

Euro Rates Update

Nordea Research, 26 February 2016

Contents

Government bond yields, curve slopes and spreads.....	1
Swaps and Forwards.....	2
- Carry.....	3
- Money market rates.....	3
- Inflation linked bonds.....	3
- Inflation swaps.....	3
Credit & money market spreads.....	4
Swaption volatilities.....	4
Swap & cross-country spreads.....	4
Country relative value.....	5
- Overview of rich & cheap bonds.....	5
- Individual country overviews.....	5

US Treasury Yields				
	2Y	5Y	10Y	30Y
	0.73	1.18	1.72	2.60
Δ 1D	4.0	3.1	5.4	5.7
Δ 1W	-2.6	-10.1	-11.7	-11.3

German Benchmark Yields				
	2Y	5Y	10Y	30Y
	-0.53	-0.35	0.15	0.83
Δ 1D	-1.0	-0.3	0.7	2.1
Δ 1W	-3.5	-5.8	-12.8	-15.2

German Curve Slopes				
	2-5Y	5-10Y	2-10Y	10-30Y
	-18.4	-49.8	-68.2	-68.3
Δ 1D	0.7	1.1	1.8	1.4
Δ 1W	-2.4	-7.0	-9.3	-2.3

EUR Swap Curve Slopes				
	2-5Y	5-10Y	2-10Y	10-30Y
	-19.6	-51.6	-71.2	-45.6
Δ 1D	0.1	1.6	1.7	1.9
Δ 1W	-3.3	-5.4	-8.7	-5.3

German Asset Swap Levels				
	2Y	5Y	10Y	30Y
	-34.9	-37.4	-37.7	-11.7
Δ 1D	0.0	0.5	-0.2	-0.8
Δ 1W	-2.4	-0.6	-2.3	0.5

10Y Benchmark Yields				
	Yield	Δ 1D	Spread	Δ 1D
GER	0.150	0.7	-	-
FRA	0.516	0.9	38.7	0.2
ITA	1.525	-1.7	139.4	-2.4
ESP	1.627	0.0	150.6	-0.8
BEL	0.500	1.3	42.2	0.6
HOL	0.303	0.8	21.7	0.1
AUT	0.437	0.4	31.9	-0.4
GRE	10.026	-6.2	998.6	-6.9
POR	3.283	-2.5	316.7	-3.2
FIN	0.444	0.6	33.8	-0.1
IRL	0.832	-2.3	78.7	-3.0

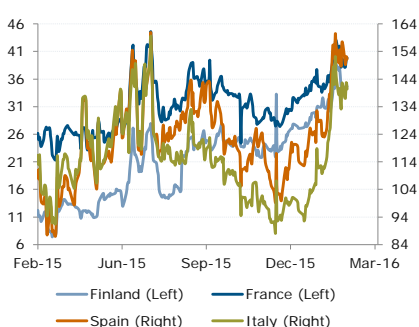
Spread = Maturity interpolated spread to German government par yield curve

Global Research
nordearesearch@nordea.com
+45 33 33 61 02

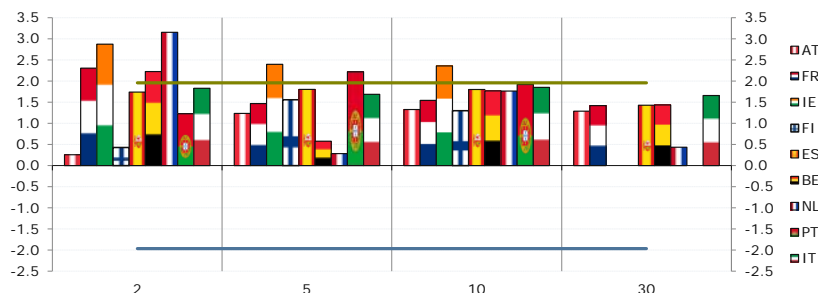
German & US 10-year benchmark yields, %



10 year spreads against Germany, bp



Z-scores of benchmark vs. Germany



Upcoming Issuance (source: Bloomberg)						
Date	Country	Coupon	Maturity	Amount (EURbn)		
26 Feb	IT					
29 Feb	LN					
02 Mar	GE	0.00%	2021	4.00		
03 Mar	SP					
03 Mar	FR					

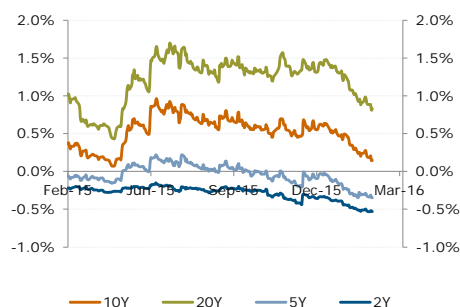
All bond quotes are taken at 16:15 CET.

Bond Yields & Curves

Yield Levels

German & US benchmark bonds on-the-run Nordea Analytics benchmarks.

German benchmark bond yields, %



USA-Germany spreads, annualized yields, %



Bond Curve Shape

German curve slopes are yield spreads between Nordea Analytics benchmark bonds.

