

Nordea



Nordea Hypotek Covered Bonds Investor presentation Q3 2016

Nordea Hypotek – A snapshot

Q3 2016

- 100% owned subsidiary of Nordea Bank AB - the largest Nordic financial institution
- Third largest mortgage lender in Sweden with SEK 525bn (EUR 57.0bn) in loan portfolio
- Grants long-term loans to Swedish households, municipalities, municipal housing companies and corporates
- All loans secured by mortgages, tenant-owner units or municipal/state guarantees
- Cost-effective loan origination and service through Nordea Bank's nationwide Swedish branch network and internet
- Licensed by the Swedish Financial Supervisory Authority to issue covered bonds (Säkerställda Obligationer) according to the Swedish Covered Bond Act
- Covered bonds rated Aaa/AAA by Moody's/S&P
- Cover pool information at nordea.com

Cover pool key characteristics

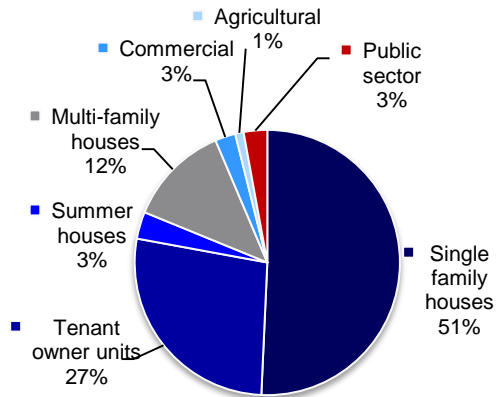
Q3 2016

Loans in cover pool	SEK 506.2bn (EUR 54.9bn). 96% of total lending
Cover pool content	Mortgage loans secured by residential or commercial property. Loans to public sector
Geographic distribution	Throughout Sweden with concentration to urban areas
Asset distribution	94.6% residential, 2.9% public sector, 2.5% commercial
Weighted average LTV	51.0% (indexed, calculated per property)
Average loans size	SEK 573k (EUR 62.1k). Customers can have more than one loan
Rate type	Floating 80%, Fixed 20%
Pool type	Dynamic
Loans originated by	Nordea Bank AB

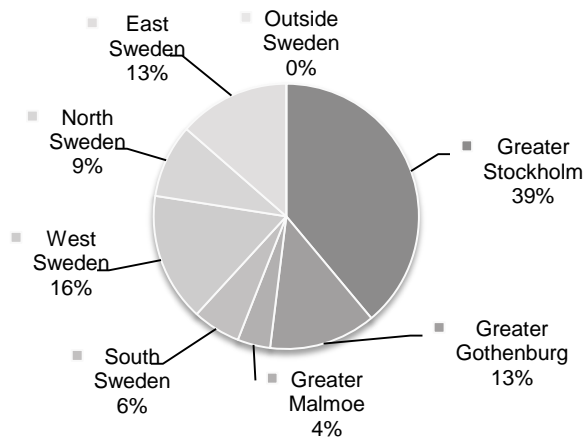
Cover pool key characteristics – 95% Residential Real Estate & low LTVs

