

Nordea

Nordea Hypotek Covered Bonds

Q1 2019 Debt investor presentation

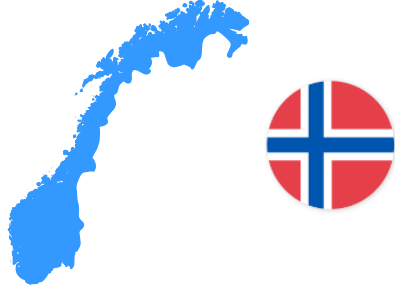
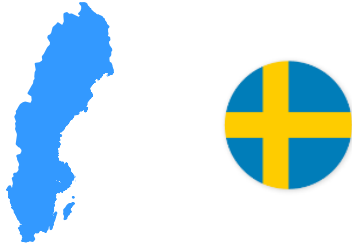

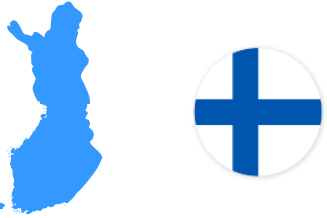


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1. In brief

Nordea covered bond operations

<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 11.4bn (eq.)	EUR 51.5bn (eq.)	Balance principle	EUR 19.7bn
Covered bonds outstanding	EUR 9.1bn (eq.)	EUR 33.3bn (eq.)	EUR 52.2bn (eq.)	EUR 16.7bn
OC	25%	55%	CC1/CC2 33%/10%	18%
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