German yield curve slopes, bp



Bonds vs. equities



Swaps and Forwards

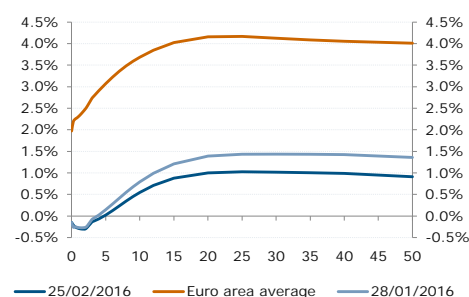
EUR swap rates and implied forwards, %



EUR-USD spreads and implied forwards, %



EUR swap curve shape vs. historical

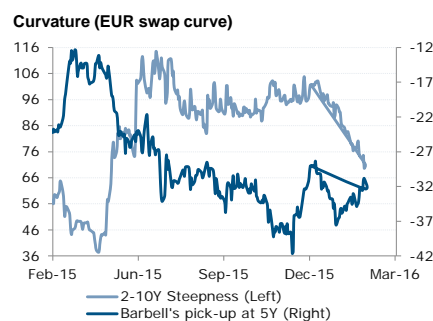


Historical forward rates, %



E.g. 2Y2Y swap rate illustrates the rate of a 2-year swap with a 2-year forward start.

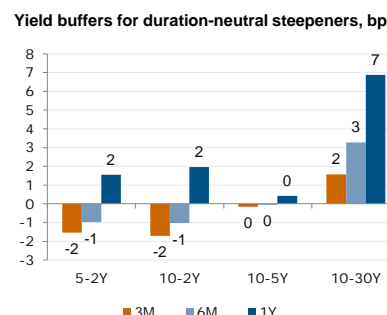
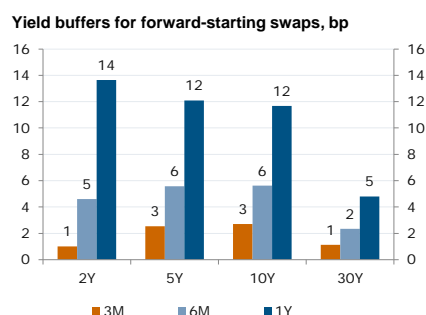
5Y pick-up over a duration and cash neutral 2-10Y EUR swap barbell.



Carry

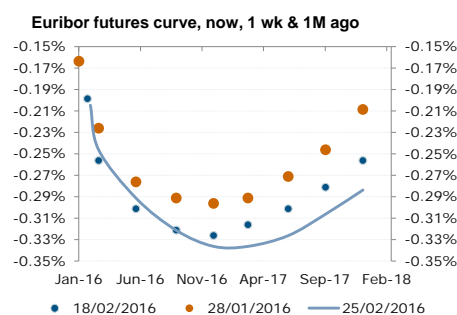
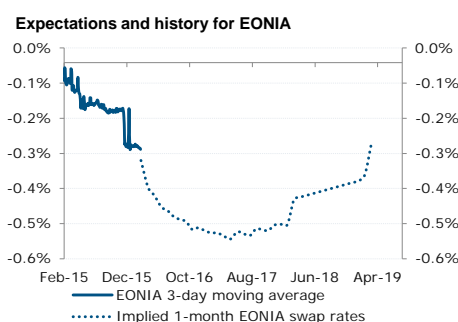
The carry on the given horizon illustrates how much the spot swap rate may rise for a receiver swap position in a forward-starting swap to result in zero profit.

Yield buffers for steepeners tell how much the curve may flatten in order to result in a zero-profit in a forward starting steepener position.



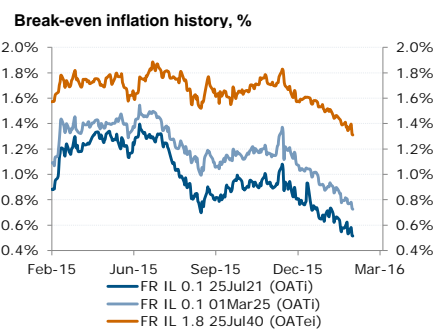
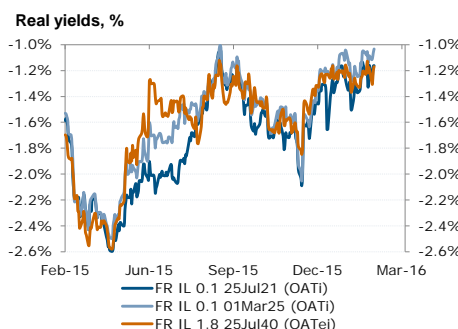
Money Market Rates

The EONIA (Euro Overnight Index - Average) rate is the effective overnight reference rate for the euro.



Inflation-linked Bonds

Break-even inflation calculated as a yield spread to a nominal comparable bond.



Inflation Swaps

A zero-coupon inflation swap is a derivative contract, in which one party pays a fixed rate (the break-even inflation rate) and the other party pays a floating rate based on realized inflation. The zero-coupon inflation swap illustrates the average expected inflation rate during the life of the swap.