Q3 2016

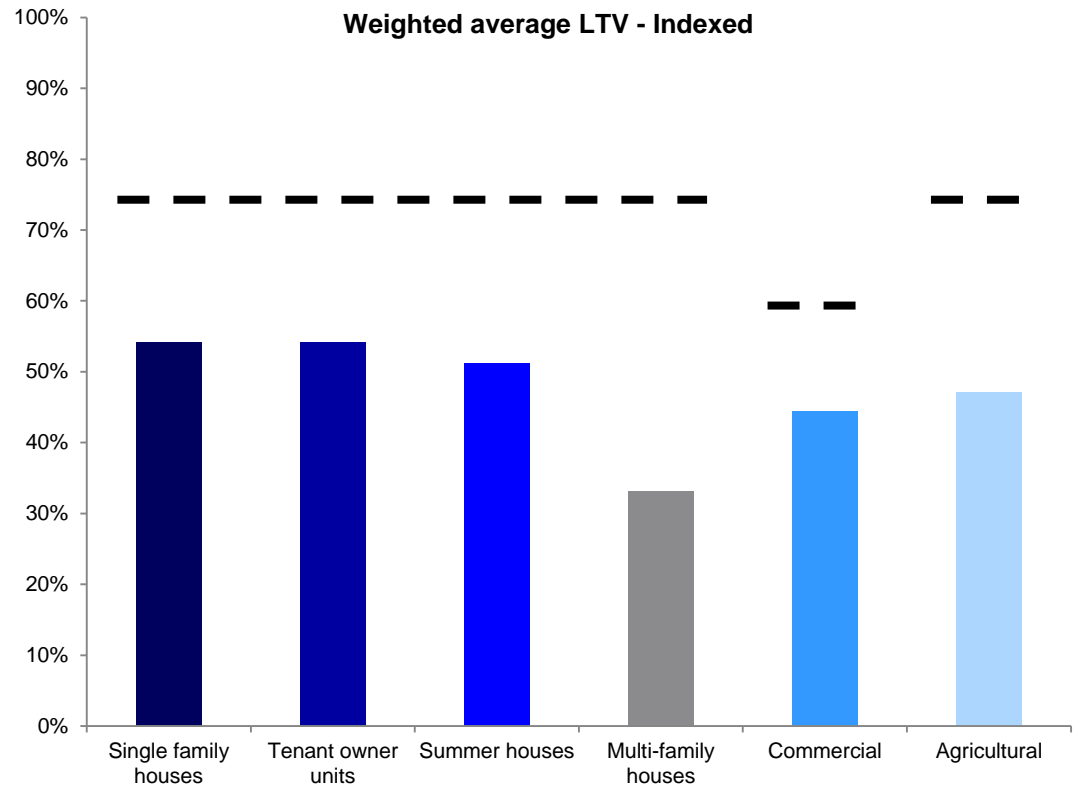
Cover pool balance by loan category



Cover pool balance by region



Weighted average LTV - Indexed



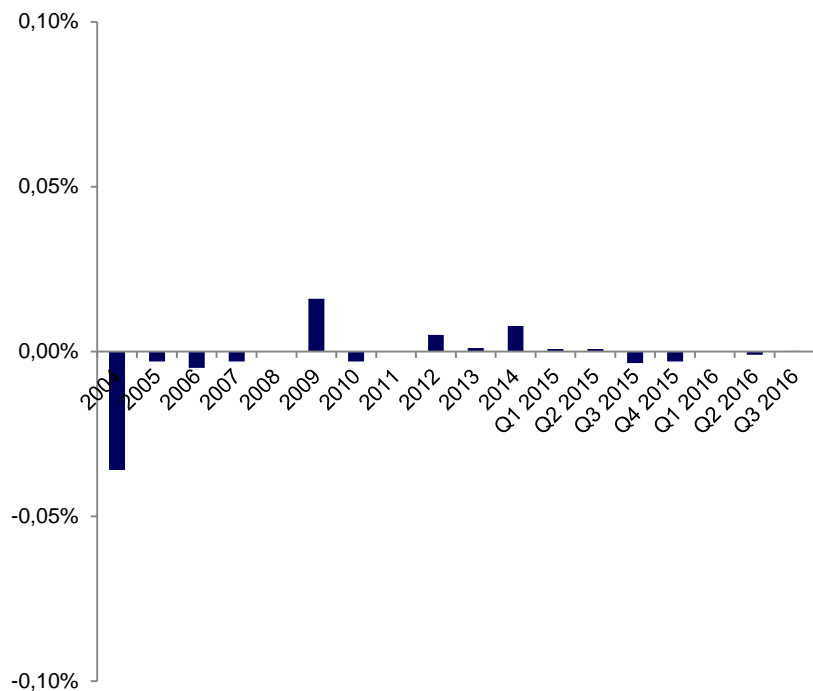
- Pool mainly includes residential real estate
- The main part of real estates are located in greater Stockholm area but are otherwise evenly distributed between western, northern and southern part of Sweden
- Low weighted average LTVs compared to legislative LTV limits which is 75% for residential real estate, 60% for commercial and 70% agricultural real estate