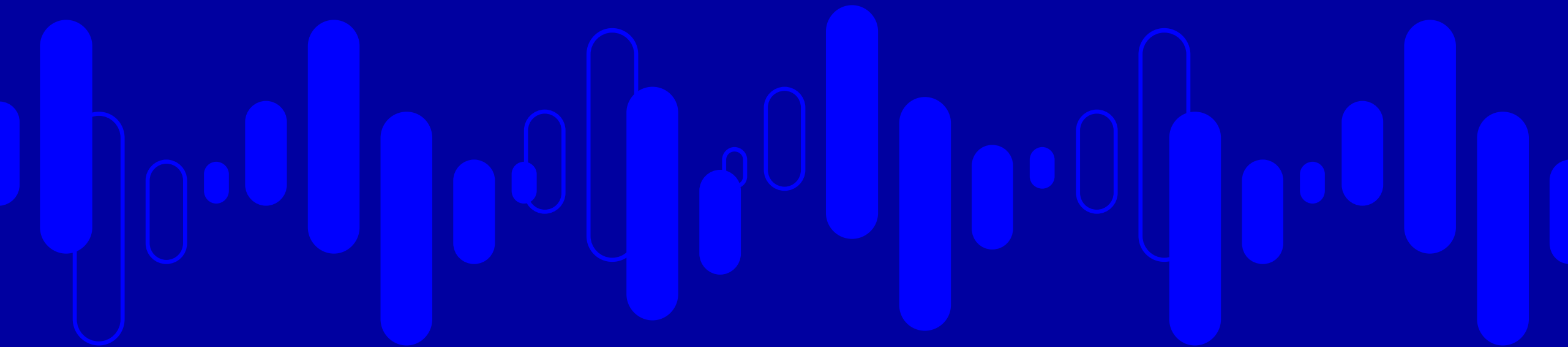


Nordea Hypotek – overview

Q1 2019

- 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

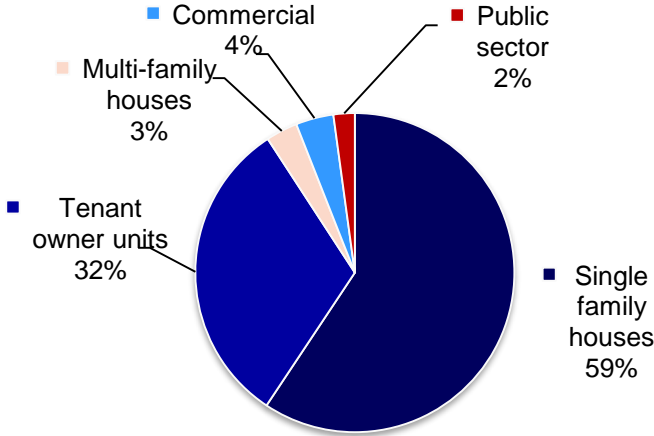
Q1 2019

Cover pool summary	
Loans in cover pool	SEK 536.0bn
Outstanding covered bonds	SEK 346.8bn
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	94.7% residential, 3.4% commercial, 1.9% public sector
Weighted average LTV*	51.6% (indexed)
Average loans size*	SEK 596k
Over collateralization, OC	55%
Rate type	Floating 71.1%, Fixed 28.9%
Amortization	Bullet/ interest only 21.8%, Amortizing 78.2%
Pool type	Dynamic
Loans originated by	Nordea Hypotek

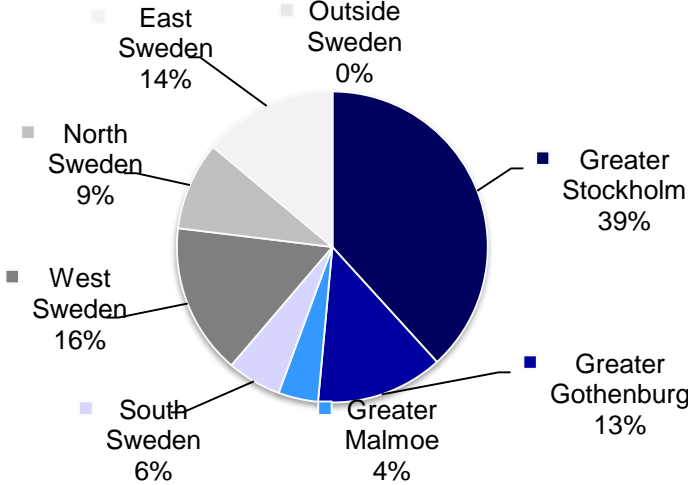
Cover pool key characteristics (2)

Q1 2019

Cover pool balance by loan category

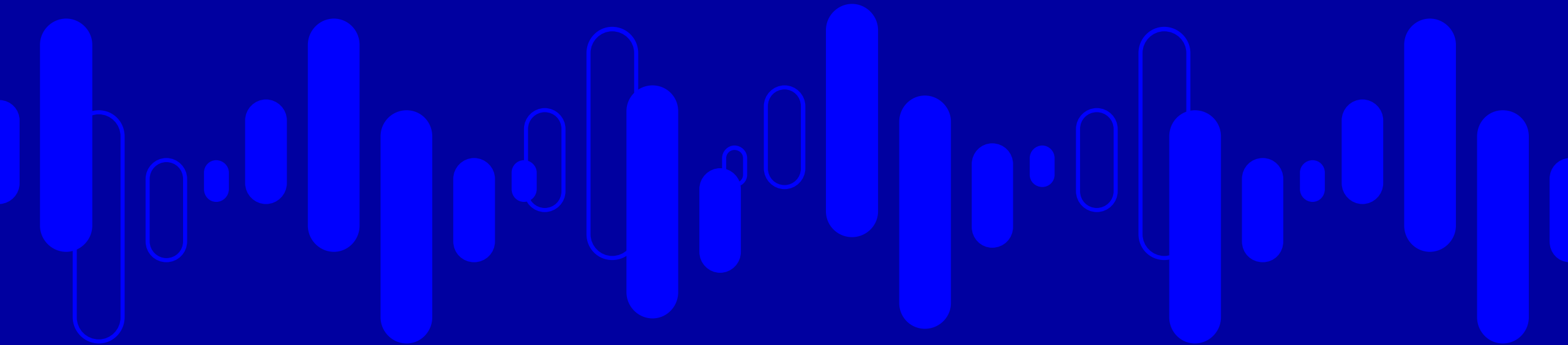


Cover pool balance by region*



* excluding Public sector

3. Asset quality



Loan To Value* (LTV)