Credit & Money Market Spreads

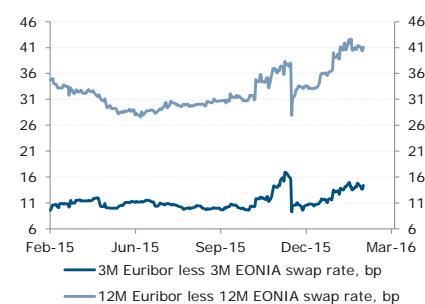
Credit default swap indices illustrate the annual cost of buying protection against a credit event of a company. iTraxx ® Europe is comprised of the 125 most liquid CDS contracts referencing European investment grade credits, iTraxx ® Crossover of 50 sub-investment grade credits.

The spread between Euribor and EONIA swap rate illustrates the money market credit risk premium, i.e. the difference between Euribor rates and the expected future ECB minimum bid rate.

iTraxx ® credit default swap spreads



Money market rates vs. EONIA swap rates



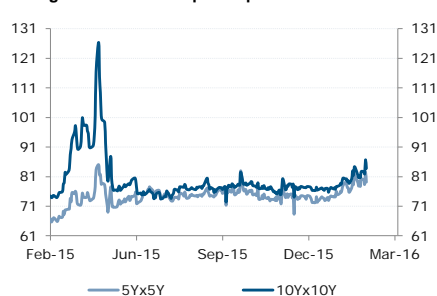
Swaption Volatilities

ATMF (At The Money Forward) swaption bp vol measures the normalized volatility, i.e. the absolute changes in the forward rate in basis points.

Short-dated ATMF swaption bp vol



Long-dated ATMF swaption bp vol

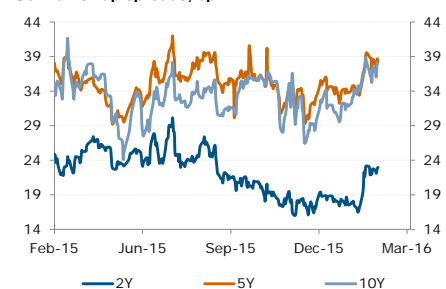


Swap & Cross-country Spreads

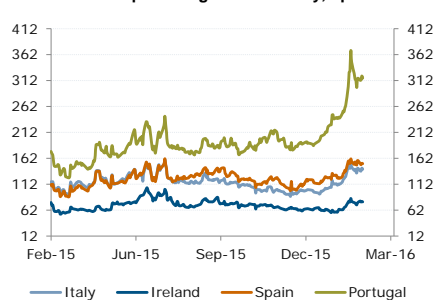
Swap spread:
Benchmark bond's spread to EUR swap curve.

10Y country spreads are maturity interpolated spreads against the German government curve.

German swap spreads, bp



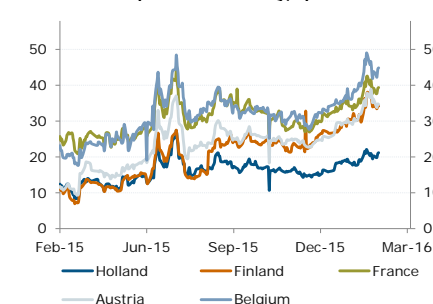
10Y non-AAA spreads against Germany, bp



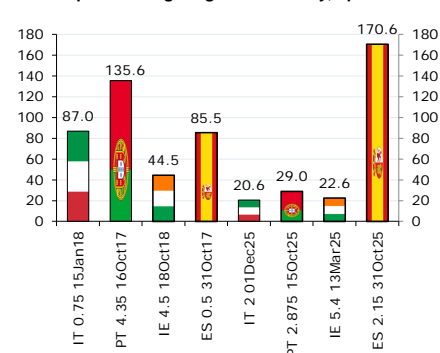
1Y break-even spread changes indicate how much a bond's spread against an equivalent bond trading on the German curve may widen in order to give the same return in one year.

The break-even spread change is based on the spread against the following two German benchmark bonds:
DE TB 16Mar18
DE 0.5 15Feb26

10Y AAA/AA+ spreads to Germany, bp



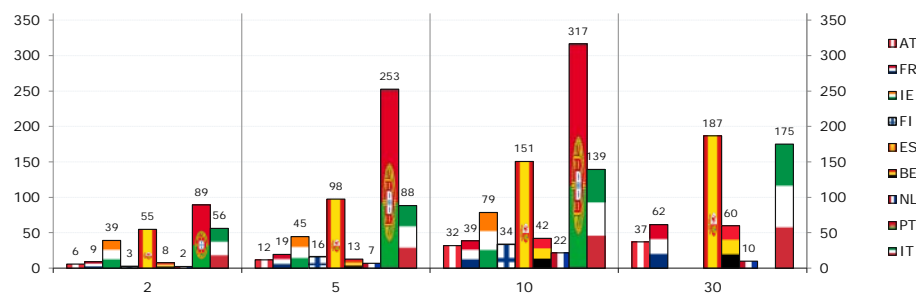
1Y B/E spread changes against Germany, bp



