

A scenic landscape featuring a wooden walkway with a railing, lined with trees displaying vibrant autumn foliage in shades of yellow and orange. The walkway leads towards a calm lake that reflects the surrounding environment. In the background, there are misty mountains and a forested hillside. The sun is visible through the trees, creating a warm, golden glow. The overall atmosphere is peaceful and serene.

Nordea

A decorative graphic consisting of several vertical, rounded rectangular bars of varying heights and widths, all in a solid blue color, positioned on the left side of the slide.

Nordea Hypotek Covered Bonds

Q3 2018 Debt investor presentation





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1. In brief

Nordea covered bond operations

Q3 2018

<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/SDRO	Finnish
Cover pool assets	Norwegian residential mortgages	Swedish residential mortgages primarily	Danish residential & commercial mortgages	Finnish residential mortgages primarily
Cover pool size	EUR 11.2bn (eq.)	EUR 51.0bn (eq.)	Balance principle	EUR 19.9bn
Covered bonds outstanding	EUR 9.2bn (eq.)	EUR 31.5bn (eq.)	EUR 56.0bn (eq.)	EUR 16.7bn
OC	21%	62%	CC1/CC2 21%/11%	20%
Issuance currencies	NOK, GBP, USD, CHF	SEK	DKK, EUR	EUR
Rating (Moody's / S&P)	Aaa / -	Aaa / 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

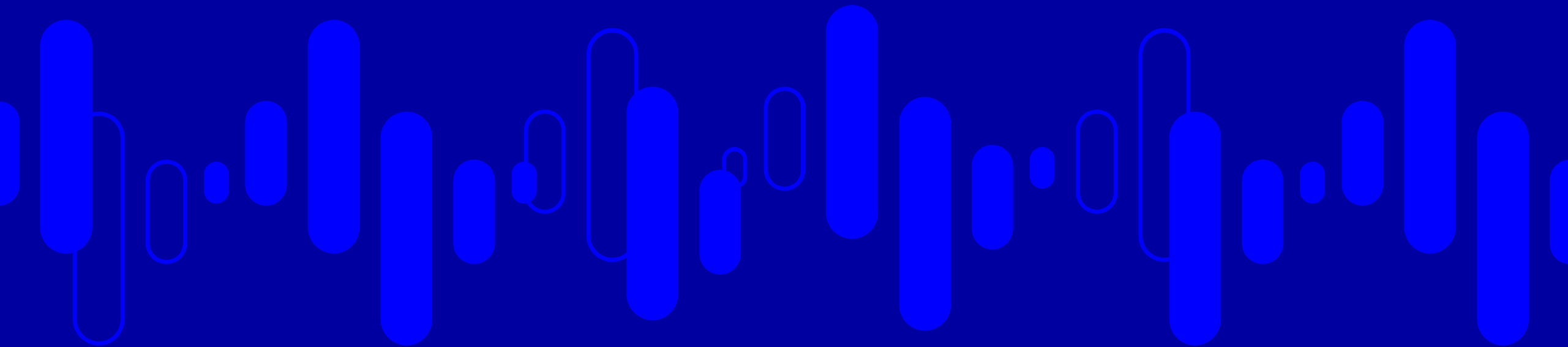


Nordea Hypotek – overview

Q3 2018

- 100% owned subsidiary of Nordea Bank Abp (as of October 1st) - 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/AAA by Moody's/S&P

