

Nasdaq First North Bond is an MTF, as defined in EU legislation (as implemented in national law), operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Bond are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations. The risk in investing in an issuer on Nasdaq First North Bond may therefore be higher than investing in an issuer on the main market. The Exchange approves the application for admission to trading.

Nordea

NORDEA HYPOTEK AB (publ)

Company Description

EUR 3,000,000,000

Medium Term Covered Bonds

ISIN: FI4000491097

Important information

In this Company Description, the “**Issuer**” means Nordea Hypotek AB (publ) and the “**Nordea**” means Nordea Bank Abp. The “**Nordea Group**” means Nordea with all its subsidiaries from time to time (each a “**Group Company**”).

The words and expressions used in this Company Description have the meaning set out in the General Terms and Conditions section below unless otherwise stated in the context. This Company Description is read together with all documents incorporated by reference (see the section “Information incorporated in the Company Description by reference”), the Final Terms for each set of Covered Bonds, and any amendments or additions to the Company Description.

The purpose of the listing of the Covered Bonds is to facilitate their eligibility as collateral in the European System of Central Banks.

The Company Description do not constitute an offer or recommendation to subscribe for or acquire Covered Bonds. It is up to each recipient of the Company Description to make their own assessment of the Issuer on the basis of the content of the Company Description, all documents incorporated by reference, the Final Terms for each set of Covered Bonds, and any additions to the Company Description. It is up to each investor to assess the tax consequences that may arise through subscription, acquisition or sale of Covered Bonds and thereby consult tax advisers. The Issuer is responsible for the content of the Company Description. To the Issuer’s knowledge, the information contained in the Company Description corresponds to the actual circumstances and no information that could be likely to affect its meaning has been omitted. According to the board of directors’ knowledge, the information contained in the Company Description corresponds to the actual circumstances and no information that could probably affect its meaning has been omitted. The Company Description has not been reviewed by the Issuer’s auditors.

The Covered Bonds are not a suitable investment for all investors. Investors should therefore engage their own professional advisers and evaluate in particular whether they:

- (a) have sufficient knowledge and experience to be able to make an appropriate evaluation of
 - (i) the relevant Covered Bonds,
 - (ii) opportunities and risks associated with an investment in the relevant Covered Bonds; and
 - (iii) information that is, or has been incorporated by reference, in this Company Description or any additions;
- (b) have access to, and knowledge of, appropriate analytical tools to, in the light of its own financial situation, be able to evaluate an investment in the relevant Covered Bonds and the impact that such an investment will have on the investor’s total investment portfolio;
- (c) have sufficient financial resources and liquid assets to be able to bear the risks that an investment in the relevant Covered Bonds entails, including when the currency of the loan amount or interest rate deviates from the investor’s currency;
- (d) fully understand the terms of the Covered Bonds and be well acquainted with the behaviour of relevant indices and financial markets; and
- (e) are able to evaluate (independently or with the help of financial advisors) possible scenarios for financial, interest rate level-related or other factors that may affect the investment and the opportunities to bear the risks.

Some information in this Company Description is based on assumptions and expectations, available to, the Issuer’s management team at the time of approval of this Company Description. All expectations, assumptions, indications or predictions regarding future developments or trends constitute forward-looking information. Forward-looking information is associated with known and unknown risks, uncertainties and other important factors. There can be large differences between the Issuer’s or market factual development and the development that can be read from the forward-looking information. Forward-looking information in this Company Description only applies per day for approval of the Company Description. The Issuer does not intend, and does not undertake, to publish updates or revisions of forward-looking information should new information emerge, other than as provided by applicable law.

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RISK FACTORS

Risk and risk-taking are inevitable parts of investing in the Covered Bonds. There are risks both regarding circumstances linked to the Issuer and those which bear no specific relation to the Issuer. In addition to the other information in this Company Description as well as a general evaluation of external factors, investors should carefully consider the following risk factors before making any investment decision. The occurrence of any of the events discussed below could materially adversely affect the Issuer's and/or the Nordea Group's operations, financial position and results of operations. Moreover, the trading price of the Covered Bonds could decline, and the Issuer may not be able to pay Interest or principal on Covered Bonds when due, and investors could lose all or part of their investment. The risks described below are not the only ones the Issuer and the Nordea Group is exposed to. Additional risks that are not currently known to the Issuer, or that the Issuer currently considers to be immaterial, could have a material adverse effect on the Issuer's and or the Nordea Group's business and the Issuer's ability to fulfil its obligations under the Covered Bonds. The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their relative significance.

Risks relating to the Issuer and the Nordea Group

Risks relating to macroeconomic conditions

The Issuer's and the Nordea Group's performance is significantly influenced by the general economic conditions in the Nordic markets (Denmark, Finland, Norway and Sweden). In recent years, the economic conditions in the Nordic region have, in general, developed more favourably relative to the rest of Europe, benefiting from generally sound public finances.

The global coronavirus outbreak, which has negatively impacted the economies exposed to the outbreak, could have a material adverse effect on the Nordea Group's business, financial condition and results of operations and adversely affect the Nordea Group's ability to access capital and liquidity. The outbreak of COVID-19 (also commonly referred to as the "coronavirus") has spread rapidly globally and disrupted various markets and resulted in severe uncertainty about the development of the economies affected by the outbreak both in Europe and elsewhere. The majority of the Nordea Group's operations are concentrated in the Nordic countries that have been, and are expected to continue to be, exposed to the coronavirus outbreak in a similar manner as a number of other European countries. The Nordea Group is affected by the coronavirus outbreak through its direct and indirect impact on the customers, counterparties, employees and other stakeholders of the Nordea Group, both in the Nordic countries and elsewhere, as a result of, among others, public health measures, such as business closings and restrictions on travel and gatherings. For example, the coronavirus outbreak and the preventive measures implemented in the Nordic countries and elsewhere to contain its spread could have an adverse effect on borrowers, which, in turn, could result in decreased credit quality and increased provisioning levels. The exact ramifications of the coronavirus outbreak are highly uncertain and, as of the date of this Company Description, it is difficult to predict the spread or duration of the pandemic, including any potential future resurgence, or its full effect on global and local economies or on the Nordea Group.

Accommodative monetary policies, in particular low interest rate levels, in the countries where the Nordea Group operates have recently also had, and are expected to continue to have, an impact on the Nordea Group's business, financial condition and results of operations. Any further reductions in interest rates or a prolonged period of low interest rates may result in a decrease in the net interest margin of the Nordea Group, which, in turn, could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.

The demand for residential mortgage loans in Sweden is dependent on market interest rates, residential property prices, employment trends, the state of the economy, taxation and other factors that have an influence on the customers' financing requirements. As a result, the Issuer's results of operation are significantly influenced by the general economic condition in the Swedish mortgage markets. As substantially all of the Issuer's mortgage loans currently relate to properties located in Sweden, the Issuer's performance is influenced by the level and the cyclical nature of business activity in Sweden. This is in turn affected by both domestic and international economic and political events. A weakening of the economy in Sweden may have an adverse effect on the Issuer's future results and its ability to perform its obligations under the Covered Bonds.

Should the economic development in Sweden decline, for example as a result of macroeconomic conditions, it would have a significant negative effect on the Nordea Group's business, financial condition and results of operations as well as result in difficulties to raise additional capital on conditions which are acceptable to the

Issuer. Macroeconomic developments can result in increased regulatory costs for the Nordea Group and the Issuer. Such increased costs can have a negative effect on the value of the Covered Bonds and the Issuer's ability to make payments under the Covered Bonds.

Credit risks

Investors in Covered Bonds are exposed to a credit risk relating to the Issuer. The Covered Bonds are not guaranteed by Nordea or any other Group Company.

As a mortgage credit institution, the Issuer's business risk principally pertains to credit risk. Credit risk means that a customer cannot fulfil its payment obligations or that the value of granted security is lower than the outstanding debt. Given that a substantial part of the Issuer's lending is granted in exchange for security in real estate, the credit risk is also dependent on fluctuations in value in the real estate and housing markets. The business of the Issuer shows relatively low credit risks and the historic credit losses of the Issuer have been low. The size of historic credit losses though is not an indicator of the size of future credit losses and there is a risk that future credit losses will be higher.

The Issuer lends to private individuals, sole traders, municipalities and other legal entities. The majority of the lending by the Issuer is related to residential mortgages. In 2019 the credit losses of the Issuer were SEK 18,000,000 of which all were related to private individuals.

Market Risks

The business also contains interest rate risk, primarily due to differences between the terms of the interest periods for funding and for lending. The interest rate risk is mitigated by using hedging instruments and by the Issuer aiming to match interest payments and maturity dates in its funding and lending operations. The Issuer is dependent on a liquid hedging market to mitigate its foreign exchange and interest rate risks and there are no assurances that the Issuer will be successful in hedging all of its foreign exchange and interest rate risks.

Liquidity risks

The maturity profile in the Issuer's lending business is to a large extent longer term than the maturity profile within the Issuer's funding operations. The Issuer is therefore to a large extent dependent on being able to refinance matured obligations within the funding operations by obtaining new funding in the bond market. The Issuer also funds itself through revenues from its credit portfolio and finally through financing from Nordea. If the financial markets develop negatively, there may be a material negative impact on the Issuer's ability to obtain funding and liquidity on financially reasonable conditions. The above-mentioned factors may also have a material negative impact on the Issuer's business, financial position and profitability.

Risk relating to Nordea

The Issuer's business is closely related to Nordea and its businesses in Sweden. Pursuant to the service agreement entered into between the Issuer and Nordea, Nordea will perform all the daily business of the Issuer, including the lending and borrowing of the Issuer. Nordea is also a counterparty under the Issuer's derivative contracts, relating to *inter alia* interest rate risks. Should Nordea cease to provide these services to the Issuer or fail to fulfil its obligations against the Issuer, there is a significant risk that it will have a material negative effect on the Issuer's business, financial condition and results of operations. Which in turn will have a negative effect on the value of the Covered Bonds and the Issuer's ability to make payments under the Covered Bonds, in accordance with the Terms and Conditions.

Operating risks

The business of the Issuer, as all banking business, is subject to operative risks. Operative risks include, among other things, risk related to products and services, lacking internal control, insufficient technical systems, criminal conduct directed against the Issuer and lacking preparedness to any of these. Should the Issuer fail to handle any of its operative risks, for example by not implementing sufficient risk controls or taking other measures to reduce the exposure to losses, or that such measures not being sufficient to reduce the risks, or if the Issuer suffers damage as any of the operative risks has materialised, there is a significant risk that the results or financial position or the Issuer is adversely effected. This might, in turn, pose a risk to the value of the Covered Bonds.

Risk relating to competitors

The Issuer faces competition within the Nordic mortgage market, primarily from other Swedish mortgage institutions. Changes to regulations in the financial service sector, such as the Directive (EU) 2015/2366 of the

European Parliament and of the Council of 25 November 2015 on payment services in the internal market which, *inter alia*, introduced new and stricter security requirements for transactions which are carried out online, as well as the development of digital services and changes to customer behaviour have created a new and more competitive environment with new niched mortgage providers which benefit from alternative funding sources. Should the competitiveness of the Issuer be reduced or the Issuer not being able to meet this new competition, it can result in the Issuer not being able to attract new customers or keep current customers, resulting in reduced income and posing a significant risk to the financial position of the Issuer.