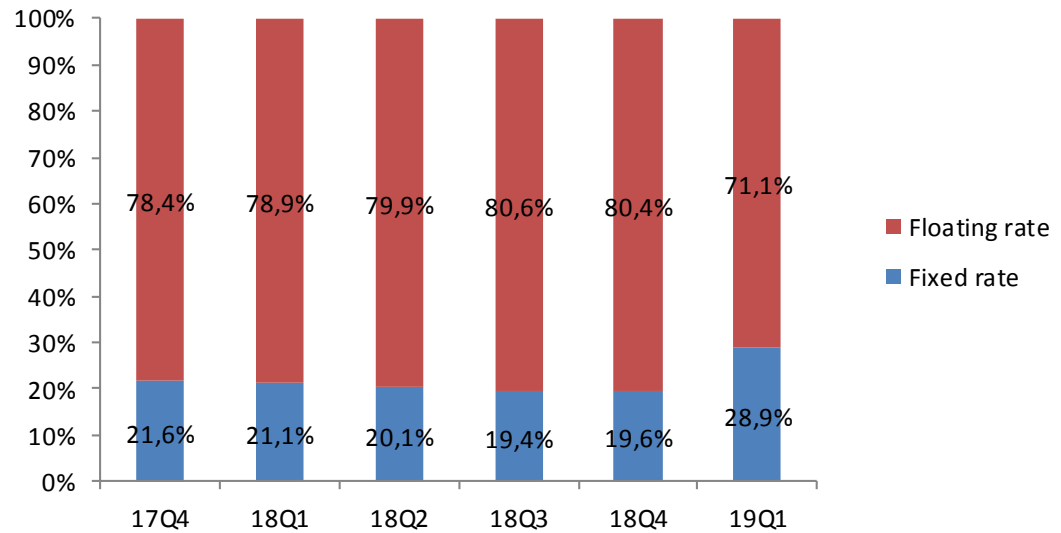
Q1 2019

Weighted Average LTV – Unindexed		57.5%	
LTV buckets	Nominal (SEKm)		% Residential Loans
>0 - <=40 %	358 558		70,66%
>40 - <=50 %	59 059		11,64%
>50 - <=60 %	46 099		9,08%
>60 - <=70 %	33 291		6,56%
>70 - <=80 %	10 423		2,05%
Total	507 431		100%
Weighted Average LTV - Indexed		51.6%	
LTV buckets	Nominal (SEKm)		% Residential Loans
>0 - <=40 %	387 412		76,35%
>40 - <=50 %	54 283		10,70%
>50 - <=60 %	37 171		7,33%
>60 - <=70 %	22 293		4,39%
>70 - <=80 %	6 272		1,24%
Total	507 431		100%