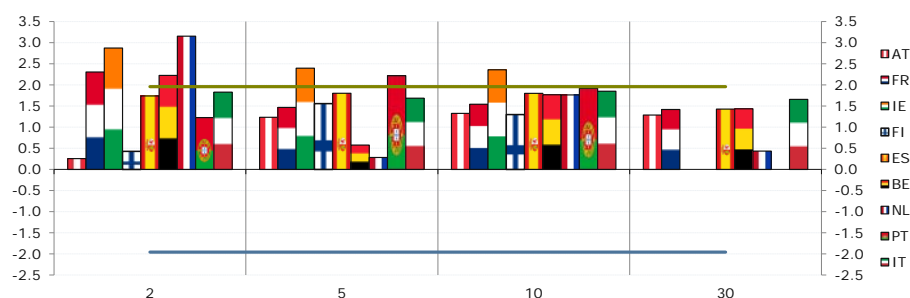


Country Relative Value

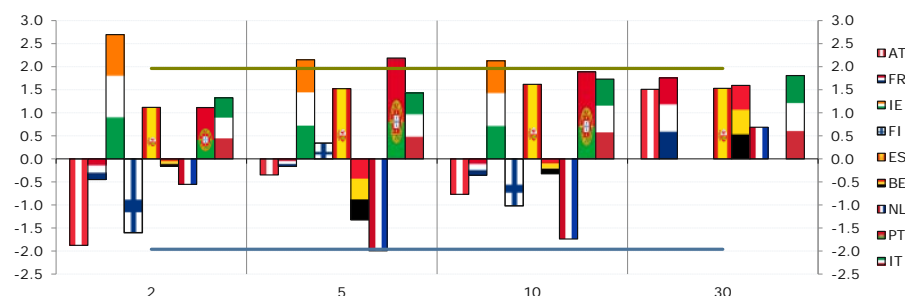
Benchmark spreads over the maturity-interpolated German par curve, bp



Z-scores of benchmark vs. Germany



Z-scores of benchmark vs. swap curve



The richest and cheapest benchmark bonds against Germany and the swap curve by sectors:

	Against German Curve					Against Swap Curve				
	Issue	Maturity	Coupon	Spread	Z-score	Issue	Maturity	Coupon	Spread	Z-score
2Y: Rich	ES	31 Jan 19	0.250	72.8	-0.59	KfW	12 Feb 18	0.625	-18.6	-2.35
	Cheap	NL	15 Apr 17	0.500	2.5	2.92	IE	18 Oct 18	4.500	7.3
5Y: Rich	DE	11 Oct 19	0.250	-19.3	-1.58	DE	16 Oct 20	0.250	-38.2	-2.24
	Cheap	IE	18 Oct 19	5.900	47.9	2.64	IE	18 Oct 19	5.900	16.7
7Y: Rich	DE	15 Aug 24	1.000	-36.3	-1.37	DE	15 Aug 23	2.000	-45.5	-2.40
	Cheap	IE	15 Mar 22	0.800	56.7	2.50	IE	15 Mar 22	0.800	15.6
10Y: Rich	DE	15 Aug 25	1.000	-38.7	-1.56	DE	15 Aug 25	1.000	-39.0	-2.19
	Cheap	KfW	15 Jan 25	0.625	23.5	2.29	IE	13 Mar 25	5.400	58.3
15Y: Rich	DE	04 Jan 31	5.500	-56.9	-1.48	DE	04 Jan 31	5.500	-31.1	-1.78
	Cheap	IE	15 May 30	2.400	84.7	2.10	IE	15 May 30	2.400	58.1
20Y: Rich	DE	15 Aug 46	2.500	-75.1	-1.47	DE	15 Aug 46	2.500	-11.7	0.49
	Cheap	IE	18 Feb 45	2.000	97.4	1.82	IE	18 Feb 45	2.000	85.8

To exploit the historical cheapness/ richness of bonds, we calculate 60-day z-scores:

$$\frac{\text{Current spread} - 60\text{-day average}}{\text{standard deviation}}$$

Bond is

- rich if z-score < -1.96
- cheap if z-score > 1.96

We evaluate bonds included in the country specific tables below. Bonds are ranked by z-scores.



Germany

	15	16	17
GDP, %, y/y	1.5	1.5	2.0
Public balance	0.4	0.2	0.2
Debt/GDP	74.2	71.9	68.9

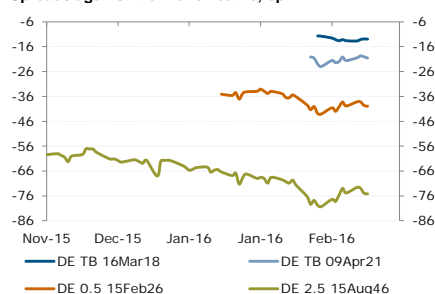
Source: European Commission, Winter 2015 forecast

Rating	Aaa/AAA/AAA
Moody's / S&P / Fitch	

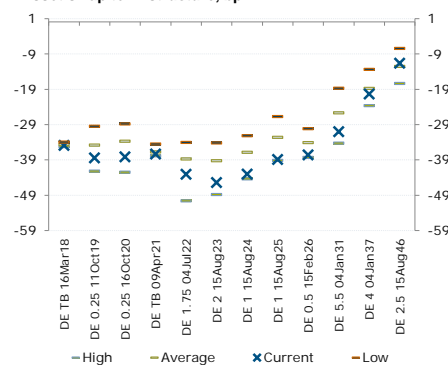
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the French curve.