Risks relating to the Covered Bonds

The investors' market risks

An investor's market risk includes *inter alia* interest rate risks, currency fluctuations or changes of bond prices, which may result in a reduction of the value of the Covered Bonds. For an investor in the Covered Bonds, interest rate risk is the primary market risk. Interest rate risk occurs when payment of interest on assets and liabilities for a period do not coincide. An investment in Covered Bonds with fixed interest rate exposes the investor to risks relating to changes of market interest rates, which may affect the value of the Covered Bonds negatively, as the price of an instrument with fixed interest rates is linked to the difference between the interest rate on the relevant Covered Bonds and the market interest rates. An investment in floating rate Covered Bonds exposes the investor to a risk that a change in market interest rate might decrease the value of the investor's investment in Covered Bonds.

The risk associated with an investment in Covered Bonds will increase with the tenor of the Covered Bonds. Credit risk will become more difficult to determine for Covered Bonds with longer tenor. Longer term bonds will in addition result in higher market risks as the price fluctuations will be greater for Covered Bonds with long tenor compared to Covered Bonds with shorter tenor.

Credit rating

A credit rating awarded to Nordea, another Group Company or Covered Bonds issued by the Issuer may, at any time, be changes or removed. Changes to the credit rating of Covered Bonds may result in a decrease of the market value of such Covered Bonds. Should a credit rating related to Nordea or another Group Company change, this may result in increased financing costs for the Nordea Group, limit its access to financial markets and result in the Nordea Group being required to furnish additional security for its derivative transactions or other hedging arrangements. Hence, a decreased credit rating for a Group Company could indirectly negatively affect the Issuer and poses a significant risk to the business, financial position and results of the Issuer.

Changes to legislation

The Covered Bonds are governed by Swedish law and may be affected by changes to Swedish or EU laws and regulations. The financial markets are undergoing a constant change and any new laws or regulations, or a change of how existing laws and regulations are applied, as well as the Issuer's efforts to comply with such laws and regulations, may affect how the Terms and Conditions are applied. There is risk that any such changes will have a negative effect on the value of the Covered Bonds.

Secondary market

The Covered Bonds will not necessarily be held by multiple Bondholders nor traded in a significant volume. Therefore, there is a risk that a secondary market for the Covered Bonds will not arise or persist. Following a listing, the price of the Covered Bonds may be affected by a number of factors. Bondholders therefore risk not being able to trade the Covered Bonds on terms that are acceptable to them. An investment in the Covered Bonds shall therefore only be made by investors who can bear the risk of there not arising a secondary market and therefore need to hold the Covered Bonds until the Maturity Date.

Benchmark Regulation

In order to ensure the reliability of reference rates, legislative action at EU level has been taken. Hence, the Benchmark Regulation which regulates the provision of reference values, reporting of data bases for reference values and use of reference values within the EU. There is a risk that the benchmark regulation may affect how certain reference rates are calculated. These reforms may cause EURIBOR to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence

could have a material adverse effect on floating interest rate Covered Bonds and poses a risk to the value of and return on the investments of the Bondholders.

The Benchmark Regulation could have a material impact on any floating interest Covered Bonds, in particular, if the methodology or other terms of EURIBOR are changed in order to comply with the terms of the Benchmark Regulation. Such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. Any such change of the methodology presents a significant risk to the return on a Bondholder's investment. To mitigate this risk, section 7 (*Replacement of Base Rate*) of the General Terms and Conditions include provisions that are designed to facilitate a fair transition to a new benchmark.

Upon a Base Rate Event, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Company's expense, appoint an Independent Adviser to determine, as soon as commercially reasonable, a Successor Base Rate or (if there is no Successor Base Rate) an Alternative Base rate and, in each case, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate. The Adjustment Spread determined by the Independent Adviser shall be the Adjustment Spread which, (i) is formally recommended in relation to the replacement of the Base Rate by any Relevant Nominating Body (including, for example, any applicable central bank, regulator or other supervisory authority or group of them); or (ii) if the previous does not apply, the Independent Adviser determines is customarily applied to the relevant Successor Base Rate (as applicable), in comparable debt capital markets transactions. Accordingly, the application of an Adjustment Spread or Base Rate Amendment may result in the Covered Bonds performing differently (which may include payment of a lower Interest Rate) than they would do if the Base Rate would continue to apply in its current form.

Non-compliance with matching rules

Under the Covered Bonds Act, the Issuer must comply with certain matching requirements, which, inter alia, require that the nominal value and the present value of the assets registered to a Cover Pool, respectively, exceed the nominal value and the present value of liabilities which relate to the covered bonds issued from time to time, with respect to the Cover Pool and the Covered Bonds by at least two per cent. In order to comply with these requirements, the Issuer may enter into derivative contracts. To do so, the Issuer is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations.

A breach of the matching requirements prior to the Issuer's bankruptcy in the circumstances where no additional assets are available to the Issuer, or the Issuer lacks the ability to acquire additional assets, could result in the Issuer being unable to issue new covered bonds.

If, following the Issuer's bankruptcy, the relevant Cover Pool ceases to meet the requirements of the Covered Bonds Act (including the matching requirements), and such deviations are not just temporary and minor, the Cover Pool may no longer be maintained as a unit and the continuous payment under the General Terms and Conditions of the relevant Covered Bonds and derivative contracts will cease. Bondholders would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the Cover Pool in accordance with general bankruptcy rules. This could result in Bondholders receiving payment according to a schedule that is different from that contemplated by the General Terms and Conditions (with accelerations as well as delays) or that Bondholders are not paid in full. Thus, posing a risk that the investors lose all or part of their investment in Covered Bond or do not regain their investment at the times anticipated by the investor, thus prohibiting an investor to invest in other assets with similar returns.

Conflicting interests of other creditors

The claims of the Bondholders and derivative counterparties included in the Cover Pool rank *pari passu* with the claims of all other creditors of the Issuer (other than those preferred by law), but have a preferential right against the Cover Pool save for costs incurred in connection with the operation, management, collection and realisation of the Cover Pool which shall be covered before the claims of the Bondholders and claims relating to the fees and the expenses of a bankruptcy estate. In addition, the Bondholders' preferential rights against the Cover Pool rank *pari passu* with the rights of other covered bondholders of the Issuer and any related derivative counterparties.

To the extent that the Bondholders are not fully paid from the proceeds of the liquidation of the assets comprising the Cover Pool, they will be able to apply for the balance of their claims as unsecured creditors of the Issuer and will be entitled to receive payment from the proceeds of the liquidation of the other assets of the Issuer not comprising the Cover Pool. The Bondholders would then rank *pari passu* with any other bondholders,

derivative counterparties and the other unsecured, unsubordinated creditors of the Issuer and, as a result, may not receive all amounts owed to them by the Issuer.

Liquidity post the Issuer's bankruptcy

It is believed that neither an insolvent issuer nor its bankruptcy estate would have the ability to issue Covered Bonds. Under the CBA, the bankruptcy administrator (upon the demand or the consent of a supervisor appointed by the Swedish FSA) may, however, raise liquidity through the sale of mortgage loans and other assets in the Cover Pool to fulfil the obligations relating to the Covered Bonds. Further, the bankruptcy administrator (upon the demand or the consent of the supervisor appointed by the Swedish FSA) may take out liquidity loans and enter into other agreements for the purpose of securing liquidity. Counterparties in such transactions will rank *pari passu* with Bondholders and existing derivative counterparties with respect to assets in the Cover Pool. However, there can be no assurance as to the actual ability of the bankruptcy estate to raise post-bankruptcy liquidity, which may result in a failure by the Issuer to make full and timely payments to Bondholders and existing derivative counterparties.

Payment of advance dividends post the Issuer's bankruptcy

In the event of the Issuer's bankruptcy, a bankruptcy administrator could make advance dividend payments (*förskottsutdelning*) to creditors other than Bondholders. The payment of advance dividends could result in Bondholders not being paid in a timely manner. It is likely that a bankruptcy administrator would only authorise such advance dividend payments if satisfied that the relevant Cover Pool contained significantly more assets than necessary to pay amounts owing to Bondholders before making such payment. Additionally, the Issuer's estate would be entitled to have any advance dividend repaid should the relevant Cover Pool subsequently prove to be insufficient to make payments to the Bondholders as a result of the payment of advance dividends. The right to reclaim advance dividends may also be secured by a bank guarantee or equivalent security pursuant to the Swedish Bankruptcy Act (*konkurslagen (1987:672)*).

Risks relating to the rules regulating covered bonds

Bank Recovery and Resolution Directive

The Nordea Group is subject to the Bank Recovery and Resolution Directive (2014/59/EU) ("**BRRD**") (which was amended by Directive (EU) 2019/879 ("**BRRD II**") on 27 June 2019 where most of the new rules in BRRD II will start to apply mid-2021). The BRRD legislative package establishes a framework for the recovery and resolution of credit institutions and, *inter alia*, requires EU credit institutions to produce and maintain recovery plans setting out the arrangements that are to be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial condition.

The BRRD contains a number of resolution tools and powers which may be applied by resolution authorities (in Sweden, the Swedish National Debt Office (*Riksgäldskontoret*) is the resolution authority) upon certain conditions for resolution being fulfilled. These tools and powers (used alone or in combination) include, *inter alia*, a general power to write down all or a portion of the principal amount of, or interest on, certain eligible liabilities, whether subordinated or unsubordinated, of the institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into other securities, which securities could also be subject to any further application of the general bail-in tool. This means that most of such failing institution's debt (including any Covered Bonds, to the extent that claims in relation to the Covered Bonds are not met out of the assets in the relevant Cover Pool and thus rank *pari passu* with other unsecured and unsubordinated creditors of the Issuer) could be subject to bail-in, except for certain classes of debt, such as certain deposits and secured liabilities. In addition to the general bail-in tool, the BRRD provides for relevant authorities to have the power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments at the point of non-viability. Ultimately, the authority has the power to take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder (or other) approval.

It is not possible to predict exactly how the powers and tools of the Swedish National Debt Office described in the BRRD and the Resolutions Act (Sw. Lag 2015:1016 om resolution) (the "**Resolutions Act**") will affect the Issuer. The powers and tools given to the Swedish National Debt Office are numerous and may, if they are used, have a material adverse effect on the Issuer and the Covered Bonds.

Changes to legislation

The Issuer's operations are subject to regulation and supervision. In order to increase the stability of the financial system, the EU has changed the capital adequacy rules for banks and other financial institutions and introduced rules on how banks and other financial institutions should be handled in the event of a financial crisis. In addition to the amendments to the capital adequacy rules and the crisis management rules in CRD IV (Capital Requirement Directive IV) 1, CRR (Capital Requirement Regulation) 2, BRRD (Bank Recovery and Resolution) 3 and SRMR (Single Resolution Mechanism Regulation) 4 adopted by the EU in May 2019, the EU decided on 8 November 2019 on a new regulatory framework for covered bonds, consisting of a new directive and an ordinance amending the CRR. The directive contains *inter alia* rules regarding the core characteristics of covered bonds, rules for supervision, and rules for the use of a label for European covered bonds. The regulation mainly contains amendments to Article 129 of the CRR which, among other things, sets out the requirements that covered bonds must meet in order to qualify for favourable treatment in accordance with the capital adequacy regulations.