2. Cover pool characteristics



Cover pool key characteristics

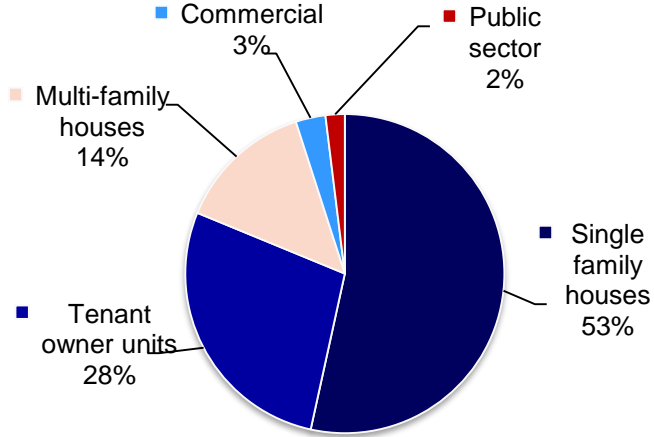
Q3 2018

Cover pool summary	
Loans in cover pool	SEK 525.7bn
Outstanding covered bonds	SEK 324.9bn
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	95.0% residential, 3.0% commercial, 2.0% public sector
Weighted average LTV*	51.0% (indexed)
Average loans size*	SEK 582k
Over collateralization, OC	62%
Rate type	Floating 80.6%, Fixed 19.4%
Amortization	Bullet/ interest only 24.0%, Amortizing 76.0%
Pool type	Dynamic
Loans originated by	Nordea Hypotek

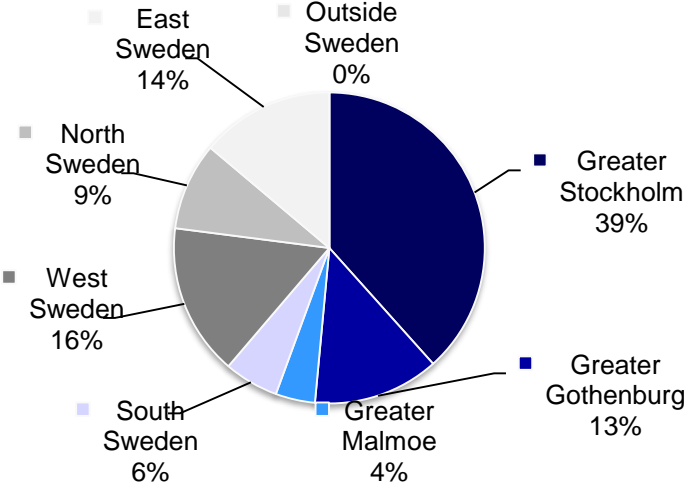
Cover pool key characteristics (2)

Q3 2018

Cover pool balance by loan category

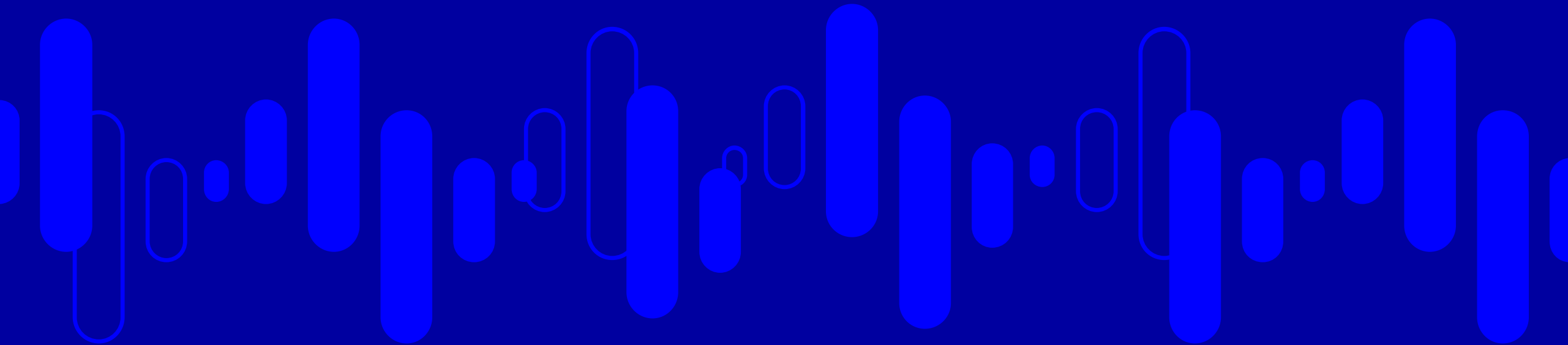


Cover pool balance by region*



* excluding Public sector

3. Asset quality



Loan To Value* (LTV)