Benchmark Bonds				Spread vs. France				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score
0.000	16 Mar 18	5.0B	-0.532	-12.9	-12.9	-0.04	0.5	-34.9	-34.6	-0.65
0.250	11 Oct 19	16.0B	-0.485	-19.3	-16.1	-1.58	-1.2	-38.5	-34.9	-1.79
0.250	16 Oct 20	19.0B	-0.401	-20.6	-16.3	-1.55	0.0	-38.2	-33.8	-2.24
0.000	09 Apr 21	5.0B	-0.348	-20.5	-21.2	0.57	0.2	-37.4	-36.8	-0.81
1.750	04 Jul 22	24.0B	-0.277	-28.3	-25.6	-1.23	-0.3	-43.1	-38.8	-2.16
2.000	15 Aug 23	18.0B	-0.180	-33.6	-30.6	-1.22	0.0	-45.5	-39.3	-2.40
1.000	15 Aug 24	18.0B	-0.050	-36.3	-32.4	-1.37	-0.2	-43.1	-36.9	-2.29
1.000	15 Aug 25	23.0B	0.086	-38.7	-33.1	-1.56	-0.1	-39.0	-32.7	-2.19
0.500	15 Feb 26	10.0B	0.150	-39.9	-37.4	-0.91	0.0	-37.7	-34.2	-1.58
5.500	04 Jan 31	17.0B	0.453	-56.9	-49.8	-1.48	-0.2	-31.1	-25.7	-1.78
4.000	04 Jan 37	23.0B	0.697	-67.3	-59.3	-1.46	-0.1	-20.4	-18.8	-0.77
2.500	15 Aug 46	14.0B	0.833	-75.1	-67.2	-1.47	0.0	-11.7	-12.6	0.49

Spreads against the French curve, bp



Asset swap term structure, bp



France

	15	16	17
GDP, %, y/y	0.4	1.0	1.8
Public balance	-4.3	-4.1	-4.1
Debt/GDP	95.3	97.1	98.2

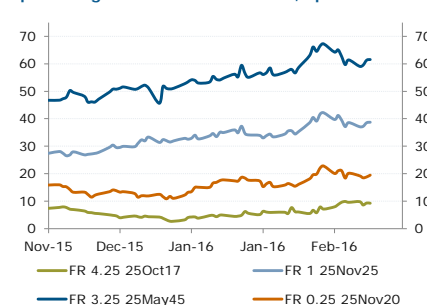
Source: European Commission, Winter 2015 forecast

Rating	Aa1/AA/AA
Moody's / S&P / Fitch	

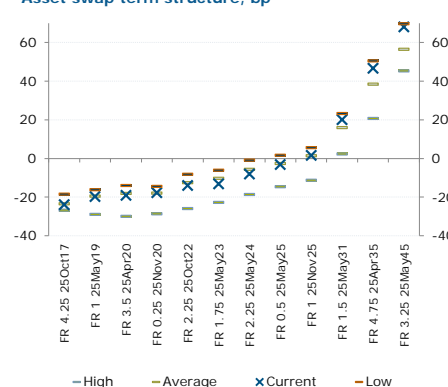
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score
4.250	25 Oct 17	34.03B	-0.427	9.2	6.0	2.23	0.3	-24.0	-23.5	-0.30
1.000	25 May 19	23.02B	-0.326	15.6	13.3	1.44	0.9	-19.8	-19.5	-0.20
3.500	25 Apr 20	36.02B	-0.263	17.1	14.5	1.22	0.9	-19.2	-18.2	-0.51
0.250	25 Nov 20	20.95B	-0.186	19.5	16.0	1.41	0.7	-17.8	-17.9	0.08
2.250	25 Oct 22	27.01B	0.028	26.4	23.4	1.26	0.6	-14.1	-12.6	-0.61
1.750	25 May 23	32.97B	0.102	28.3	26.3	1.05	0.2	-13.2	-10.3	-1.56
2.250	25 May 24	30.55B	0.249	31.3	28.2	1.17	-0.5	-8.1	-5.6	-1.22
0.500	25 May 25	31.02B	0.434	36.5	32.3	1.40	-0.9	-3.2	-2.6	-0.31
1.000	25 Nov 25	25.99B	0.516	38.7	33.6	1.50	-0.7	1.6	1.4	0.09
1.500	25 May 31	9.44B	1.040	50.6	43.4	1.48	-0.3	20.0	15.9	1.21
4.750	25 Apr 35	25.03B	1.181	46.0	38.2	1.51	0.1	46.6	38.4	1.52
3.250	25 May 45	17.01B	1.489	61.6	55.1	1.37	-0.2	68.0	56.5	2.05

Spreads against the German curve, bp



Asset swap term structure, bp





Italy

	15	16	17
GDP, %, y/y	-0.5	0.6	1.3
Public balance	-3.0	-2.6	-2.0
Debt/GDP	131.9	133.0	131.9

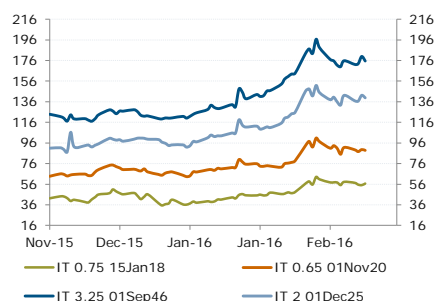
Source: European Commission, Winter 2015 forecast