Sweden has not yet taken any legislative action, but a Government Inquiry recently published its proposals on how Swedish legislation should be updated (*SOU 2020:61*). While the proposals are not definitive, the Inquiry's report provides some insight into how Swedish legislation can be expected to change due to the EU's new legislative framework for covered bonds. The Inquiry's proposals would lead to increased costs for the Issuer. The proposal to introduce provisions that require a liquidity buffer risks having the greatest financial impact. The size of these costs will depend on the Issuer's liquidity inflows and outflows during the period against which the requirement is measured, as well as on the interest rates levels available for funding and investment. The Issuer would also face increased costs due to an increase of the required level of over-collateralisation to at least five per cent. However, these increased costs would be limited to covered bonds issued after July 8, 2022, since the main principle outlined in the proposal is that the current provisions of the Act on Covered Bonds will continue to apply to covered bonds issued before 8 July 2022. Furthermore, these increased costs are unlikely to be so extensive that they would have an adverse effect on the Issuer's ability to meet its obligations under the Covered Bonds.

On 14 April 2020, the Swedish FSA decided, as a measure following the outbreak of the coronavirus, that mortgage companies have the opportunity to provide both new and existing mortgage borrowers a time-limited exemption from the repayment requirement. The exemption applies to amortization payments up to and including 31 August 2021. For new mortgage borrowers, the bank must ensure in its credit assessment at the time of the loan that there is room for amortization even if an exemption is granted. By the end of April 2021 at the latest, the Swedish FSA will communicate whether that date will continue to apply or whether the prevailing circumstances mean that the period needs to be extended. If the period is extended or the amortization freedom is extended, a risk tax arises. The Issuer's liquidity management is negatively affected by reduced payments from customers to the Issuer.

These and future changes in Swedish laws, regulations and other rules as well as changes in EU regulations, may negatively affect the Issuer, its financial results and the value on the secondary market of the Covered Bonds.

THE COVERED BONDS

The Covered Bonds

The Covered Bonds will be denominated in Euro and will continuously be sold through the Dealers in accordance with the Final Terms of each Loan. The Nominal Amount and the Total Nominal Amount of each Loan will be specified in the relevant Final Terms. The issue price of Covered Bonds may be set at the Nominal Amount, a discount or a premium compared to the Nominal Amount.

Each Covered Bond will be allocated an ISIN code that will be specified in the relevant Final Terms. The Covered Bonds will also be allocated a trading code upon admission to trading.

Form of the Covered Bonds

The Covered Bonds will be issued in dematerialised form and registered in accordance with the Finnish Book-Entry System Act in the book-entry register maintained by Euroclear Finland Oy, or any entity replacing the same as central securities depository. No physical securities will be issued. The Covered Bonds are governed by Swedish law and are unilateral promissory notes intended for public trading and coupled with rights of priority in the Issuer's cover pool pursuant to the Swedish Covered Bonds Act (*Sw. lagen (2003:1223) om utgivning av säkerställda obligationer*).

Status of the Covered Bonds

The Covered Bonds are constituted by the Conditions. The Issuer undertakes to make payments in relation to the Covered Bonds and to comply with the Conditions. The Covered Bonds, including the obligation to pay interest thereon, constitute direct, general, unconditional, and unsubordinated obligations of the Issuer.

All Covered Bonds issued under this Company Description will rank *pari passu* with each other in all respects. The Covered Bonds are secured by the assets in the Issuer's cover pool in accordance with the Covered Bonds Act. In short, this means that in the event of the Issuer's bankruptcy, Bondholders holding Covered Bonds (and certain eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the cover pool with those of the Covered Bonds) benefit from a priority right in the assets of the cover pool. The Covered Bonds Act further enables such holders (and derivative counterparties) to continue to receive timely payments also following the Issuer's potential bankruptcy, subject to certain conditions being met.

The assets comprising the cover pool for the Covered Bonds will change from time to time. The Nordea Group makes portfolio information available to investors on its website: www.nordea.se. For more detailed information regarding the type of assets included in the cover pool, loan-to-value ratios and the level of collateralisation, please refer to the section in this document that provides an overview of the Swedish legislation regarding covered bonds.

The payment flows relating to the assets in the cover pool, derivative contracts and Covered Bonds shall be such that the Issuer is at all times able to meet its payment obligations towards Bondholders holding Covered Bonds and relevant derivative counterparties. Hence, the assets backing the Covered Bonds have the capacity to produce funds to service any payments due and payable on the Covered Bonds.

The Covered Bonds are freely transferable, but the Bondholders may be subject to purchase or transfer restrictions with regard to covered bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.

Payment

Any payments under or in respect of the Covered Bonds pursuant to the Conditions shall be made to the person who is registered as a Bondholder on the fifth Business Day prior to an Interest Payment Date or other relevant due date, or, in each case, such other Business Day falling prior to a relevant date if generally applicable on the Finnish bond market. The registration of Bondholders shall be made in accordance with the Finnish legislation governing book-entry securities systems and book-entry accounts, as well as the regulations of the CSD.

Interest

As stated in the relevant Final Terms, each Loan will have either a fixed or floating interest rate.

If a Loan is specified as a Loan with a fixed interest rate, the Loan shall bear interest on its Nominal Amount at the interest rate specified in the Final Terms from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date. Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the day count convention 30/360.

If a Loan is specified as a Loan with floating interest rate, the Loan shall bear interest on its Nominal Amount from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date. The Interest Rate applicable to each respective Interest Period is determined by the Administrative Agent on the respective Interest Determination Date. Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the day count convention actual/360, or in accordance with another calculation methodology applicable for the relevant Base Rate.

The interest rate for Loans with fixed interest rates will be specified in the relevant Final Terms. The interest rate for Loans with floating interest rate, will be the applicable Base Rate (EURIBOR or a reference rate replacing EURIBOR in accordance with section 7 in the General Terms and Conditions) plus the Margin specified in the relevant Final Terms.

In the event of delay in payment relating to principal and/or interest, default interest shall be paid on the amount due from the due date up to (and including) the day on which payment is made, at an interest rate which corresponds to one week's EURIBOR applicable on the first Business Day in each calendar week during the course of delay plus two percentage points. However, default interest according shall never be lower than the Interest Rate at the due date plus two percentage points. Default interest is not compounded with the principal amount.

Decisions by Bondholders

The General Terms and Conditions include certain provisions regarding a Bondholders' meeting, which may be held in order to resolve on matters relating to Bondholders' interests. Such provisions allow for designated majorities to bind all Bondholders, including Bondholders who have not participated in or voted at the actual meeting or who have voted differently than the required majority, to decisions that have been taken at a duly convened and conducted Bondholders' meeting. Only persons who were Bondholders as of the end of the fifth Business Day before the Bondholders' Meeting may exercise voting rights at the Bondholders' Meeting, provided that the relevant Covered Bonds are included in the Adjusted Total Nominal Amount.

Admission to trading

The Issuer shall, unless otherwise specified in the Final Terms, apply for the Covered Bonds to be admitted to trading on the Relevant Market. Following an admission to trading, the Issuer shall take all actions on its part to maintain the admission for as long as any Covered Bonds are outstanding, but no longer than up to and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations of the Relevant Market and the CSD, subsist.

Prescription

The right to receive payment of the nominal amount shall be statute-barred and become void 10 years from the relevant maturity date and the right to receive payment of interest shall be statute-barred and become void 3 years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments that have become statute-barred.

Governing law

Each Loan will be governed by and construed in accordance with Swedish law. Disputes shall be settled by Swedish courts. Stockholm District Court shall be the court of first instance.

CSD

Euroclear Finland Oy, business identity code 1061446-0, Urho Kekkosen katu 5 C, P.O. Box 1110, 00101 Helsinki, Finland, is initially acting as Central Securities Depository (CSD) and registrar in respect of the covered bonds.

Dealers

Nordea Markets (i.e. a unit within Nordea Bank Finland Abp) is initially acting as Dealer, and thereafter each other party appointed as Dealer in accordance with these General Terms and Conditions and the CSD Regulations.

Credit ratings

Each Loan is expected to be assigned the credit rating Aaa from Moody's. Moody's is established in the European Union and is registered under the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning credit rating agency. Credit ratings are a way of evaluating credit risk, but there are no guarantees that such rating reflects the potential impact of all risks related to an investment in the Covered Bonds. For more information regarding the credit rating, visit www.moodys.com.

The Issuer's Swedish programme for covered bonds and other bonds are rated by Moody's and is currently assigned a rating of Aaa. The Issuer's parent Nordea Bank Abp Oy is rated by both Fitch (AA-), Moody's (Aa3) and S&P (AA-).

GENERAL TERMS AND CONDITIONS

The following general terms and conditions (the “**General Terms and Conditions**”) apply for Loans represented by Covered Bonds that Nordea Hypotek Aktiebolag (Reg. No. 556091-5448) (the “**Issuer**”) issues in the capital market under agreements with the relevant Dealer(s). The Issuer may, from time to time, issue Euro denominated covered bonds under these General Terms and Conditions up to a maximum outstanding volume of EUR 5,000,000,000.

For each Loan, final terms are prepared that include supplementary terms and conditions (“**Final Terms**”), which together with these General Terms and Conditions constitute the complete terms and conditions for the relevant Loan (the “**Conditions**”). Final Terms for Loans that are offered to the public will be published on the Issuer’s website (www.nordea.se) and made available at the office of the Issuer. For as long as a Loan is outstanding, the Issuer will keep the General Terms and Conditions and the Final Terms for such Loan available on its website.

1. DEFINITIONS

1.1 In the Conditions, the following expressions shall have the meaning ascribed to them below.

“**Adjusted Total Nominal Amount**” means, for a Loan, the Total Nominal Amount excluding Covered Bonds held by any member of the Nordea Group. Notwithstanding the foregoing, if more than ninety (90) per cent of the Total Nominal Amount is held by members of the Nordea Group, all Covered Bonds held by members of the Nordea Group shall be included in the Adjusted Total Nominal Amount.

“**Adjustment Spread**” means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, or a combination thereof determined in accordance with section 7.2.3, to be applied to a Successor Base Rate or an Alternative Base Rate, the objective of which, in each case, shall be to reduce or eliminate, to the fullest extent reasonably practicable, any transfer of economic value from one party to another as a result of a replacement of the Base Rate.

“**Administrative Agent**” means, in respect of each Loan, (i) if a Loan is issued through two or more Dealers, the Dealer appointed by the Issuer to be responsible for certain administrative tasks in respect of the Loan as set out in the relevant Final Terms, and (ii) if a Loan is issued through only one Dealer, such Dealer.

“**Base Rate Administrator**” means European Money Markets Institute (EMMI) or any persons replacing it as administrator of the Base Rate.