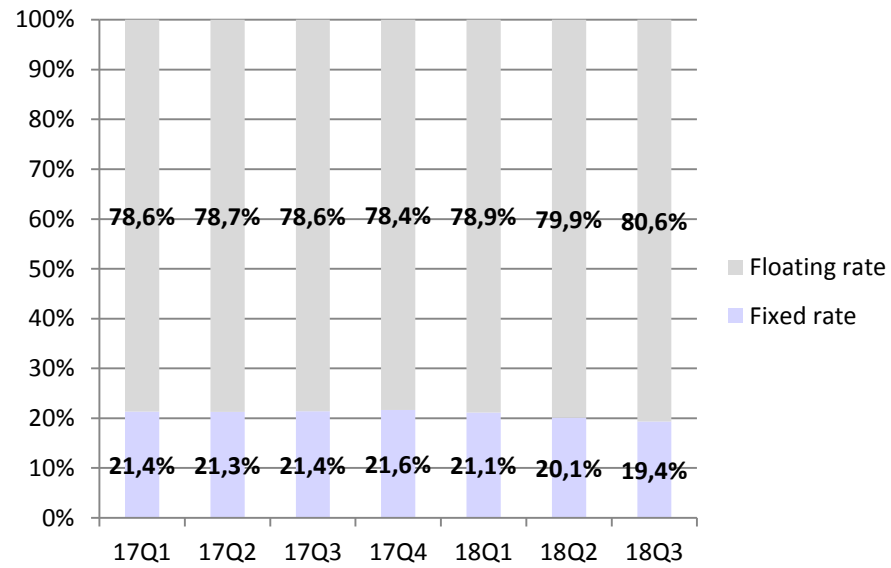
Q3 2018

Weighted Average LTV – Unindexed		57.6%	
LTV buckets	Nominal (SEKm)		% Residential Loans
>0 - <=40 %	352 516		70,56%
>40 - <=50 %	58 150		11,64%
>50 - <=60 %	45 513		9,11%
>60 - <=70 %	33 029		6,61%
>70 - <=80 %	10 405		2,08%
Total	499 614		100%
Weighted Average LTV - Indexed		51.0%	
LTV buckets	Nominal (SEKm)		% Residential Loans
>0 - <=40 %	384 689		77,00%
>40 - <=50 %	53 028		10,61%
>50 - <=60 %	35 437		7,09%
>60 - <=70 %	20 610		4,13%
>70 - <=80 %	5 850		1,17%
Total	499 614		100%