Rating	Baa2/BBB-/BBB+
Moody's / S&P / Fitch	

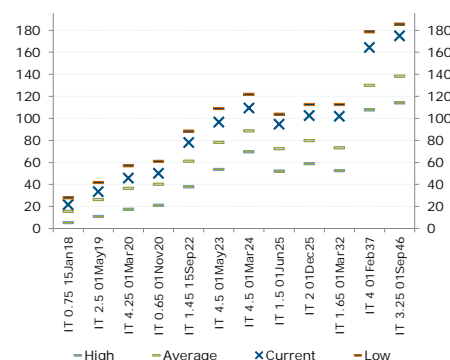
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score
0.750	15 Jan 18	15.46B	0.036	56.2	46.1	1.74	3.4	21.6	15.7	1.26
2.500	01 May 19	18.01B	0.187	67.2	57.6	1.58	-0.6	33.5	26.4	1.28
4.250	01 Mar 20	24.01B	0.333	78.1	65.6	1.68	-1.4	45.7	36.5	1.34
0.650	01 Nov 20	11.15B	0.498	88.4	75.1	1.61	-2.1	50.2	40.2	1.39
1.450	15 Sep 22	17.03B	0.958	120.4	99.1	1.84	-0.8	78.1	61.1	1.62
4.500	01 May 23	18.02B	1.067	125.5	103.7	1.82	-0.6	96.6	78.3	1.61
4.500	01 Mar 24	23.71B	1.266	136.2	111.5	1.77	-0.7	109.4	88.7	1.60
1.500	01 Jun 25	19.99B	1.430	135.9	108.1	1.80	-0.6	94.7	72.4	1.70
2.000	01 Dec 25	17.01B	1.525	139.4	111.4	1.76	-0.7	102.5	79.8	1.67
1.650	01 Mar 32	14.99B	1.971	139.6	106.0	1.67	-4.9	101.9	73.3	1.71
4.000	01 Feb 37	26.01B	2.377	160.8	129.1	1.68	-1.2	164.5	130.0	1.77
3.250	01 Sep 46	13.24B	2.631	175.1	142.2	1.58	0.1	174.9	138.4	1.83

Spreads against the German curve, bp



Asset swap term structure, bp



Spain

	15	16	17
GDP, %, y/y	1.4	2.3	2.5
Public balance	-5.6	-4.5	-3.7
Debt/GDP	98.3	101.5	102.5

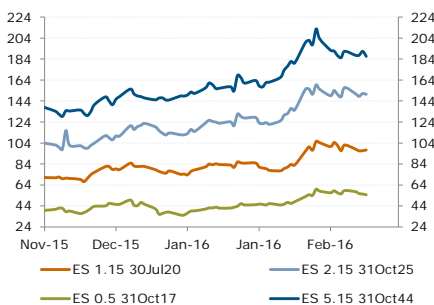
Source: European Commission, Winter 2015 forecast

Rating	Baa2/BBB-/BBB+
Moody's / S&P / Fitch	

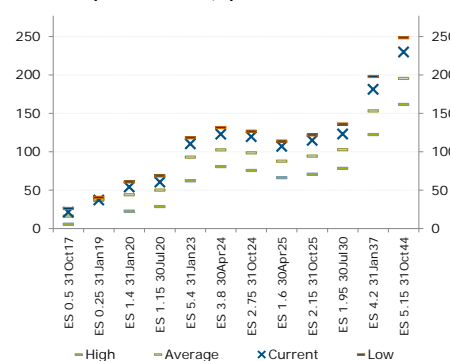
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score
0.500	31 Oct 17	16.99B	0.028	54.9	46.0	1.66	-1.7	21.1	16.2	1.15
0.250	31 Jan 19	4.86B	0.233	72.8	73.9	-0.59	0.8	37.0	38.3	-0.67
1.400	31 Jan 20	21.91B	0.454	90.5	77.0	1.79	13.0	53.9	43.8	1.54
1.150	30 Jul 20	17.02B	0.566	97.6	83.7	1.72	0.9	60.4	50.0	1.49
5.400	31 Jan 23	21.99B	1.118	133.1	113.1	1.76	2.8	110.1	92.9	1.48
3.800	30 Apr 24	21.99B	1.440	151.3	126.9	1.81	-0.4	122.7	102.3	1.63
2.750	31 Oct 24	23.99B	1.531	153.5	127.9	1.82	-1.4	119.4	98.4	1.68
1.600	30 Apr 25	19.09B	1.541	148.0	123.6	1.73	-1.7	106.8	87.6	1.60
2.150	31 Oct 25	20.96B	1.627	150.6	125.5	1.72	-1.0	114.6	94.3	1.60
1.950	30 Jul 30	11.51B	2.098	160.8	136.3	1.45	-3.4	122.9	102.6	1.45
4.200	31 Jan 37	17.02B	2.506	173.7	149.1	1.40	-1.8	181.3	152.9	1.55
5.150	31 Oct 44	11.23B	2.740	186.9	162.0	1.37	-0.7	229.8	195.5	1.64