“**Base Rate Amendments**” has the meaning set forth in section 7.2.5.

“**Base Rate Event Announcement**” means a public statement by the Base Rate Administrator or the supervisor of the Base Rate Administrator that any event or circumstance specified in paragraphs (a) to (e) of the definition of Base Rate Event will occur.

“**Base Rate**” means EURIBOR or, following the occurrence of a Base Rate Event, any reference rate replacing EURIBOR in accordance with section 7 (*Replacement of Base Rate*).

“**Base Rate Event**” means that:

- (a) the Base Rate has (i) been permanently or indefinitely discontinued, (ii) ceased to exist or (iii) ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate ceasing to be calculated or administered;
- (b) the Base Rate Administrator ceases to publish the applicable Base Rate permanently or indefinitely and, at that time, no successor administrator has been appointed to continue to publish the Base Rate;
- (c) the supervisor of the Base Rate Administrator (i) has made a public statement stating that the Base Rate is no longer representative of the underlying market or (ii) is recommending the usage of a Successor Base Rate for the applicable Base Rate;

- (d) the Base Rate Administrator or its supervisor announces that (i) the Base Rate methodology has changed materially after the Issue Date or (ii) the Base Rate may no longer be used, either generally or in respect of the Covered Bonds; or
- (e) it has become unlawful for the Issuer or the Administrative Agent to calculate any payments due to be made to any Bondholder using the applicable Base Rate.

“**Bondholder**” means the person who is registered in the register maintained by the CSD pursuant to paragraph 2 of section 3 of Chapter 6 of the Finnish Book-Entry System Act as direct registered owner (Fin: *omistaja*) or nominee (Fin: *hallintarekisteröinnin hoitaja*) with respect to a Covered Bond.

“**Book-Entry Securities System**” means the Infinity book-entry system (Fin: *arvo-osuusjärjestelmä*) being part of the book-entry register maintained by the CSD or any other replacing or substituting book-entry securities system.

“**Book-Entry System Act**” means the Finnish Act on Book-Entry System and Clearing Operations (Fin: *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta 749/2012*, as amended).

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in Helsinki, if that day is also a TARGET Business Day.

“**Covered Bond**” means a unilateral promissory note, which is issued by the Issuer in the Book-Entry System Securities System in accordance with the Conditions and coupled with rights of priority in the Issuer’s cover pool pursuant to the Swedish Covered Bonds Act (Sw. *lagen (2003:1223) om utgivning av säkerställda obligationer*).

“**CSD Regulations**” means the regulations, decisions, and operating procedures applicable to and/or issued by the CSD and applicable to the Issuer, the Dealer(s) and the Covered Bonds from time to time.

“**CSD**” means Euroclear Finland Oy, business identity code 1061446-0, Urho Kekkosen katu 5 C, P.O. Box 1110, 00101 Helsinki, Finland or any entity replacing the same as a central securities depository.

“**Dealer**” means, initially, Nordea Markets (i.e. a unit within Nordea Bank Finland Abp, and thereafter each other party appointed as Dealer in accordance with these General Terms and Conditions and the CSD Regulations.

“**Euro**” and “**EUR**” means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

“**TARGET Business Day**” means a day on which the TARGET System is operating.

“**TARGET System**” means the Trans European Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

“**EURIBOR**” means, unless and until a Base Rate Event has occurred,

- (a) the applicable percentage rate per annum displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Interest Determination Date for the offering of deposits in Euro and for a period comparable to the relevant Interest Period; or
- (b) if no rate as described in (a) is available for the relevant Interest Period, the rate determined by the Administrative Agent by interpolation between the two closest rates displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Interest Determination Date for the offering of deposits in Euro; or
- (c) if no rate as described in (b) is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Administrative

Agent at its request quoted by the Reference Banks, for deposits of EUR 10,000,000 for the relevant period; or

- (d) if no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Administrative Agent best reflects the interest rate for deposits in Euro offered for the relevant period; and

if any such rate is below zero, EURIBOR will be deemed to be zero.

“Independent Adviser” means an independent financial institution or adviser of repute in the debt capital markets where the Base Rate is commonly used.

“Interest Commencement Date” means, for a Loan, the date specified in the relevant Final Terms.

“Interest Determination Date” means, for Loans with fixed interest rate, the day that falls two Business Days before the first day in each Interest Period.

“Interest Payment Date” means, for a Loan, the date specified in the relevant Final Terms.

“Interest Period” means, for a Loan, the period specified in the relevant Final Terms.

“Interest Rate” means (i) for Loans with a fixed interest rate, the interest rate specified in the relevant Final Terms and (ii) for Loans with floating interest rate, the applicable Base Rate plus the Margin.

“Issue Date” means, for a Loan, the date specified in the Final Terms.

“Loan” means each loan with a separate ISIN code, comprising Covered Bonds with the same ISIN code, which the Issuer issues under the General Terms and Conditions.

“Margin” means, for a Loan with floating interest rate, the margin specified in the relevant Final Terms.

“Maturity Date” means, for a Loan, the date specified in the relevant Final Terms, being the day that the Loan shall be repaid.

“Nominal Amount” means the amount for each Covered Bond that is stated in the relevant Final Terms less any amount repaid, cancelled or written down in accordance with the Conditions or applicable legislation.

“Nordea Group” means Nordea Bank Abp and its subsidiaries from time to time. For the purposes of this definition, “subsidiary” means any Finnish or foreign legal entity (whether incorporated or not), which is a subsidiary (Fin: *tytäryhteisö*) to Nordea Bank Abp, directly or indirectly, as defined in the Finnish Companies Act (Fin: *Osaakeyhtiölaki 624/2006, as amended*).

“Record Date” means the fifth Business Day prior to an Interest Payment Date or other relevant due date, or, in each case, such other Business Day falling prior to a relevant date if generally applicable on the Finnish bond market.

“Reference Banks” has the meaning given in the relevant Final Terms or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

“Relevant Market” means Nasdaq First North Bond Market maintained by Nasdaq Helsinki Ltd.

“Relevant Nominating Body” means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee of any of them or the Financial Stability Board or any part thereof.

“Successor Base Rate” means a screen or benchmark rate which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body.

“Total Nominal Amount” means, for a Loan, the total aggregate Nominal Amount of the Covered Bonds outstanding at the relevant time.

2. RAISING OF LOANS, LOAN AMOUNT, DENOMINATION AND PAYMENT COMMITMENT

- 2.1 The Total Nominal Amount for each Loan will be determined when the sale of the Covered Bonds in such Loan has been completed and shall be represented by Covered Bonds each with the denomination in Euro specified in the relevant Final Terms. The Covered Bonds have rights of priority in the Issuer's cover pool pursuant to the Swedish Covered Bonds Act (Sw. *lagen (2003:1223) om utgivning av säkerställda obligationer*).
- 2.2 The Issuer undertakes to repay the principal and to pay interest in respect of each Loan in accordance with the Conditions.
- 2.3 In subscribing for Covered Bonds, each initial Bondholder accepts that its Covered Bonds shall have the rights, and be subject to the conditions, stated in the Conditions. In acquiring Covered Bonds, each new Bondholder confirms such acceptance.
- 2.4 Covered Bonds subscribed and paid for shall be entered to the respective book-entry accounts of the subscribers on the date set out in the Final Terms in accordance with Finnish legislation governing the book-entry system, clearing operations, and book-entry accounts as well as the CSD Regulations. Each Covered Bond is freely transferable after it has been registered into the respective book-entry account.

3. INTEREST

- 3.1 The relevant Final Terms shall state the relevant interest structure using one of the following alternatives:

(a) Fixed interest rate

If a Loan is specified as a Loan with fixed interest rate, the Loan shall bear interest on its Nominal Amount at the Interest Rate from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date. Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the day count convention 30/360.

(b) Floating interest rate

If a Loan is specified as a Loan with floating interest rate, the Loan shall bear interest on its Nominal Amount from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date. The Interest Rate applicable to each respective Interest Period is determined by the Administrative Agent on the respective Interest Determination Date. Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the day count convention actual/360, or in accordance with another calculation methodology applicable for the relevant Base Rate.

4. REGISTRATION OF THE COVERED BONDS

- 4.1 The Covered Bonds will be issued in dematerialised form in the Book-Entry Securities System in accordance with the Book-Entry System Act and the CSD Regulations. No physical notes will be issued.
- 4.2 Notwithstanding any secrecy obligation, the Issuer shall, subject to the CSD Regulations and applicable laws, be entitled to obtain information of the Bondholders, their contact details, and their holdings of the Covered Bonds registered in the Book-Entry Securities System. from the CSD and the CSD shall be entitled to provide such information to the Issuer. Furthermore, the Issuer shall, subject to the CSD Regulations and applicable laws, be entitled to acquire from the CSD a list of Bondholders, provided that it is technically possible for the CSD to maintain such a list.

- 4.3 For Covered Bonds registered in the name of a nominee in accordance with the Book-Entry System Act, the nominee shall be regarded as the Bondholder under the Conditions.

5. PAYMENTS

- 5.1 A Loan falls due for repayment on the Maturity Date. Interest shall be paid on each Interest Payment Date in accordance with the relevant Final Terms.
- 5.2 Any payments under or in respect of the Covered Bonds pursuant to the Conditions shall be made to the person who is registered as a Bondholder at the relevant Record Date prior to an Interest Payment Date, the Maturity Date, or another relevant due date in accordance with the Finnish legislation governing the Book-Entry Securities System and book-entry accounts as well as the CSD Regulations.
- 5.3 Should an Interest Payment Date, the Maturity Date, or another relevant due date (as applicable) occur on a day that is not a Business Day, the relevant payment shall be made,
- (a) for Loans with fixed interest rate, on the next following Business Day provided, however, that interest in this regard is only paid up to and including the relevant due date; and
 - (b) for Loans with floating interest rate, on the next following Business Day, provided that such Business Day does not occur in a new month in which case the relevant interest payment shall be made on the first preceding Business Day instead.
- 5.4 If, due to any obstacle affecting the CSD, the Issuer cannot make a payment, such payment may be postponed until the obstacle has been removed. Any such postponement shall not affect the Record Date.

6. DEFAULT INTEREST

- 6.1 In the event of delay in payment relating to principal and/or interest, default interest shall be paid on the amount due from the due date up to (and including) the day on which payment is made, at an interest rate which corresponds to one week's EURIBOR applicable on the first Business Day in each calendar week during the course of delay plus two percentage points. However, default interest according to this section 6.1 shall never be lower than the Interest Rate at the due date plus two percentage points. Default interest is not compounded with the principal amount.
- 6.2 If the delay is due to an obstacle of the kind set out in section 13.1 on the part of the Dealer(s) or the CSD, or is otherwise out of control of the Issuer, no default interest shall apply, in which case the rate of interest which applied to the relevant Loan on the relevant due date shall apply instead.