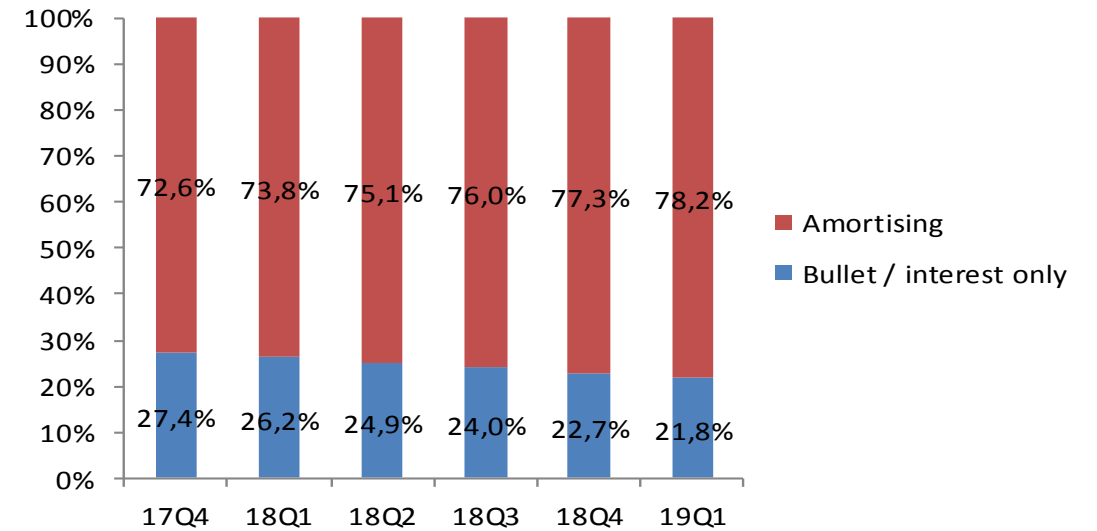
Loan structure

Q1 2019

Rate type



Repayment



Underwriting criteria

Q1 2019

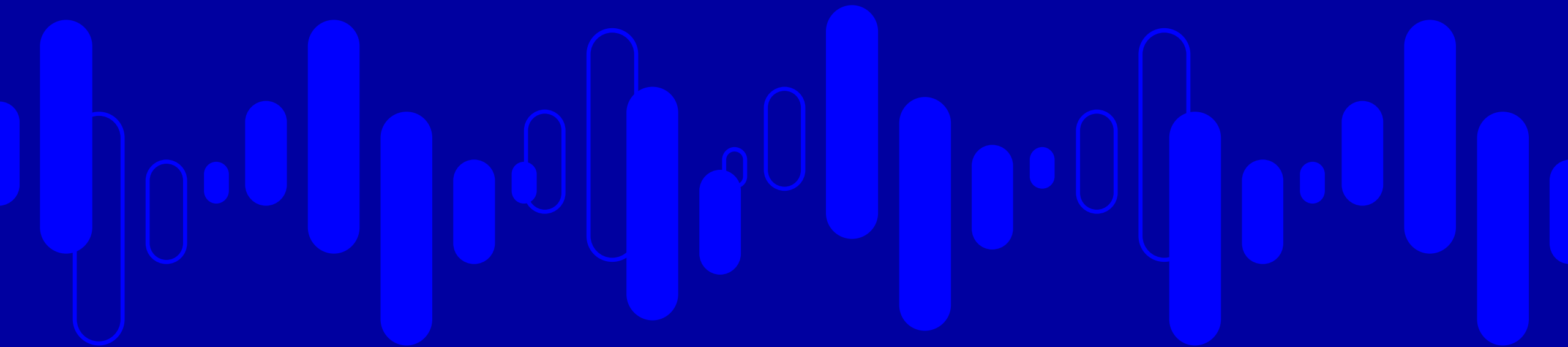
Private households

- 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

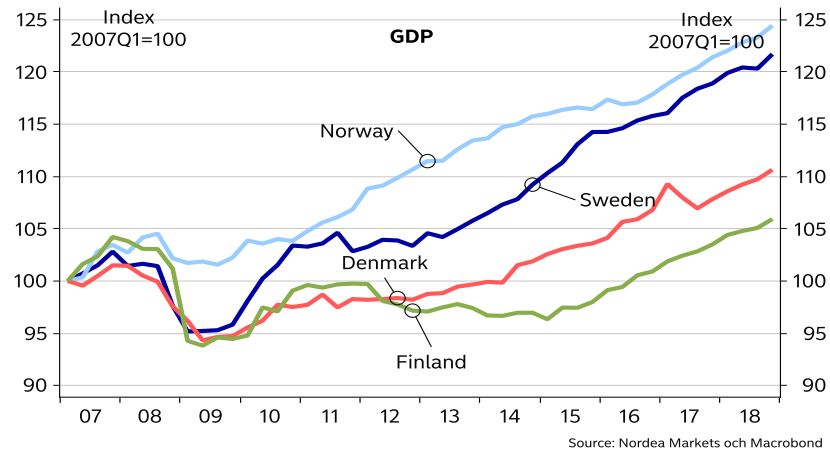
Q1 2019

- 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

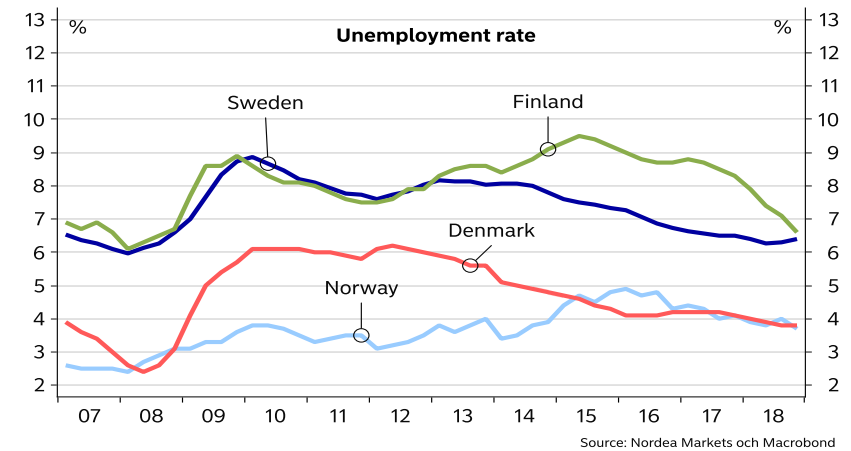
GDP development



Comments

- The Nordics have enjoyed a solid economic development in recent years. The global economy slowed down during the