Spreads against the German curve, bp



Asset swap term structure, bp





Netherlands

	15	16	17
GDP, %, y/y	0.7	1.4	1.7
Public balance	-2.8	-2.2	-1.8
Debt/GDP	69.5	70.5	70.5

Source: European Commission, Winter 2015 forecast

Rating	Aaa/AA+/AAA
--------	-------------

Moody's / S&P / Fitch

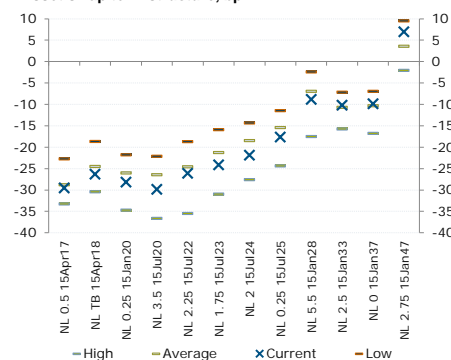
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread			
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score	
0.500	15 Apr 17	13.03B	-0.478	2.5	-0.3	2.92	15.1	-29.6	-28.8	-0.37	
0.000	15 Apr 18	15.99B	-0.444	8.1	5.6	2.41	3.7	-26.3	-24.5	-0.90	
0.250	15 Jan 20	15.84B	-0.363	9.0	7.8	0.95	0.7	-28.2	-26.1	-1.06	
3.500	15 Jul 20	15.02B	-0.344	7.0	6.6	0.29	-0.5	-29.9	-26.5	-1.69	
2.250	15 Jul 22	15.01B	-0.115	14.6	11.6	1.72	-0.3	-26.1	-24.6	-0.82	
1.750	15 Jul 23	15.63B	0.013	17.9	15.5	1.49	0.3	-24.1	-21.3	-1.62	
2.000	15 Jul 24	15.32B	0.135	18.0	15.7	1.79	-0.1	-21.9	-18.5	-1.84	
0.250	15 Jul 25	15.01B	0.303	21.7	19.1	1.71	0.0	-17.7	-15.4	-1.40	
5.500	15 Jan 28	13.02B	0.473	15.8	10.8	1.85	0.0	-8.9	-7.0	-1.01	
2.500	15 Jan 33	12.01B	0.751	12.8	9.4	1.34	-0.4	-10.2	-10.7	0.31	
0.000	15 Jan 37	0.0B	0.921	15.3	15.7	-0.27	0.8	-9.9	-10.3	0.34	
2.750	15 Jan 47	10.99B	0.982	10.0	9.5	0.44	0.0	6.9	3.6	1.74	

Spreads against the German curve, bp



Asset swap term structure, bp



Belgium

	15	16	17
GDP, %, y/y	1.0	1.1	1.4
Public balance	-3.2	-2.6	-2.4
Debt/GDP	106.4	106.8	106.6

Source: European Commission, Winter 2015 forecast

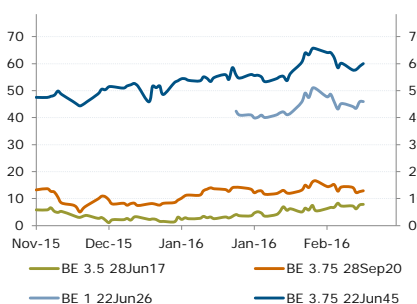
Rating	Aa3/AA/AA
--------	-----------

Moody's / S&P / Fitch

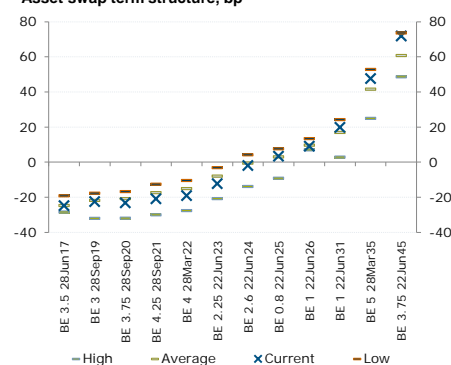
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread			
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score	
3.500	28 Jun 17	13.34B	-0.431	7.8	4.3	2.15	1.9	-24.8	-24.7	-0.05	
3.000	28 Sep 19	12.01B	-0.333	13.3	11.0	1.15	0.7	-22.5	-21.9	-0.29	
3.750	28 Sep 20	19.01B	-0.267	12.9	11.6	0.58	-1.5	-23.2	-20.8	-1.05	
4.250	28 Sep 21	15.98B	-0.158	16.3	15.8	0.22	-0.6	-20.9	-17.4	-1.30	
4.000	28 Mar 22	14.02B	-0.093	19.5	18.7	0.39	0.0	-19.1	-15.1	-1.75	
2.250	22 Jun 23	13.99B	0.113	28.5	27.6	0.52	1.2	-12.3	-8.0	-2.12	
2.600	22 Jun 24	15.85B	0.308	36.1	32.0	1.42	1.0	-2.0	-0.6	-0.62	
0.800	22 Jun 25	16.02B	0.500	42.2	37.1	1.70	1.0	3.3	2.9	0.21	
1.000	22 Jun 26	6.07B	0.645	45.9	44.1	0.60	0.3	9.1	9.7	-0.43	
1.000	22 Jun 31	4.97B	1.071	53.3	47.7	1.24	-0.9	19.7	16.9	0.86	
5.000	28 Mar 35	19.01B	1.174	45.5	39.4	1.47	-0.2	47.6	41.5	1.33	
3.750	22 Jun 45	8.01B	1.474	60.0	54.3	1.39	0.4	71.9	60.7	2.05	