7. REPLACEMENT OF BASE RATE

7.1 General

- 7.1.1 Any determination or election to be made by an Independent Adviser, the Issuer or the Bondholders in accordance with the provisions of this section 7 shall at all times be made by such Independent Adviser, the Issuer or the Bondholders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.
- 7.1.2 If a Base Rate Event has occurred, this section 7 (*Replacement of Base Rate*) shall take precedent over the fallbacks set out in paragraph (b) to (d) of the definition of EURIBOR.

7.2 Determination of Base Rate, Adjustment Spread and Base Rate Amendments

- 7.2.1 Without prejudice to section 7.2.2, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate or an Alternative Base Rate at such point of time, at any time before the occurrence of the relevant Base Rate Event at the Issuer's expense appoint an Independent Adviser to determine a Successor Base Rate or, if there is no Successor Base Rate, an Alternative Base Rate and, in each case, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to section 7.2.2.
- 7.2.2 If (i) a Base Rate Event has occurred or (ii) a Base Rate Event Announcement has been made and the announced Base Rate Event will occur within six (6) months, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer's expense, appoint an Independent Adviser to determine, as soon as commercially reasonable, a Successor Base Rate or (if there is no Successor Base Rate) an Alternative Base Rate and, in each case, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate.
- 7.2.3 If the Issuer fails to appoint an Independent Adviser in accordance with section 7.2.2, the Bondholders shall, if so decided at a Bondholder's Meeting, be entitled to appoint an Independent Adviser (at the Issuer's expense) for the purposes set forth in section 7.2.2.
- 7.2.4 The Adjustment Spread determined by the Independent Adviser in accordance with section 7.2.1 or 7.2.2 shall be the Adjustment Spread which,
- (a) is formally recommended in relation to the replacement of the Base Rate by any Relevant Nominating Body; or
 - (b) if paragraph (a) above does not apply, the Independent Adviser determines is customarily applied to the relevant Successor Base Rate or Alternative Base Rate (as applicable), in comparable debt capital markets transactions.
- 7.2.5 The Independent Adviser shall also determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or an Alternative Base Rate or to reflect the adoption of such Successor Base Rate or Alternative Base Rate in a manner substantially consistent with market practice ("**Base Rate Amendments**").
- 7.2.6 Provided that a Successor Base Rate or (if there is no Successor Base Rate) an Alternative Base Rate and, in each case, the applicable Adjustment Spread and any Base Rate Amendments have been determined no later than ten (10) Business Days prior to the relevant Interest Determination Date in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period.

7.3 Interim Measures

- 7.3.1 If a Base Rate Event has occurred but no Successor Base Rate or Alternative Base Rate and Adjustment Spread have been determined at least ten (10) Business Days prior to the relevant Interest Determination Date in relation to the next succeeding Interest Period, the Interest Rate applicable to the next succeeding Interest Period shall be,
- (a) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or
 - (b) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the Interest Rate determined for the immediately preceding Interest Period.

- 7.3.2 For the avoidance of doubt, section 7.3.1 shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided, in this section 7.

7.4 Notices etc.

The Issuer shall promptly following the determination by the Independent Adviser of any Successor Base Rate, Alternative Base Rate, Adjustment Spread and any Base Rate Amendments give notice thereof to the Administrative Agent, any other Dealer and the Bondholders in accordance with section 9 (*Notices*), and to the CSD.

7.5 Variation Upon Replacement of Base Rate

- 7.5.1 No later than when giving notice pursuant to section 7.4, the Issuer shall deliver to the Administrative Agent a certificate signed by two authorised signatories of the Issuer:
- (a) confirming that (i) a Base Rate Event has occurred, (ii) the relevant Successor Base Rate or Alternative Base rate and (in either case) the applicable Adjustment Spread (if any), and (iii) any Base Rate Amendments, in each case as determined in accordance with the provisions of this section 7; and
 - (b) certifying that the Base Rate Amendments are necessary to ensure the proper operation of such Successor Base Rate or Alternative Base Rate and (in either case) the applicable Adjustment Spread (if any).
- 7.5.2 The Administrative Agent and any other Dealer shall be entitled to rely on such certificate referred to in section 7.5.1 without further enquiry and without liability to any person. The Successor Base Rate or Alternative Base Rate and (in either case) the applicable Adjustment Spread (if any) and any Base Rate Amendments specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Base Rate or Alternative Base Rate and any Base Rate Amendments and without prejudice to the Administrative Agent's or any other Dealer's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Administrative Agent, any other Dealer(s) and the Bondholders.
- 7.5.3 Subject to receipt by the Administrative Agent of the certificate referred to in section 7.5.1, the Issuer and the Administrative Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Bondholders, without undue delay effect such amendments to the Conditions as may be required by the Issuer in order to give effect to this section 7 (*Replacement of Base Rate*).
- 7.5.4 The Administrative Agent shall always be entitled to consult with external experts prior to amendments are effected pursuant to this section 7 (*Replacement of Base Rate*). Neither the Administrative Agent nor any other Dealer shall be obliged to concur if in the reasonable opinion of the Administrative Agent or such Dealer (as applicable), doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Administrative Agent or such Dealer under the Conditions.

7.6 Limitation of Liability for the Independent Adviser

Any Independent Adviser appointed pursuant to section 7.2 shall not be liable whatsoever for damage or loss caused by any determination, action taken or omitted by it under or in connection with the Conditions, unless directly caused by its gross negligence or wilful misconduct. The Independent Adviser shall never be responsible for indirect or consequential loss.

8. PRESCRIPTION

- 8.1 Claims for the repayment of principal of a Loan shall be prescribed and become void ten (10) years after the relevant Maturity Date. Claims for the payment of interest shall be prescribed and become void three (3) years after the relevant Interest Payment Date. Upon prescription, the Issuer shall be entitled to keep any funds that may have been reserved for such payments.
- 8.2 If the prescription period is duly interrupted in accordance with the Swedish Limitations Act (Sw. *preskriptionslagen (1981:130)*), a new prescription period of ten (10) years will commence for claims in respect of principal and three (3) years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Limitations Act concerning the effect of an interruption of the limitation period.

9. NOTICES

- 9.1 Notices shall be provided to Bondholders for the relevant Loan at the address registered with the CSD on a Business Day falling no earlier than five (5) Business Days before dispatch.
- 9.2 The Issuer shall advise Bondholders of matters relating to the Covered Bonds by a stock-exchange release and a notice published on the Issuer's website at www.nordea.se. The Issuer may and shall, if required by the CSD Regulations or applicable laws, also deliver notices relating to the Covered Bonds in writing directly to the Bondholders at the address appearing on the list of the Bondholders provided by the CSD through the CSD's book-entry securities system or account operators of the relevant book-entry system on a Business Day falling no earlier than five (5) Business Days before dispatch.

10. CHANGES TO TERMS, ETC.

- 10.1 The Issuer has the right to make such adjustments of these General Terms and Conditions that have been approved at a Bondholders' Meeting or that have been approved by all Bondholders. The Issuer shall promptly notify the Bondholders of such changes in accordance with section 9 (*Notices*).
- 10.2 The Issuer and the Dealers may, without the Bondholders' consent, agree on adjustments to correct any clear and manifest errors in these General Terms and Conditions and in Final Terms, or make adjustments that are necessary in the light of mandatory legislation or regulations. Furthermore, the Issuer may, without the Bondholders' consent, increase or decrease the number of Dealers, and also replace a Dealer with another institute.

11. BONDHOLDERS' MEETING

- 11.1 The Administrative Agent shall, at the written request of the Issuer, or from Bondholders that (at the time of such request) represent at least ten (10) per cent of the Adjusted Total Nominal Amount under a particular Loan, convene a Bondholders' Meeting for the Bondholders under the relevant Loan. A Bondholders' Meeting shall be held at least twenty (20) Business Days after the date of the notice of the meeting. The notice of the meeting shall be made in accordance with sections 9 (*Notices*) and 11.2.
- 11.2 The notice of the meeting shall include (i) time for the meeting, (ii) place for the meeting, (iii) a specification of the Record Date on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) a form of power of attorney, and (v) the agenda for the meeting. In the event that voting can take place via an electronic voting procedure, the details regarding this must be clearly stated in the notice. The reasons for, and contents of each proposal, as well as any applicable conditions and conditions precedent, shall be specified in the notice. Should

prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, information about such requirement shall be included in the notice.

- 11.3 The meeting shall be initiated by the appointment of a chairman. The Administrative Agent appoints the chairman unless the Bondholders' Meeting decides differently. Board members, the chief executive officer, and other senior officials of the Issuer as well as the Issuer's auditors and advisors have the right to participate at the Bondholders' Meeting in addition to the Bondholders, their representatives and advisors and the Administrative Agent. Authorised agents shall present a duly issued power of attorney which shall be approved by the chairman.
- 11.4 The Administrative Agent shall make sure that there is a written list of the Bondholders as of the end of the fifth Business Day before the Bondholders' Meeting.
- 11.5 The chairman shall compile a list of present Bondholders with voting rights ("**Voting List**"). The Voting List shall include information on the share of the Adjusted Total Nominal Amount that each Bondholder represents. Only persons who were Bondholders as of the end of the fifth Business Day before the Bondholders' Meeting may exercise voting rights at the Bondholders' Meeting, provided that the relevant Covered Bonds are included in the Adjusted Total Nominal Amount, and only such Bondholders shall be included in the Voting List. Persons who have cast their vote by electronic voting procedure, ballot paper or equivalent shall, for the purposes of these provisions, be deemed to be present at the meeting. The Voting List shall be approved by the Bondholders' Meeting.
- 11.6 The chairman shall ensure that minutes are kept at the Bondholders' Meeting. The minutes shall include notes as to the participants, the issues dealt with, the voting results and the decisions that were made. The minutes shall be signed by the chairman and at least one person (appointed by the chairman unless the Bondholders' Meeting decides differently) at the Bondholders' Meeting to approve the minutes and shall thereafter be delivered to the Administrative Agent. The minutes shall at the request of a Bondholder be sent to it by the Administrative Agent. New or revised General Terms and Conditions or Final Terms shall be appended to the minutes and sent to the CSD by the Administrative Agent or by any party appointed by the Administrative Agent. The minutes shall be kept by the Administrative Agent.
- 11.7 A Bondholders' Meeting is quorate if Bondholders representing at least twenty (20) per cent of the Adjusted Total Nominal Amount under the relevant Loan is present at the Bondholders' meeting.
- 11.8 However, for the following types of decisions, the Bondholders' Meeting is only quorate if Bondholders representing at least fifty (50) per cent of the Adjusted Total Nominal Amount are present the Bondholders' Meeting ("**Extraordinary Resolution**"):
 - (a) a change of Maturity Date, reduction of Nominal Amount, changes in terms relating to interest or amount to be repaid, change in the specified currency of the Loan (unless this is required by law), and change of the Loan's status in terms of preferential rights (Sw. *Förmånsrätt*);
 - (b) a transfer by the Issuer of its rights and obligations under the Loan;
 - (c) a mandatory exchange of Covered Bonds for other securities; and
 - (d) a change to the terms of this section 11.
- 11.9 If a Bondholders' Meeting is not quorate within thirty minutes from the scheduled time for the Bondholders' Meeting, the meeting shall be adjourned to the day falling one week later (or, if that day is not a Business Day, the next Business Day). If the meeting has reached a quorum for certain but not all the issues to be decided at the meeting, the meeting shall be adjourned after decisions have been made on matters for which there is a quorum. Notice that the Bondholders' Meeting has been adjourned and information on time and place for the continued meeting shall be sent out by the Administrative Agent. When the adjourned Bondholders' Meeting is resumed, the Bondholders' Meeting is entitled to make decisions, including Extraordinary Resolutions, if Bondholders who

represent at least ten (10) per cent of the Adjusted Total Nominal Amount (according to the written list of Bondholders to be provided in accordance with section 11.5) are present at the meeting. The resumption of the meeting shall begin with the chairman drawing up a new Voting List (according to the same principles as stated in section 11.5 and on the basis of the list of Bondholders to be provided in accordance with that section). Only Bondholders who are included in such a new Voting List are entitled to exercise voting rights at the meeting. A Bondholders' Meeting can only be adjourned once.

