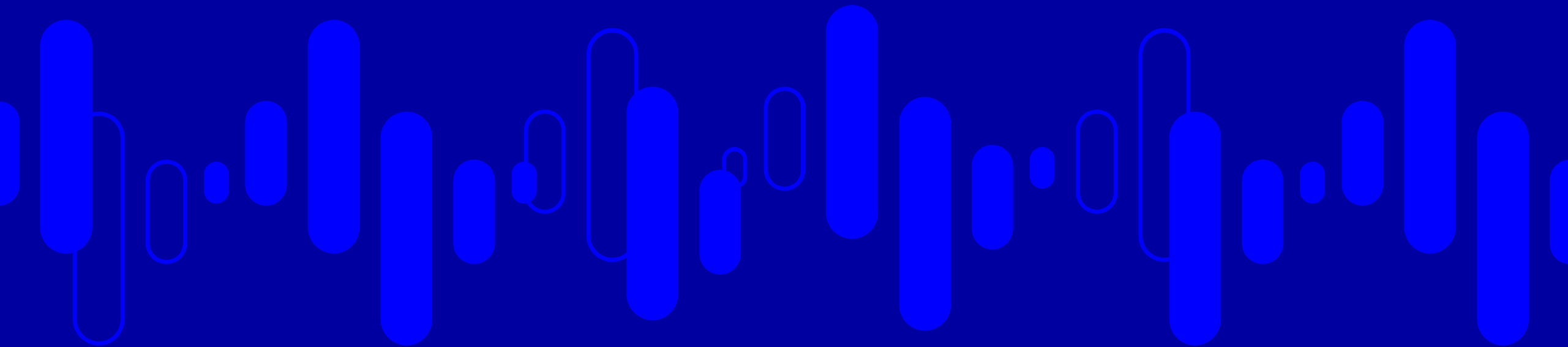


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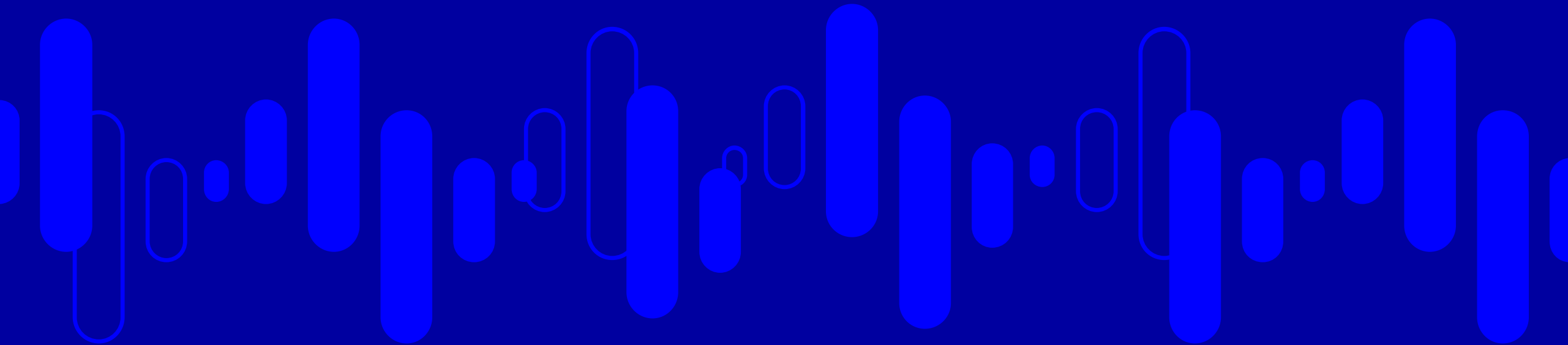
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1. In brief