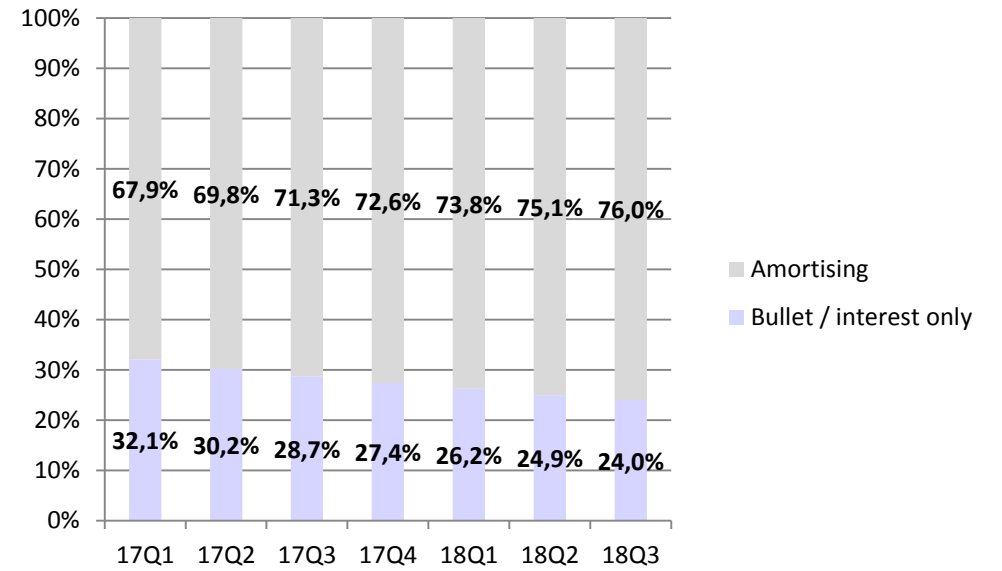
Loan structure

Q3 2018

Rate type



Repayment



Underwriting criteria

Q3 2018

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

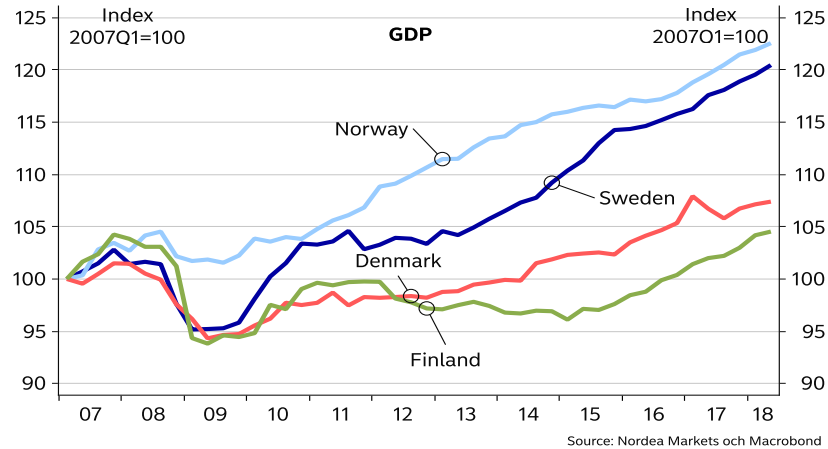
Q3 2018

- Legal framework
 - Swedish Covered Issuance Act (SFS 2003:1223), came into force 1 July 2004
- 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
 - 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. Macro

Robust Nordic economies

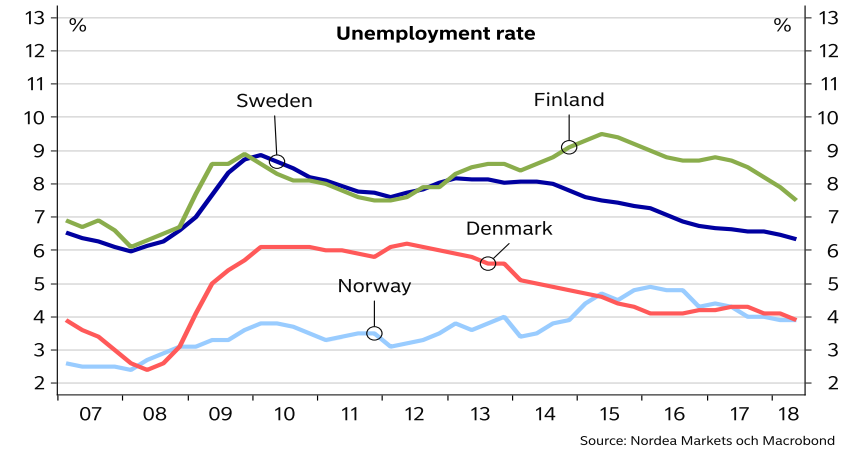
GDP development



Comments

- The Nordics are enjoying a solid economic development. While the synchronised global recovery supports exports, the accommodative monetary polices support domestic demand
- Short-term survey indicators have declined somewhat from elevated levels, but nevertheless suggest that growth will be held up fairly well in the near-term

Unemployment rate



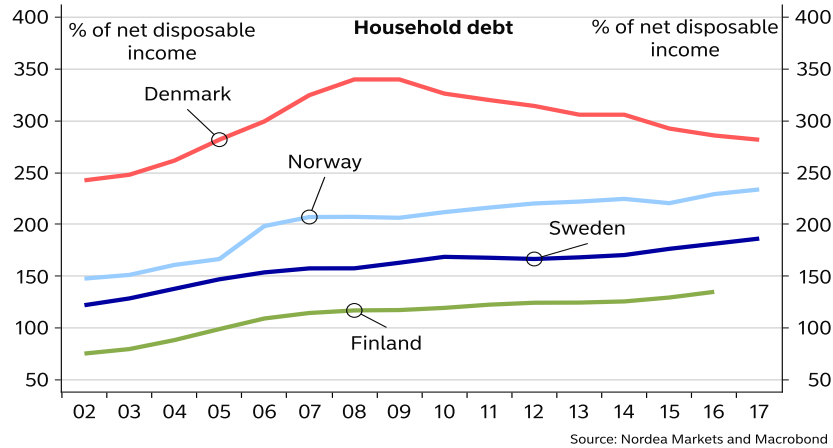
GDP forecast, %

Country	2016	2017	2018E	2019E	2020E
Denmark	2.0	2.3	1.0	1.8	1.7
Finland	2.5	2.8	3.0	2.0	1.5
Norway	1.1	2.0	2.4	2.7	2.5
Sweden	3.0	2.5	2.8	2.1	1.8