- 11.10 A decision made at a Bondholders' Meeting is binding on all Bondholders under the relevant Loan irrespective of whether they are represented at the Bondholders' Meeting. Bondholders that do not vote for a decision shall not be liable for losses that the decision causes to other Bondholders.
- 11.11 The Administrative Agent's reasonable costs and expenses occasioned by a Bondholders' Meeting, including reasonable payment to the Administrative Agent, shall be borne by the Issuer.
- 11.12 A request for a Bondholders' Meeting shall be sent to the Issuer at the address below. Such notice must indicate that the matter is urgent.

Nordea Hypotek Aktiebolag
C/O L8300
105 71 Stockholm

- 11.13 The Administrative Agent shall notify the Issuer Agent (if applicable) and the CSD of Bondholders' Meetings in accordance with section 11.2, the CSD Regulations, and applicable legislation. The Administrative Agent shall also notify the Issuer Agent (if applicable) and the CSD of resolutions passed at Bondholders' Meetings in accordance with the CSD Regulations and applicable legislation.

12. ADMISSION TO TRADING

The Issuer shall, unless otherwise specified in the Final Terms, apply for the Covered Bonds to be admitted to trading on the Relevant Market. Following an admission to trading, the Issuer shall take all actions on its part to maintain the admission for as long as any Covered Bonds are outstanding, but no longer than up to and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations of the Relevant Market and the CSD, subsist.

13. LIMITATION OF LIABILITY ETC.

- 13.1 With regards to the obligations imposed on the Issuer, the Dealer(s) and the CSD, respectively, the parties shall not be held liable for any losses arising out of any Swedish or foreign legal enactment, or any measure undertaken by a Swedish or foreign public authority, or war, strike, blockade, boycott, lockout or any other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the party concerned itself takes such measures or is subject to such measures.
- 13.2 Losses arising on other cases shall not be compensated by the Issuer, the Dealer(s) or the CSD if the relevant party has exercised due care. In no case shall compensation be paid for indirect losses.
- 13.3 Should the Issuer, the Dealer(s) or the CSD not be able to fulfil its obligations under the Conditions due to any circumstance set out in section 13.1, such action may be postponed until the obstacle has been removed.
- 13.4 The aforesaid shall apply unless otherwise provided in the Finnish Book-Entry System Act.

14. TAX

The Issuer is not liable to gross-up any payments under the Conditions by virtue of any withholding tax, public levy or the similar.

15. APPLICABLE LAW AND JURISDICTION

15.1 The Conditions shall be governed by Swedish law.

15.2 Disputes shall be settled by Swedish courts. Stockholm District Court shall be the court of first instance.

We hereby confirm that the above General Terms and Conditions are binding upon us

Stockholm, 5 March 2021

NORDEA HYPOTEK AB (publ)

FINAL TERMS

FINAL TERMS

for Loan No. 1

under Nordea Hypotek AB's (publ) General Terms and Conditions for the issuance of euro denominated Covered Bonds

The following are the final terms and conditions ("**Final Terms**") of Loan No.1, (the "**Loan**") that Nordea Hypotek AB (publ) (the "**Issuer**") issues in the capital market in accordance with an agreement with the below-mentioned Dealer.

The Loan shall be subject to the general terms and conditions dated 5 March 2021 (the "**General Terms and Conditions**") as set out in the Issuer's Company Description for the issuance of Euro Medium Term Covered Bonds (the "**Company Description**"), and the Final Terms set out below. Words and expressions not defined in the Final Terms shall have the meaning set out in the General Terms and Conditions.

This document constitutes the final terms for the purposes of Regulation (EU) 2017/1129 and must be read in conjunction with the Company Description. Full information on the Issuer and the offer of the Loan is only available on the basis of the combination of these Final Terms, the General Terms and Conditions, the Company Description and any documents incorporated therein by reference. These documents are available via www.nordea.se.

Terms and conditions for the Loan

1.	Loan no:	1
2.	Total Nominal Amount:	EUR 3,000,000,000
	(i) aggregated nominal amount for new tranche(s) of the Loan:	EUR 3,000,000,000
	(ii) total aggregated nominal amount of the Loan:	EUR 3,000,000,000
3.	Nominal Amount per Covered Bond:	EUR 100,000
4.	Issue price:	102.163 per cent
5.	Currency:	Euro
6.	Issue Date:	19 th March 2021
7.	Interest Commencement Date:	19 th March 2021
8.	Maturity Date:	19 th March 2024
9.	Repayment Basis:	Each Covered Bond is repaid at par (i.e. at an amount equal to its Nominal Amount)
10.	Type of Interest Rate:	Floating interest rate
11.	Additional terms and conditions for Loans with fixed interest rate:	Not applicable
12.	Additional terms and conditions for Loans with floating interest rate:	Applicable

	(i) Base Rate:	3 month(s) EURIBOR
	(ii) Margin:	+ 0.75 per cent
	(iii) Interest Determination Date:	Two Business Days prior to the first day of each Interest Period
	(iv) Interest Period:	The first Interest Period runs from 19 th March 2021 to and including 19 th June 2021, and thereafter from one Interest Payment Date to and including the next Interest Payment Date
	(v) Interest Payment Date(s):	19 th March, 19 th June, 19 th September, and 19 th December each year (subject to the General Terms and Conditions), the first Interest Payment Date being on 19 th June 2021

Other information

13.	The issuance of Covered Bonds is expected to be rated:	Moody's Investors Service Limited: Aaa
14.	Dealer:	Nordea Bank Abp
15.	Administrative Agent:	Nordea Bank Abp
16.	ISIN code:	FI4000491097
17.	Admission to Trading:	Nasdaq First North Bond Market maintained by Nasdaq Helsinki Ltd. Admission to trading shall take place no later than 30 days after the Issue Date.
18.	The earliest date on which the Covered Bonds will be admitted to trading:	The Issue Date
19.	Estimate of the total expenses related to the admission to trading:	Less than EUR 4,000
20.	Total number of Covered Bonds admitted to trading:	35,000
21.	Resolutions as basis for the issuance:	Resolution passed by the board of directors of Nordea Hypotek AB (publ) dated 3 March 2021.
22.	Interests:	The Issuer and the Dealer are part of the same company group.
23.	Information from third parties:	Not applicable
24.	Use of proceeds:	General financing of the Issuer's and the Nordea Group's business activities
25.	The estimated net amount of the proceeds:	3,064,890,000.00

We hereby confirm that the above Final Terms are applicable to Loan No. 1 together with the General Terms and Conditions and undertake to repay the Loan and to pay interest in accordance herewith. We confirm that any material event after the date of the Company Description that could affect the market's assessment of the Loan have been made public.

Stockholm, 17 March 2021

Nordea Hypotek AB (publ)

DESCRIPTION OF THE ISSUER

The Issuer

The Issuer's legal and commercial name is Nordea Hypotek AB (publ), registered with the Swedish Companies Registration Office (*Bolagsverket*) and with Swedish Reg. No. is 556091-5448. The head office of the Issuer is located at Lindhagensgatan 112, 8 tr. L8300, 105 71 Stockholm and its phone number is +46 (0)10-157 10 00. The Issuer's LEI-code is 5493000K2HPWIF6MFO29. Pursuant to section 3 of the Articles of Association of the Issuer, the business purpose of the Issuer is conduct financing business, with the permits of the Swedish Financial Supervisory Authority (the "**Swedish FSA**"). The Issuer is regulated by the Swedish Companies Act (*aktiebolagslagen (2005:551)*) and the Swedish Banking and Financing Business Act (*lag (2004:297) om bank- och finansieringsrörelse*). The Issuer is authorized by the Swedish FSA to issue covered bonds in accordance with the Swedish Covered Bonds Act (*lag (2003:1223) om utgivning av säkerställda obligationer*).

The Issuer was founded on 10 January 1964 as Kommunlåneinstitutet AB and was registered with the Swedish Companies Registration Office on 26 February 1964. In 1989 the Issuer became a wholly owned subsidiary to PKBanken and changed its name to PKKredit AB. The latest change of the Issuer's name and business was in 2001.

The Issuer is a member of the Nordea Group which is a Finnish banking group with a global presence and business in 19 countries. The Issuer's parent company is Nordea Bank Abp, a Finnish bank, regulated by Finnish law and with its principal office in Helsinki. Nordea's shares are listed on the stock markets in Stockholm, Copenhagen and Helsinki.

The Issuer is only present on the Swedish market and provides mortgages loans to private individuals sole traders, municipalities and other legal persons in Sweden. The purpose of the mortgage loans is to finance residential properties, real property and municipal activities. A majority of the Issuer's lending is focused on the financing of residential properties. The mortgage loans are granted against security in the form of mortgage certificates in real property or tenant-owner apartments in Sweden and guarantees issued by municipalities.

Organisational structure

The Issuer is a wholly owned subsidiary of Nordea and has no subsidiaries of its own.

The Issuer's business is closely related to Nordea and its businesses in Sweden. Pursuant to the service agreement entered into between the Issuer and Nordea, Nordea will perform all the daily business of the Issuer. As an example, the Issuer's has delegated its credit approvals to Nordea as part of the board of directors credit instruction and other internal and external rules and regulations. In addition, Nordea is responsible for the sales and product development of the Issuer, its funding (including registering issuances and payment of interest), accounting and reporting, allocation of the Issuer's capital in accordance with applicable rules, compliance matters and HR-related questions. Since the Issuer's business is so closely related to Nordea, the Issuer has a limited number of employees, being 25 persons.

Financing of the Issuer's operations

The Issuer finances its operations by issuing debt instruments both in Sweden and abroad. The Issuer also receives financing from Nordea. The Issuer can issue new debt instruments with or without the status of covered bonds. The Issuer's policy is to hedge against exposure to currency risks. In all material respects, the assets and liabilities are hedged with currency swaps. No significant changes in the Issuer's loan and financing structure have taken place since 5 March 2021, which is the date of the Issuer's most recently published audited annual report.