end of last year and beginning of this year more than expected, especially in the euro area.
- This has affected the Nordics to various extent. Sweden and Finland have been most hit as being more dependent on exports.
- Monetary policy has shifted to a more accommodative stance as downside risks have grown.

Unemployment rate



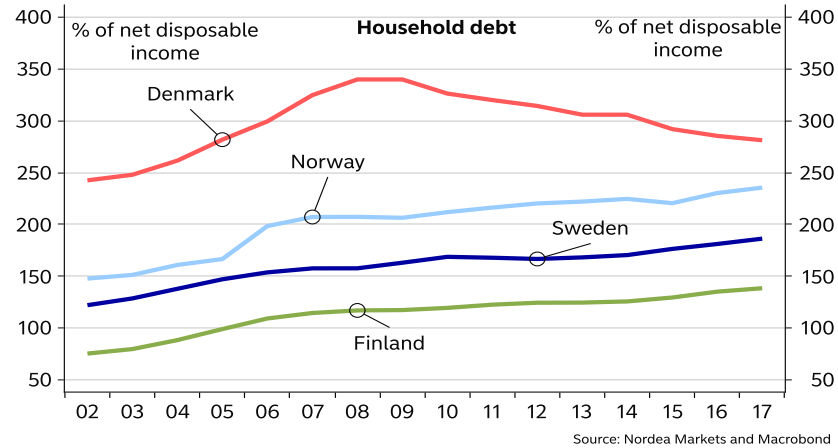
GDP forecast, %

Country	2016	2017	2018	2019E	2020E
Denmark	2.4	2.3	1.4	1.8	1.7
Finland	2.5	2.8	2.3	1.5	1.0
Norway	1.1	2.0	2.2	2.6	2.1
Sweden	2.4	2.4	2.3	1.0	1.3