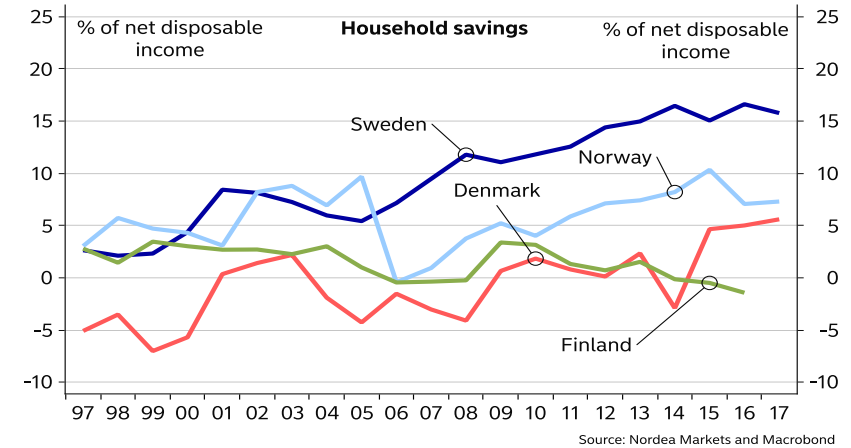
Source: Nordea Markets Economic Outlook September 2018 and Macrobond