Information on trends, legal procedures and significant agreements

No changes in the Issuer's future prospects have occurred since 5 March 2021, which is the date of the Issuer's most recently published audited annual report. No significant changes regarding the Issuer's financial position have occurred since 5 March 2021, which is the date of the Issuer's most recently published audited annual report. There are no authority proceedings, legal proceedings or conciliation proceedings (including as yet unresolved proceedings or proceedings of which the Issuer is aware that they may be initiated) which, in the Issuer's assessment, could have significant effects on the Issuer's financial position or profitability. The Issuer has also not been the subject of or a party to such a procedure during the twelve months preceding the approval of the Company Description. The Issuer has no material agreements outside its normal business that could result in a member of the Nordea Group receiving a right or obligation that would have a material adverse effect on the Issuer's ability to fulfil its obligations towards the Bondholders.

Board of directors and senior management

Board of directors

The board of directors was elected at the annual general meeting of the Issuer on 12 March 2021.

	<u>Year of birth</u>	<u>Position</u>	<u>Other relevant assignments</u>
Per Långsved	1976	Chairman	Head of Banking, Sweden, Nordea Bank Abp; chairman, Böda Sand Beach Resort AB; board member, Quinolette AB
Peter Dalmalm	1968	Vice chairman	Head of Business Banking, Sweden, Nordea Bank Abp
Maria Härdling	1972	Board member	Head of TALM Analytics, Sweden, Nordea Bank Abp
Marte Kopperstad	1979	Board member	Head of Products & Development Personal Banking, Nordea Bank Abp
Magnus Montan	1972	Board member	
Elisabeth Olin	1961	Board member	Head of Business Risk Management Personal Banking, Sweden, Nordea Bank Abp
Maria Sahlén	1979	Board member	Chief Operating Officer, Nordic Real Estate Partners

Senior management

	<u>Year of birth</u>	<u>Position</u>
Arvid Krönmark	1979	CEO
Lars Andersson	1959	Head of Credit
Johan Arenander	1967	CFO
Jan Hoppe	1981	CRO
Fredrik Andersson	1979	Compliance Officer
Johan Widholm	1967	Senior Legal Counsel
Madeleine Qvarfordt	1985	Business Risk Manager

Addresses of the board of directors and the senior management

The senior management and directors of the board have the following office address: Nordea Hypotek AB (publ), L8300, 105 71 Stockholm

Conflicts of interest

Board members and members of the Issuer 's senior management are or may become customers of the Issuer and are granted mortgage credit by the Issuer. As far as the Issuer is aware, there are no conflicts of interest between the Issuer's interests and the interests of the above persons, except ordinary banking and rules for employees' securities and foreign exchange transactions. Regarding board members, in addition, e.g. the rules in the Swedish Companies Act on non-compliance.

Auditors

The Issuer 's auditors are Öhrlings PricewaterhouseCoopers AB. The principal auditor is Catarina Ericsson, a member of the Association of Authorized Public Accountants (FAR). The auditor was appointed by the 2016 Annual General Meeting and re-elected at the 2017, 2018, and 2020 Annual General Meetings. At the 2021 Annual General Meeting, Öhrlings PricewaterhouseCoopers AB was re-elected as auditor until the end of the 2022 Annual General Meeting. The Swedish FSA has appointed Malin Lüning AB, Deloitte AB, as an independent auditor for the Issuer in accordance with the Swedish Covered Bonds Act. The appointment is valid from 1 January 2016 and until further notice.

Share capital

The Issuer's registered share capital is SEK 110,000,000, divided into 100,000 shares. All the Issuer's shares are of the same share class and there is no difference in voting rights among the shares. The shares are fully paid.

OVERVIEW OF THE SWEDISH LEGISLATION REGARDING COVERED BONDS

The following is a brief overview of certain features of the Covered Bonds Act as of the date of this Company Description. The overview does not purport to be, and is not, a complete description of all aspects of the Swedish legislative and regulatory framework for covered bonds. In addition to the overview below, please also refer to the Section “Risk Factors” above.

Introduction

The Covered Bonds Act entered into force on 1 July 2004 and was last amended in 2018. It enables Swedish banks and credit market companies (“**Institutions**”), which have been granted a specific licence by the Swedish FSA, to issue full-recourse debt instruments secured by a pool of mortgage credits and/or public sector credits.

The Swedish FSA has issued regulations and recommendations under the authority conferred on it by the Covered Bonds Act, including the Swedish FSA’s regulations and general guidelines regarding covered bonds (*Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer (FFFS 2013:1)*) as amended from time to time (the “Swedish FSA Regulations”).

Swedish covered bonds may take the form of bonds and other comparable debt instruments, such as commercial paper.

In the event of an Institution’s bankruptcy, holders of covered bonds (and certain eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the cover pool with those of the covered bonds) benefit from a priority right in the pool of assets consisting of Eligible Mortgages, Public Credits and Supplemental Assets (all as defined below). The Covered Bonds Act further enables such holders (and derivative counterparties) to continue to receive timely payments also following the Institution’s bankruptcy, subject to certain conditions being met. However, such assets may be subject to country-specific regulations and credit risks different from what is outlined in this Company Description. Should the value of the Supplemental Assets or the Public Credits decrease, this may adversely affect the value of the relevant pool of assets.

The cover pool is dynamic in the sense that an Institution may supplement or substitute assets in the cover pool at any time. An Institution may establish more than one cover pool.

Registration

Information in respect of all covered bonds, assets in the cover pool and relevant derivative contracts must be entered into a special register (the “**Register**”), which is maintained by the Institution. The actual registration of the covered bonds and relevant derivative contracts in the Register is necessary to confer the priority right in the cover pool. Further, only assets entered into the Register form part of the cover pool. The Register must at all times show the nominal value of the covered bonds, the cover pool and the relevant derivative contracts. As a result, the Register requires regular updating, including, without limitation, due to changes in interest rates, interest periods, outstanding debt and the composition of the cover pool. The value of the underlying collateral securing Eligible Mortgages in the cover pool must also be entered into the Register.

Eligibility criteria for assets in the cover pool

The cover pool may consist of certain Eligible Mortgages, Public Credits and Supplemental Assets in accordance with the definitions below.

“**Eligible Mortgages**” means loans secured by: (i) mortgages over real property (*fastigheter*) intended for residential, agricultural, office or commercial purposes or site leasehold rights (*tomträtter*) intended for residential, office or commercial purposes; (ii) pledges over tenant-owner rights (*bostadsrätter*); or (iii) comparable security interests over equivalent assets situated in other countries within the EEA.

“**Public Credits**” means certain loans to (or guaranteed by), among others, the Swedish State, Swedish municipalities and comparable public bodies and the European Union.

“**Supplemental Assets**” means primarily government bonds and cash, although the Swedish FSA may also authorise the use of certain debt instruments issued by credit institutions and other bodies as Supplemental Assets.

Loan-to-value ratios and certain other restrictions

For Eligible Mortgages, there is a maximum loan amount which may be included in the cover pool, depending on the value of the underlying collateral:

- 1) For residential collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 75 per cent of the market value of the collateral.
- 2) For agricultural collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 70 per cent of the market value of the collateral.
- 3) For office or commercial collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 60 per cent of the market value of the collateral.

Should a loan exceed the relevant ratio, only the part of the loan that falls within the permitted limit may be included in the cover pool (a “**Partly Eligible Loan**”). The Covered Bonds Act does not explicitly regulate how proceeds in respect of a Partly Eligible Loan shall be distributed between the eligible and the non-eligible parts of the loan. The most likely interpretation is that interest payments shall be allocated *pro rata* between the eligible and non-eligible parts of the loan and that amortisations shall be applied first towards the non-eligible part of the loan (absent enforcement of the security over the underlying collateral). However, proceeds from enforcement of the security should most likely be applied first towards the eligible part of the loan.

A similar situation arises if, for example, the same mortgage security serves as first-ranking security for two (or more) loans granted by an Institution and only one of these loans is included in the cover pool. The Covered Bonds Act does not give clear guidance as to how proceeds shall be allocated between the two loans in case of the Institution’s bankruptcy. The lack of guidance may give room for unsecured creditors of the Institution to argue that only a *pro rata* portion of such proceeds shall be allocated to the loan included in the cover pool.

The Covered Bonds Act restricts the overall proportion of loans provided against security over real property (or site leasehold rights or tenant-owner rights) intended for office or commercial purposes to 10 per cent of an Institution’s cover pool. Furthermore, the proportion of Supplemental Assets may not exceed 20 per cent of the cover pool, although the Swedish FSA has the authority to raise this limit up to 30 per cent for a limited period in special circumstances.

Institutions are required to regularly monitor the market value of the mortgage assets that serve as collateral for loans included in the cover pool and at least once a year to analyse how future changes in market values may affect the loan-to-value ratios and the value of all such mortgage assets. If the market value of a mortgage asset declines significantly (around 15 per cent or more according to the preparatory works to the Covered Bonds Act), then only such part of the loan that falls within the permitted loan-to-value ratio will be eligible for inclusion in the cover pool and will be subject to the priority right described below. However, a decline in the market value following an Institution’s bankruptcy would not result in a reduction of the assets in which holders of covered bonds (and relevant derivative counterparties) have a priority right, but could result in the cover pool ceasing to meet the matching requirements.

Matching requirements

The Covered Bonds Act prescribes that an Institution must comply with certain matching requirements, which, among other things, require that the nominal value of the assets registered to the cover pool exceeds the nominal value of the liabilities which relate to covered bonds issued from time to time by at least 2 per cent. The calculation shall be made on the basis of current book values. In order to comply with these requirements, the Institution may enter into derivative contracts, which will also be taken into account when testing the matching. To do so, the Institution is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations.

Furthermore, an Institution must compose the cover pool in such a way as to ensure a sound balance between the covered bonds and the assets in the cover pool in terms of currencies, interest rates and interest fixation periods. Such sound balance is deemed to exist when the present value of the cover pool at all times exceeds the present value of the liabilities relating to the covered bonds by at least two per cent. The present value of derivative contracts shall be taken into account for the purposes of such calculation. The calculations of present value shall withstand certain stress tests (changes in interest rates and/or currency exchange rates).

The payment flows relating to the assets in the cover pool, derivative contracts and covered bonds shall be such that an Institution is at all times able to meet its payment obligations towards holders of covered bonds and relevant derivative counterparties.

Non-performing assets in the cover pool which are more than 60 days overdue must be disregarded for the purposes of the matching tests.

Supervision by the Swedish FSA and the independent monitor

The Swedish FSA monitors that an Institution complies with the Covered Bonds Act and other provisions of the legislative and regulatory framework which regulates the business of the Institution. In addition, the Swedish FSA appoints an independent monitor (*oberoende granskare*) for each Institution that issues covered bonds.

The independent monitor is responsible for monitoring the Register to assess whether it is being maintained correctly and in compliance with the Covered Bonds Act and the Swedish FSA Regulations. The monitoring shall be risk-based. In particular, the independent monitor shall verify that (i) covered bonds and relevant derivative contracts are registered in the Register, (ii) only loans and Supplemental Assets that satisfy the eligibility criteria are included in the cover pool and registered in the Register, (iii) the valuations of the underlying collateral for loans in the cover pool are in accordance with the Covered Bonds Act and the Swedish FSA Regulations, (iv) mortgage loans, the underlying collateral of which has decreased significantly in value are, for the purpose of the matching requirements, deducted from the cover pool to the extent necessary to comply with the relevant loan-to-value ratio and (v) the matching requirements are complied with. In addition, the independent monitor shall annually review revaluations by the Institution of the underlying collateral.

