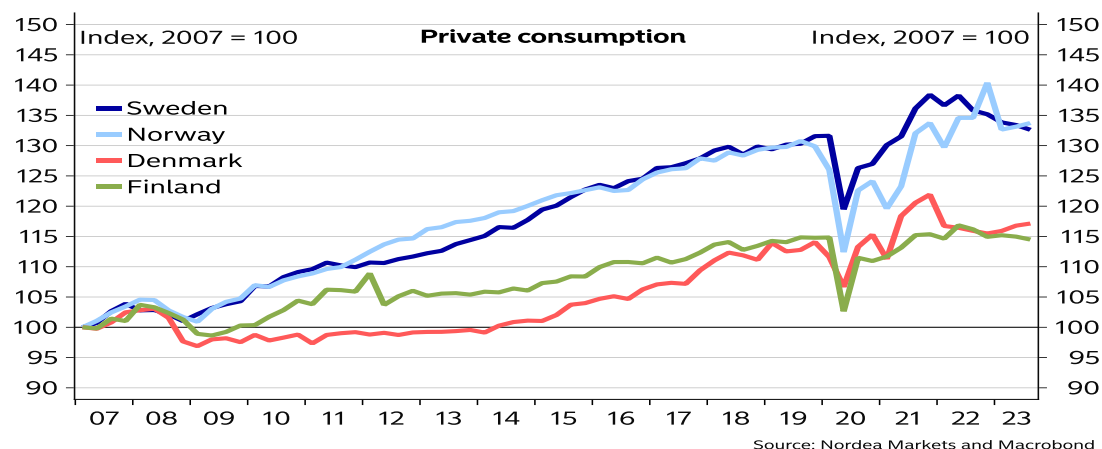


- Household consumption will remain sluggish as households continue to adapt to the higher interest rates
- In all the Nordics, except for Norway, savings rates have risen whilst households' debt ratio has decreased
- Households' purchasing power is set to recover as inflation normalises and wage growth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

Household savings

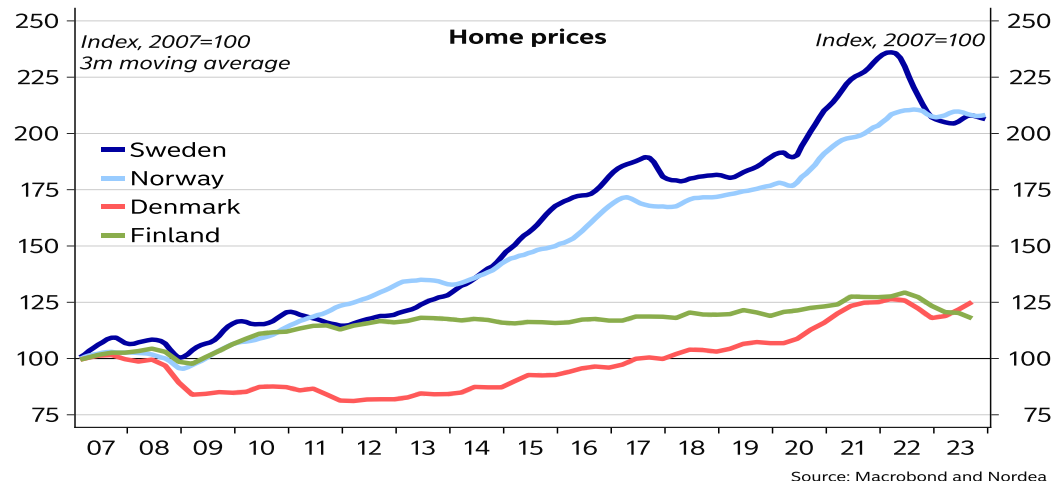


Private consumption

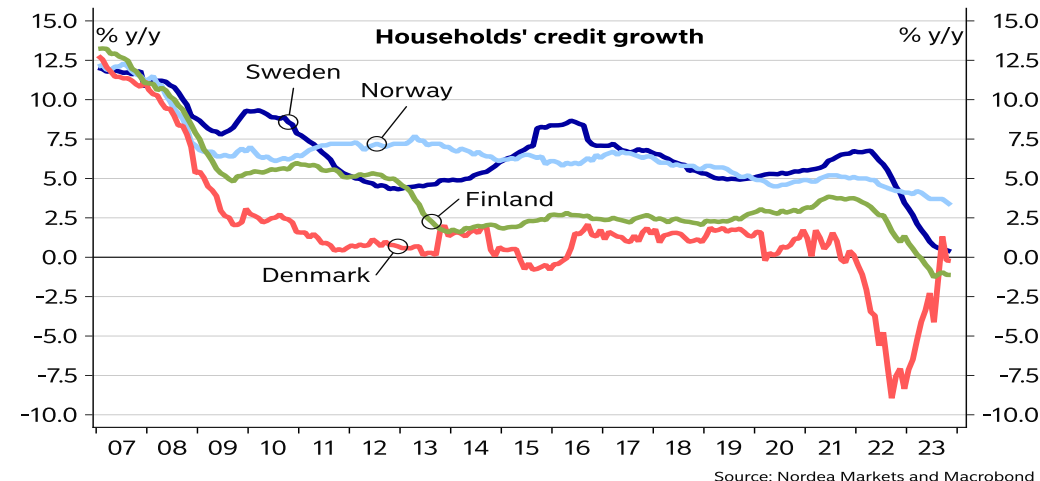


Still under pressure from high interest rates

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

Nordea Mortgage Bank – outstanding benchmark covered bonds

Q4 2023

Breakdown by ISIN				
ISIN	Currency	Amount (EURm)	Maturity	Coupon
XS1132790442	EUR	1 000	05/11/2024	1.000%
XS1825134742	EUR	1 000	23/05/2025	0.625%
XS2157194643	EUR	6 000	16/11/2025	FRN
XS2561746855	EUR	1 000	01/12/2025	2.625%
XS1963717704 	EUR	1 500	18/03/2026	0.250%
XS2673972795	EUR	1 000	31/08/2026	3.500%
XS1204140971 	EUR	1 000	17/03/2027	0.625%
XS2013525410	EUR	1 000	18/06/2027	0.125%
XS2708690685	EUR	1 000	26/10/2028	3.625%
XS2463702907	EUR	1 500	30/03/2029	1.000%
XS2589317697	EUR	1 000	20/02/2030	3.000%
XS2532376949	EUR	1 000	14/09/2032	2.500%
XS1784071042	EUR	750	28/02/2033	1.375%
Total		18 750		

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