2. Cover pool characteristics



3. Asset quality

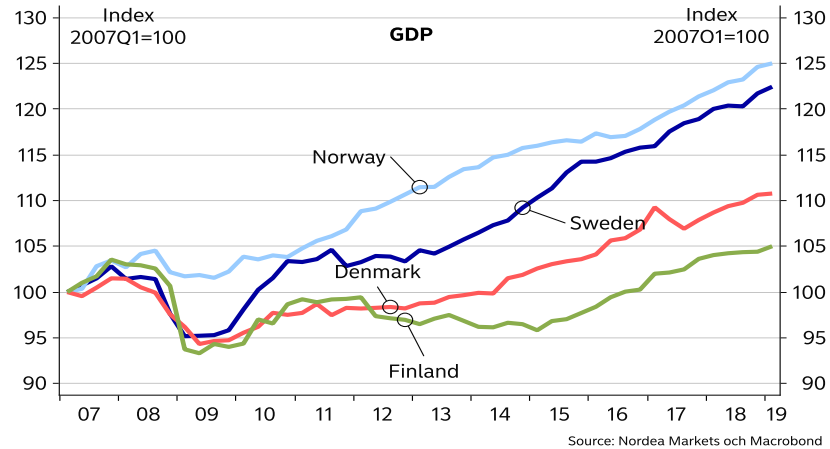


4. Covered Bond framework

5. Macro

Robust Nordic economies

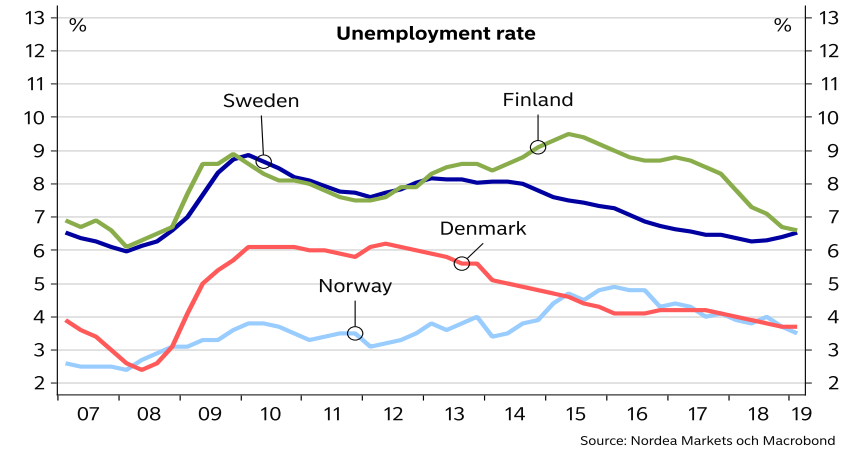
GDP development



Comments

- The Nordics have enjoyed a solid economic development in recent years. The global economy slowed down more than expected during the end of last year to this year, especially in the euro area
- Export-dependent Sweden and Finland have been most hit by the downturn, while higher growth is projected in Norway and Denmark
- Monetary policy has shifted to a more cautious stance (except Norway) as the global growth and inflation outlook remains subdued
- In Sweden, unemployment is increasing from a large net inflow to the labour market as a result of the growing population. Looking forward, we expect a continued decrease in the rest of the Nordics