The independent monitor is entitled to request information from the Institution, conduct site visits and is required to report regularly and at least once a year to the Swedish FSA. The Covered Bonds Act does not provide for any change to the independent monitor's remit upon the bankruptcy of an Institution.

Benefit of a priority right in the cover pool

Pursuant to the Covered Bonds Act and the Rights of Priority Act, the holders of covered bonds benefit from a priority right in the cover pool should the Institution be declared bankrupt (*försatt i konkurs*). The same priority is awarded to the Institution's eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the cover pool with those of the covered bonds. Such derivative counterparties and the holders of covered bonds rank *pari passu* with joint seniority in relation to the cover pool.

By virtue of the aforementioned priority, holders of covered bonds and relevant derivative counterparties rank ahead of unsecured creditors and all other creditors of the Institution in respect of assets in the cover pool (except the bankruptcy administrator as regards fees for its administration of assets in the cover pool and costs for such administration and obligations under liquidity loans and other agreements entered into by the bankruptcy administrator on behalf of the bankruptcy estate with a view to fulfilling the matching requirements for the cover pool (see further below). The priority right also covers cash received by an Institution and deriving from the cover pool or relevant derivative contracts, provided that certain administrative procedures have been complied with.

Due to what is generally regarded as an oversight by the legislator, there is some uncertainty as to whether a creditor that obtains execution (*utmätning*) against an asset in the cover pool earlier than three months before an Institution's bankruptcy could defeat the priority afforded to holders of covered bonds and derivative counterparties as regards such asset. However, an execution that is levied less than three months before the Institution is being declared bankrupt will typically not defeat the priority.

Administration of the cover pool in the event of bankruptcy

Should an Institution be declared bankrupt, at least one bankruptcy administrator- would be appointed by the bankruptcy court and one bankruptcy administrator would be appointed by the Swedish FSA. The bankruptcy administrators will take over the administration of the bankruptcy estate, including the cover pool.

Provided that (and as long as) the cover pool meets the requirements of the Covered Bonds Act (including the matching requirements), the assets in the cover pool, the covered bonds and any relevant derivative contracts that have been entered into the Register are required to be maintained as a unit and kept segregated from other assets and liabilities of the bankruptcy estate of the Institution. The bankruptcy administrators are in such case required to procure the continued timely service of payments due under the covered bonds and any relevant derivative contracts. Consequently, the bankruptcy would not as such result in early repayment or suspension of payments

to holders of covered bonds or to derivative counterparties, so long as the cover pool continues to meet the requirements of the Covered Bonds Act.

Upon an Institution's bankruptcy, neither the Institution nor its bankruptcy estate would have the ability to issue further covered bonds. However, the Covered Bonds Act gives the bankruptcy administrators an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to maintaining matching cash flows, currencies, interest rates and interest periods between assets in the cover pool, covered bonds and derivative contracts. Counterparties in such transactions will rank senior to holders of covered bonds and derivative counterparties. The bankruptcy administrators may also raise liquidity by selling assets in the cover pool in the market for example. However, it is uncertain to which extent a bankruptcy administrator will be able to find necessary counterparties to enter into agreements to raise liquidity. If the bankruptcy estate is not able to raise sufficient liquidity, this could result in a holder of covered bonds not being paid in a timely manner.

If the cover pool ceases to meet the requirements of the Covered Bonds Act, and the deviations are not just temporary and minor, the cover pool may no longer be maintained as a unit and the continuous payment under the terms and conditions of the covered bonds and derivative contracts will cease. The holders of covered bonds and derivative counterparties would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the cover pool in accordance with general bankruptcy rules. This could result in the holders of covered bonds receiving payment according to a schedule that is different from that contemplated by the terms and conditions of the covered bonds (with accelerations as well as delays) or that the holders of covered bonds are not paid in full. However, the holders of covered bonds and derivative counterparties would retain the benefit of the right of priority in the assets comprising the cover pool (although certain bankruptcy-related costs (such as fees payable to the bankruptcy administrators) would rank ahead of the holders of covered bonds and derivative counterparties). Any residual claims of the holders of covered bonds and derivative counterparties remain valid claims against the Institution, but will rank *pari passu* with other unsecured and unsubordinated creditors of the Institution.

Directive on covered bonds and proposal on Swedish implementation

The European Union's covered bond directive and regulation, consisting of a directive and a regulation amending CRR, came into effect on 7 January 2020 (although there will be a maximum 30 month transposition period after the effective date for the new directive and the new regulation to become applicable, which will expire during July 2022) (jointly, the "**New EU Covered Bond Legislation**"). Among other things, the New EU Covered Bond Legislation lays down the conditions that covered bonds have to meet in order to be recognised under EU law, aiming to strengthen investor protection in the European Union by imposing specific supervisory duties.

On 4 November 2020 an Official Report of the Swedish Government (*SOU 2020:61 (Ändrade regler om säkerställda obligationer)*) was published containing inter alia proposals of the legislative amendments needed to implement the New EU Covered Bond Legislation in Sweden (the "**Covered Bond Report**"). See below for a summary of the main amendments to the Covered Bonds Act proposed in the Covered Bond Report. It should be noted that Covered Bond Report is currently submitted for consultation and does not constitute a final proposal on the implementation of the New EU Covered Bond Legislation. Hence, it is still unclear how the New EU Covered Bond Legislation will affect the Swedish legislation governing covered bonds.

Assets in the cover pool

Pursuant to the Covered Bond Report, residential and commercial mortgages, exposures to credit institutions and public loans can be included in the cover pool. The Covered Bond Report proposes that the provisions of the Covered Bonds Act be amended to reflect the provisions of the CRR. Issuers should be required to meet the CRR's requirements regarding exposure limits for credit institutions. The proposal amends the provisions of the Covered Bonds Act on public loans and mortgages to reflect the provisions of the CRR. As a result, the provisions on issuance of covered bonds will correlate better with the CRR's provisions on risk weights and capital requirements.

Amendments to the provisions on LTV levels are proposed in the Covered Bonds Act where only a part of the loan, up to a specific share of the market value of the collateral, can be included in the coverage calculation. The proposal changes the LTV for residential mortgages from 75 per cent to 80 per cent of the market value of the collateral and for commercial mortgages, the LTV is changed in certain cases.

The Covered Bond Report proposes that the provisions on substitute collateral be repealed, since it is difficult to combine them with the New EU Covered Bond Legislation. Instead, new provisions on exposures to credit institutions and provisions on a liquidity buffer are proposed in the Covered Bonds Act. While these provisions partly have the same purpose as substitute collateral, they have a broader scope, since exposures to derivative counterparties are also included.

Coverage requirements, over-collateralisation and liquidity buffer

The Covered Bond Report proposes that the requirements in the Covered Bonds Act on over-collateralisation, i.e. the level by which the value of the assets in the cover pool has to exceed the value of the liabilities, be adapted to the main principle in the CRR of at least five per cent over-collateralisation.

As a result of the rules in the New EU Covered Bond Legislation, the Covered Bond Report also proposes that provisions concerning a specific liquidity buffer should be introduced in the Covered Bonds Act. It should cover the maximum cumulative net liquid outflow from the issuer over the next 180 days.

Maturity extensions

The Covered Bond Report proposes that provisions permitting maturity extensions be introduced in Swedish law. These are conditions included in the terms of a covered bond contract stating that repayment can be postponed in certain circumstances. In the Covered Bond Report's proposal, such a maturity extension can only be made with the approval from the Swedish FSA.

According to the main principle, calculation of the liquidity buffer requirement for covered bonds allowing for maturity extensions should be based only on the original maturity date, unless the Swedish FSA has approved the maturity extension.

Information, monitoring and supervision

The provisions on an independent monitor in the Covered Bonds Act shall remain in place, in the view of the Covered Bond Report. Therefore, the Member State option in the New EU Covered Bond Legislation allowing for the appointment of a cover pool monitor should not be implemented. The Covered Bond Report proposes that the Swedish FSA's power to revoke an issuer's authorisation to issue covered bonds be extended to include the situation where the issuer has acquired permission to issue covered bonds by making false statements or by some other irregular means.

As a complement to the provisions on sanctions for issuers and other credit institutions, the Covered Bond Report proposes that additional provisions on sanctions for natural persons be included in the Swedish Banking and Financing Business Act, in relation to breaches of certain provisions in the Covered Bonds Act.

The Covered Bond Report proposes that new authorisations to issue regulations be introduced in the Covered Bonds Act in relation to the information to be provided by the issuer to investors and the information that the issuers have to submit to Swedish FSA, when this has to be done and how the information has to be given. The Covered Bond Report proposes that several of the authorisations to issue regulations in the current wording of the Covered Bonds Act be repealed in the light of the New EU Covered Bond Legislation.

Entry into force and transitional provisions

The legislative amendments are proposed to enter into force on 8 July 2022. For a covered bond that has been issued before this date, the previous provisions of the Covered Bonds Act will, as a main principle, continue to apply during the remaining part of its maturity. For tap issues made after 8 July 2022, certain transitional provisions will apply.

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

Liability statement of the Board of Directors

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.

Financial calendar of the Issuer

The first annual general meeting of the Issuer following the application to First North Finland Bond market will be 11 March 2022.

The Issuer's audited annual report for the financial year 2020 was published on 5 March 2021.

Important information incorporated through reference

The following information, which has previously been published, shall be incorporated in and form part of this Company Description:

- (a) the information found on the following pages in the Issuer's audited annual report for 2020:

Income statement	page. 28
Balance sheet	page. 29
Statement of changes in equity	page. 30
Cash flow statement	page. 31
Notes to the financial statements	page. 32-74
Auditor's report	page. 77-79

- (b) the information found on the following pages in the Issuer's audited annual report for 2019:

Income statement	page. 28
Balance sheet	page. 29
Statement of changes in equity	page. 30
Cash flow statement	page. 31
Notes to the financial statements	page. 32-73
Auditor's report	page. 75-77

Pages or sections that are not expressly referenced above have not been included by reference either because they are not relevant to investors or because conflicting information is provided elsewhere in this Company Description. The Issuer's audited annual reports for 2019 and 2020 are available on the Nordea Group's website via <https://www.nordea.com/sv/investor-relations/rapporter-och-presentationer/rapporter-fran-dotterbolag/swedish-subsiidiary-reports/>.

The financial statements for the Issuer are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (*lag (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag*), the accounting regulations of the Swedish FSA (*FFFS 2008:25* with amendments), and the accounting recommendation RFR 2 Accounting for legal entities issued by the Swedish Financial Reporting Board. This means that the Issuer applies International Financial Reporting Standards (IFRS) as endorsed by the European Commission to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation.

The Company Description and the Issuer's certificate of registration and articles of association are available on the Nordea Group's website www.nordea.com (information on the website that is not expressly incorporated into this Company Description by reference does not form part of this Company Description).

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