Household debt remains high, but so is private and public savings

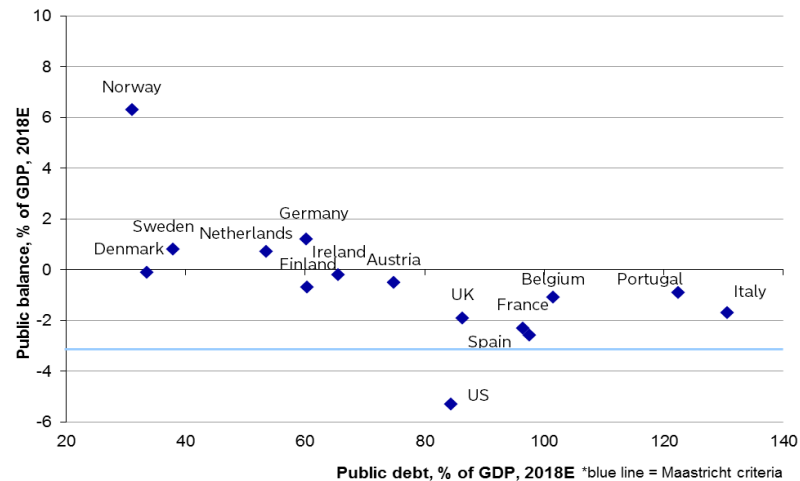
Household debt



Household savings



Public balance/debt, % of GDP, 2018E

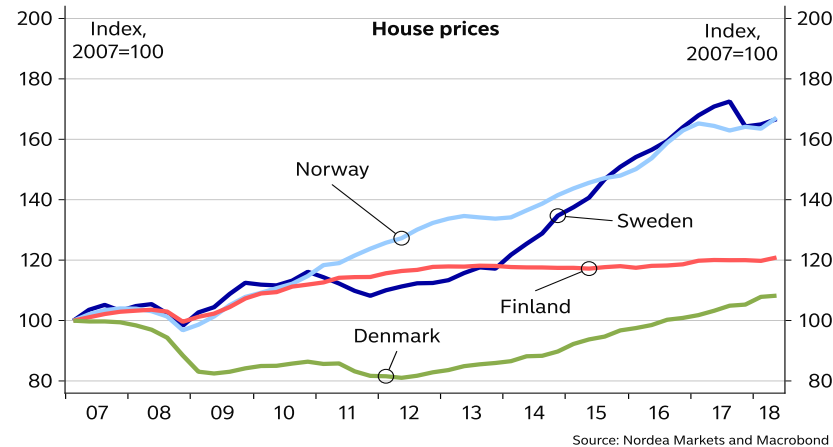


Comments

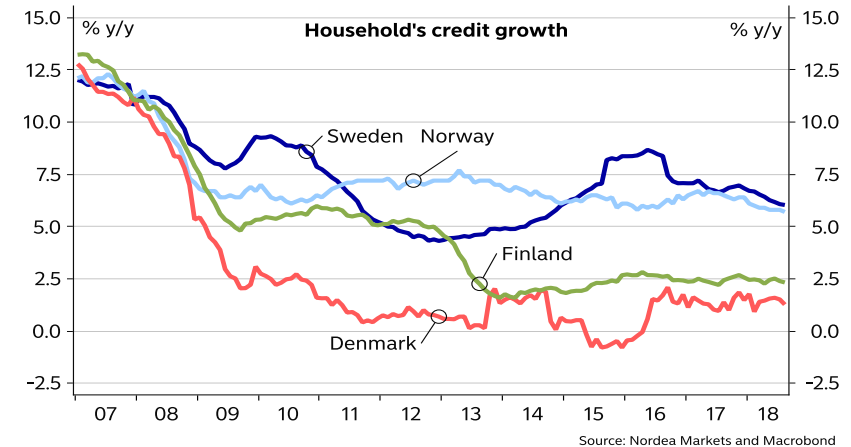
- In all countries, apart from Denmark, household debt continues to rise somewhat faster than income. Meanwhile, households' savings rates remain at high levels, apart from Finland where savings have declined somewhat in recent years
- The Nordic public finances are robust due to the overall economic recovery and relatively strict fiscal policies. Norway is in a class of its own due to oil revenues