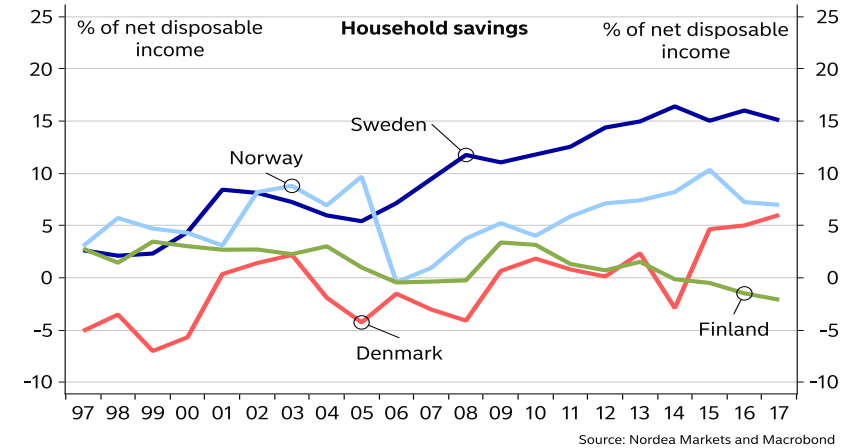
Source: Nordea Markets Economic Outlook January 2019, Macrobond and OECD.