Nordea Hypotek – Performance of loan portfolio

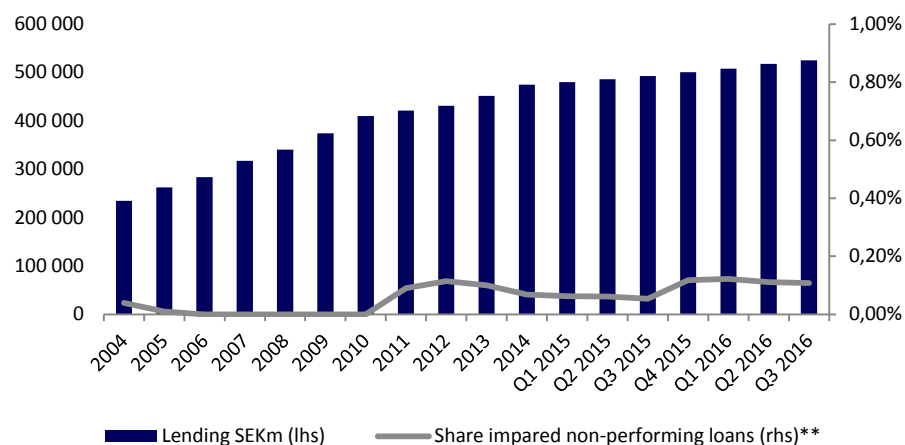
Q3 2016

- Very strong household sector and low level of losses from corporate sector
- Impaired non-performing loans are at very low levels

Loan losses/lending (%)



Lending and impaired non-performing loans*

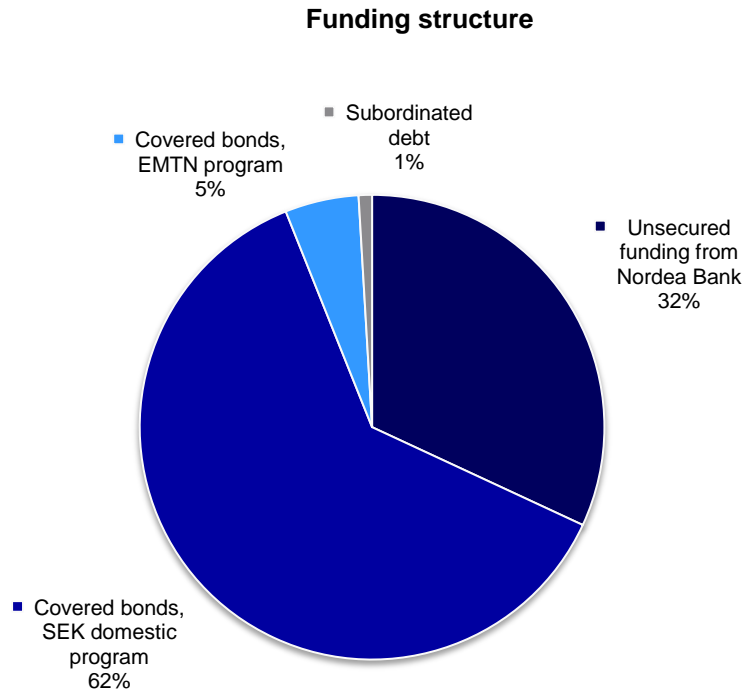


* As of 2012 impaired loans also include non significant defaulted loans. The figure for 2011 is re-stated in accordance to the new guideline

** The majority of the increase in Q4-2015 is model driven and is related to an improved way of calculating collectively assessed provisions on contract level, implemented in Q4-2015

Nordea Hypotek – Funding structure

Q3 2016



- Covered bonds
 - SEK 339bn (EUR 36,8bn)
 - 92% in SEK
 - 8% in EUR or other currency
- Unsecured funding
 - SEK 161bn (EUR 17,5bn)
 - 100% from Nordea Bank
- Subordinated debt
 - SEK 4.7 bn (EUR 0.5bn)
 - 100% from Nordea Bank

Nordea Hypotek – Conservative underwriting criteria

Q3 2016

- Private households
 - Track record and income checked via UC
 - Always household budget "before-after" with buffer requirement and stress test including behavioral analysis
 - Individual valuation of the pledged property
- Corporates / Municipalities
 - Financial analysis with adjustments to market conditions
 - Verification of key ratios and other requirements in Nordea general real estate lending policy
 - Rating according to Nordea's in-house models
 - Individual valuation of the pledged property
 - Yearly reassessments