House price development in the Nordics

House prices



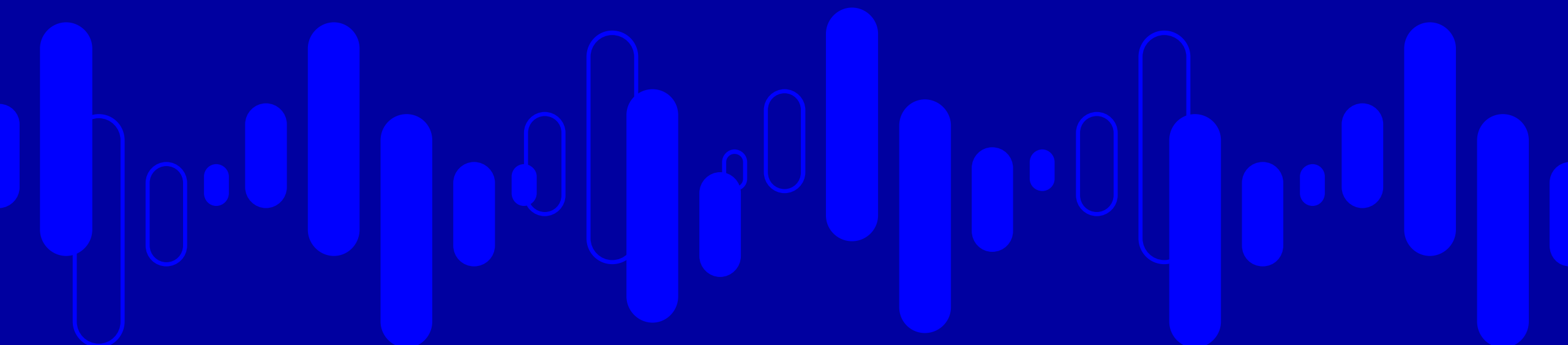
Household's credit growth



Comments

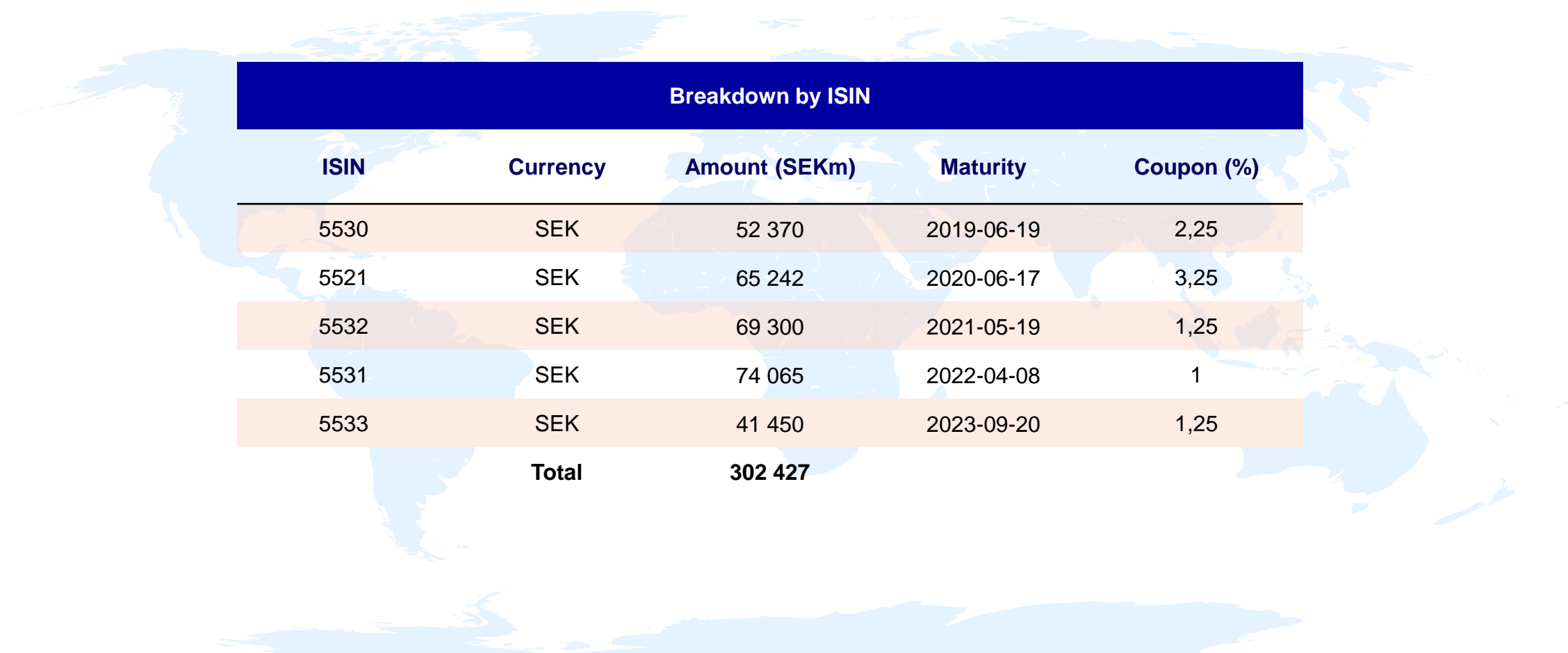
- Recent quarters have shown stabilisation in the Swedish and Norwegian housing markets, while prices continue to rise in Denmark and to some extent also in Finland.
- In Sweden house prices declined during H2 2017 but the trend has levelled out in 2018, despite increased regulations which was expected to put downward pressure on house prices. The price correction is probably caused by the marked rise in new buildings seen in recent years. Going forward, largely stagnant prices are expected as mortgage rates are expected to stay low
- In Norway, primarily in Oslo, house prices turned down during 2017. The downturn was primarily driven by stricter lending requirements introduced 1 January 2017. However, prices have levelled out, and even increased somewhat in Oslo, in recent months. Largely unchanged prices are forecast ahead.

6. Further information



Nordea Hypotek – outstanding benchmark covered bonds

Q3 2018



Breakdown by ISIN				
ISIN	Currency	Amount (SEKm)	Maturity	Coupon (%)
5530	SEK	52 370	2019-06-19	2,25
5521	SEK	65 242	2020-06-17	3,25
5532	SEK	69 300	2021-05-19	1,25
5531	SEK	74 065	2022-04-08	1
5533	SEK	41 450	2023-09-20	1,25
	Total	302 427		

Contacts

Investor Relations

Andreas Larsson

Head of Debt IR
Nordea Bank AB
Mobile: +46 709 70 75 55
Tel: +46 10 156 29 61
andreas.larsson@nordea.com

Axel Malgerud

Debt IR Officer
Nordea Bank AB
Mobile: +46 721 41 51 50
Tel: +46 10 157 13 13
axel.malgerud@nordea.com

Group Treasury & ALM

Cecilia Tannerfeldt

Senior Treasury Manager
Tel: +46 8 407 91 05
Mobile: +46 733 21 44 33
cecilia.tannerfeldt@nordea.com