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

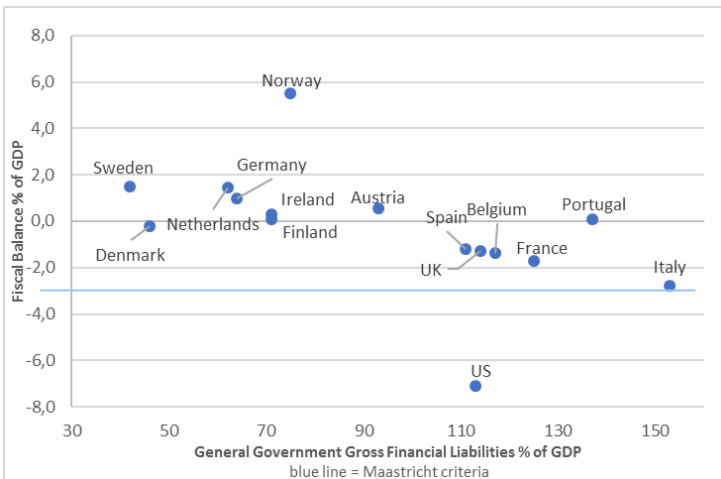
Household debt



Household savings



Public balance/debt, % of GDP, 2020E

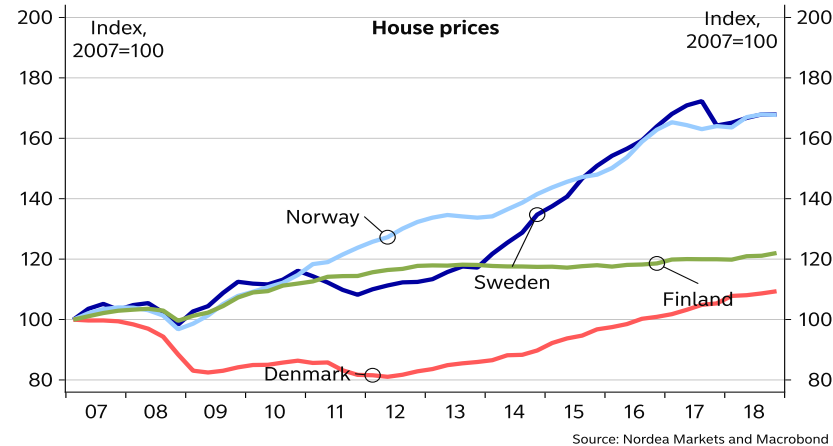


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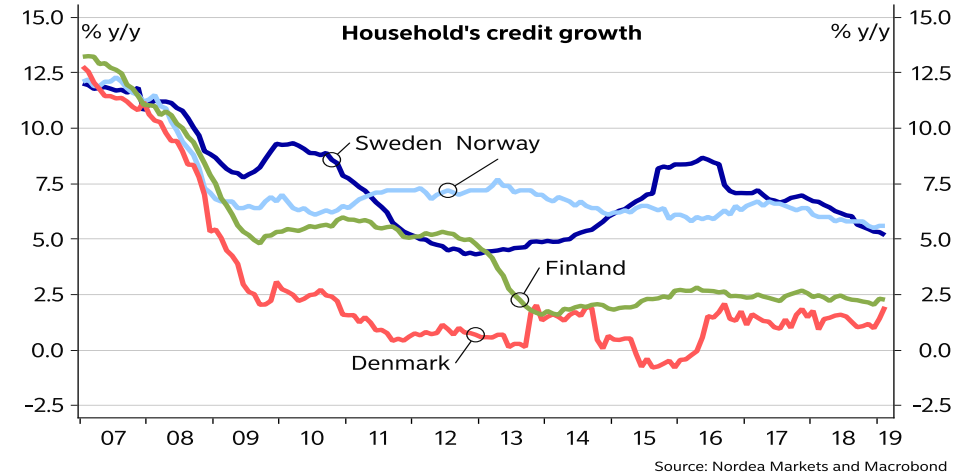
- In all countries, apart from Denmark, household debt continues to rise somewhat faster than income. Meanwhile, households' savings rates remain at high levels, apart from Finland where savings have declined somewhat in recent years.
- The Nordic public finances are robust due to the overall economic 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