Unemployment rate



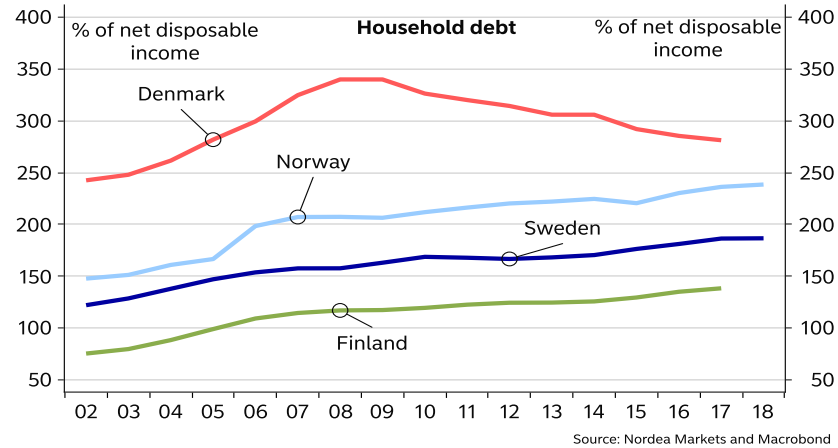
GDP forecast, %

| 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 |

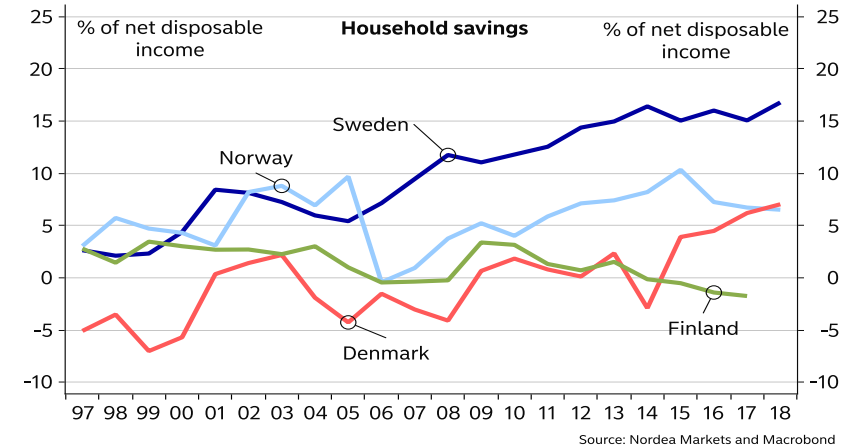
Source: Nordea Markets Economic Outlook May 2019, Macrobond and OECD.