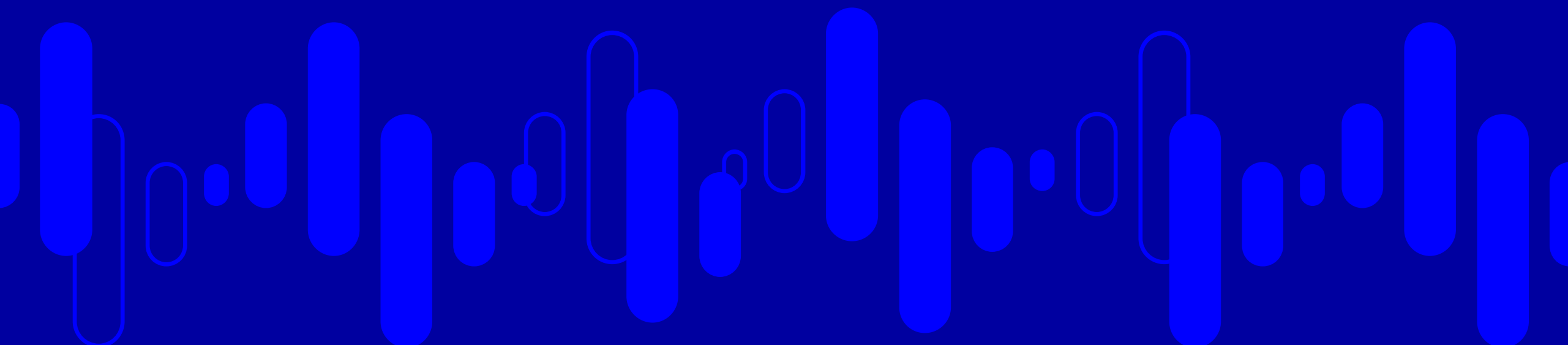
Household's credit growth



Comments

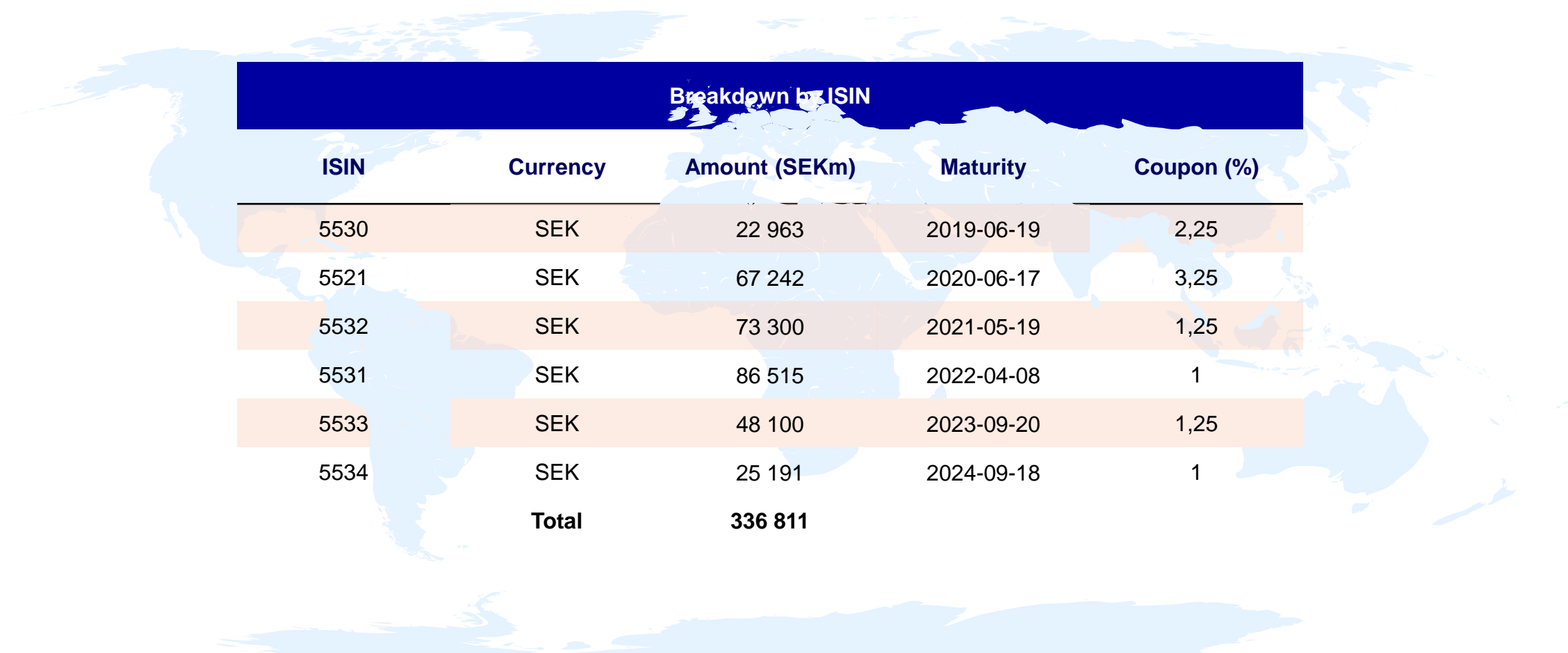
- Recent quarters have shown stabilisation in the Swedish and Norwegian housing markets, while prices continue to rise in Denmark and to some extent also in Finland.
- In Sweden house prices declined during H2 2017 but since then prices have risen slightly. We continue to argue for stable prices going forward. The current main risks are the high supply of homes as well as early signs of a weaker labour market. However, mortgage rates have historically had a strong correlation with the price development and they will most likely remain 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. Largely unchanged prices are forecast ahead.

6. Further information



Nordea Hypotek – outstanding benchmark covered bonds

Q1 2019



Breakdown by ISIN				
ISIN	Currency	Amount (SEKm)	Maturity	Coupon (%)
5530	SEK	22 963	2019-06-19	2,25
5521	SEK	67 242	2020-06-17	3,25
5532	SEK	73 300	2021-05-19	1,25
5531	SEK	86 515	2022-04-08	1
5533	SEK	48 100	2023-09-20	1,25
5534	SEK	25 191	2024-09-18	1
	Total	336 811		

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