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

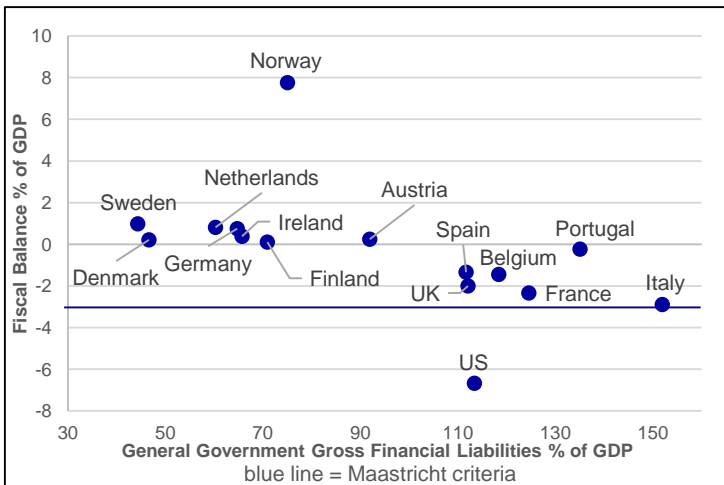
Household debt



Household savings



Public balance/debt, % of GDP, 2020E

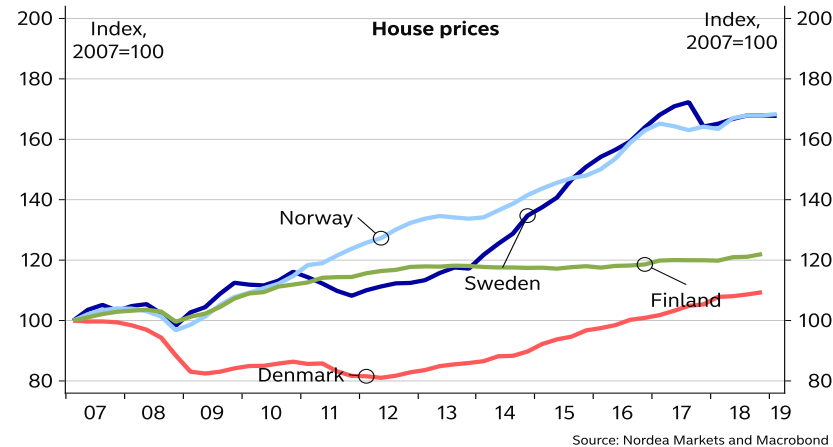


Comments

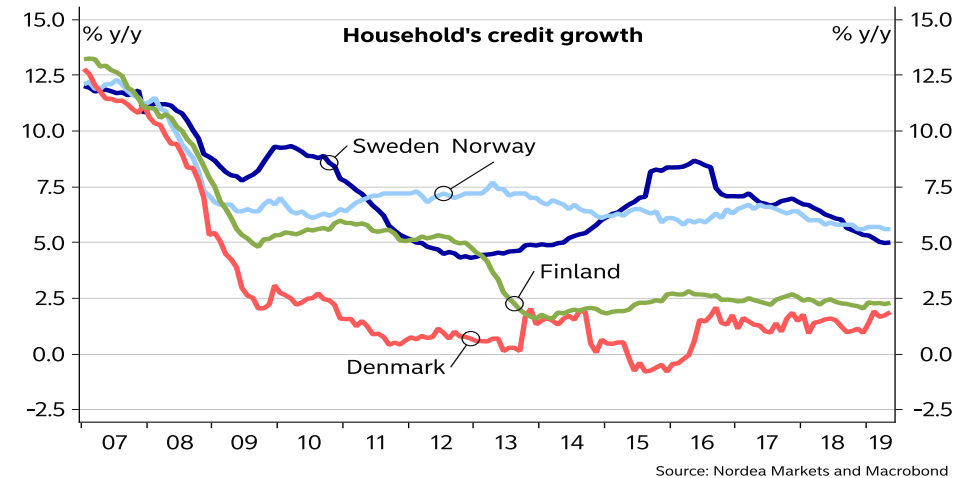
- Household debt continues to rise somewhat faster than income in Norway and Finland. Denmark continues to move in the opposite trend while Sweden is showing signs of stabilisation
- Meanwhile, households' savings rates remain at high levels, apart from Finland where savings have declined in recent years
- The Nordic public finances are robust due to the overall economic recovery and firm 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. Credit growth in the Nordics is showing signs of stabilisation
- In Sweden, house prices declined during H2 2017 but have since then risen slightly. The current main risks are the high supply of homes as well as 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, but have leveled out and even increased somewhat in Oslo. The downturn was primarily driven by stricter lending requirements introduced 1 January 2017. Largely unchanged prices are forecast ahead, as dampened demand from rising interest rates will be balanced by a strengthening labour market and household purchasing power
- In Denmark, tighter regulations have been implemented in an attempt to prevent price bubbles in the housing market. Housing prices are expected to increase only slightly faster than inflation in the coming years

6. Further information

Nordea Mortgage Bank – outstanding benchmark covered bonds

Q2 2019

| Breakdown by ISIN | | | | |
|-------------------|--------------|---------------|------------|--------|
| ISIN | Currency | Amount (EURm) | Maturity | Coupon |
| XS0874351728 | EUR | 1 250 | 2020-01-15 | 1,375 |
| XS1204134909 | EUR | 1 000 | 2020-06-17 | 0,125 |
| XS0591428445 | EUR | 1 000 | 2021-02-10 | 4 |
| XS1554271590 | EUR | 1 500 | 2022-01-24 | 0,025 |
| XS1308350237 | EUR | 1 250 | 2022-10-19 | 0,625 |
| XS1784067529 | EUR | 1 250 | 2023-02-28 | 0,25 |
| XS1522968277 | EUR | 1 000 | 2023-11-21 | 0,25 |
| XS1132790442 | EUR | 1 000 | 2024-11-05 | 1 |
| XS1825134742 | EUR | 1 000 | 2025-05-23 | 0,625 |
| XS1963717704 | EUR | 1 500 | 2026-03-18 | 0,25 |
| XS1204140971 | EUR | 1 000 | 2027-03-17 | 0,625 |
| XS2013525410 | EUR | 1 000 | 2027-06-18 | 0,125 |
| XS1784071042 | EUR | 750 | 2033-02-28 | 1,375 |
| | Total | 14 500 | | |

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

Maria Caneman

Debt IR Officer
Nordea Bank AB
Mobile: +46 768 24 92 18
Tel: +46 10 156 50 19
maria.caneman@nordea.com

Group Treasury & ALM

Juho-Pekka Jääskeläinen

Senior Treasury Manager
Tel: +46 8 407 9027
Mobile: +46 721 43 21 48
juho-pekka.jaaskelainen@nordea.com