Spreads against the German curve, bp



Asset swap term structure, bp





	15	16	17
GDP, %, y/y	0.0	0.8	1.4
Public balance	-2.7	-2.5	-2.2
Debt/GDP	58.9	61.2	62.6

Source: European Commission, Winter 2015 forecast

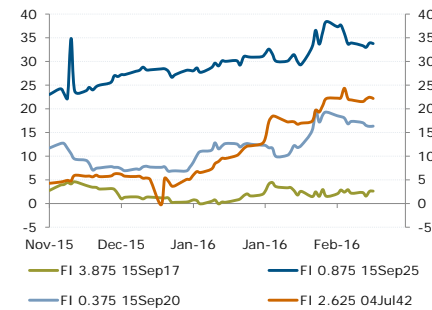
Rating	Aaa/AA+/AAA
Moody's / S&P / Fitch	

Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

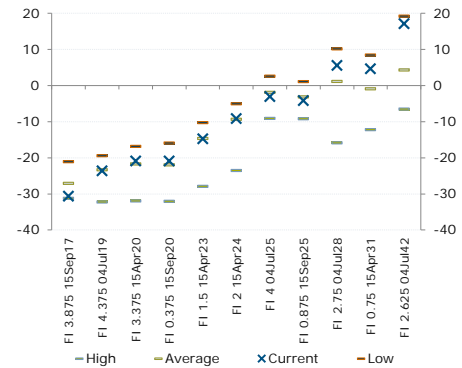
Finland

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score
3.875	15 Sep 17	6.0B	-0.490	2.6	2.1	0.43	2.2	-30.7	-27.1	-1.38
4.375	04 Jul 19	5.0B	-0.361	11.7	9.1	1.55	0.4	-23.6	-23.4	-0.13
3.375	15 Apr 20	6.5B	-0.281	15.5	11.2	1.62	-0.1	-20.9	-21.7	0.32
0.375	15 Sep 20	6.03B	-0.235	16.3	11.8	1.49	0.1	-20.9	-22.0	0.43
1.500	15 Apr 23	5.0B	0.080	27.2	22.5	1.73	-0.2	-14.7	-14.7	-0.05
2.000	15 Apr 24	5.0B	0.232	31.1	25.3	1.72	-0.1	-9.1	-9.4	0.10
4.000	04 Jul 25	6.03B	0.364	28.1	23.7	1.30	-0.5	-3.1	-1.9	-0.53
0.875	15 Sep 25	4.03B	0.444	33.8	29.9	1.26	-0.2	-4.2	-3.2	-0.68
2.750	04 Jul 28	5.0B	0.696	34.5	24.7	1.43	-0.1	5.6	1.1	0.90
0.750	15 Apr 31	3.5B	0.915	38.6	29.5	1.38	-0.3	4.6	-0.9	1.22
2.625	04 Jul 42	4.03B	1.080	22.2	11.8	1.66	0.1	17.1	4.3	2.04

Spreads against the German curve, bp



Asset swap term structure, bp



	15	16	17
GDP, %, y/y	0.2	0.8	1.5
Public balance	-2.9	-2.0	-1.4
Debt/GDP	86.8	86.4	84.5

Source: European Commission, Winter 2015 forecast

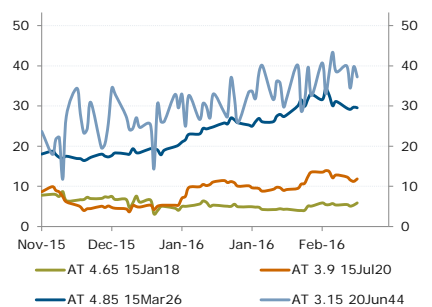
Rating	Aaa/AA+/AA+
Moody's / S&P / Fitch	

Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

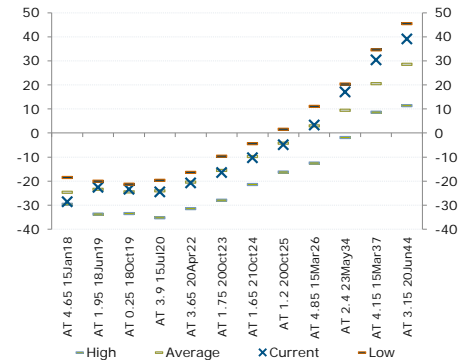
Austria

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score
4.650	15 Jan 18	12.06B	-0.468	5.9	5.6	0.30	-7.1	-28.6	-24.6	-1.55
1.950	18 Jun 19	7.21B	-0.351	12.9	9.3	1.54	2.1	-22.6	-23.4	0.37
0.250	18 Oct 19	7.95B	-0.333	13.1	9.0	1.83	1.0	-23.4	-24.5	0.49
3.900	15 Jul 20	13.01B	-0.295	11.9	8.7	1.20	0.9	-24.5	-24.0	-0.18
3.650	20 Apr 22	8.71B	-0.099	18.3	14.3	1.56	1.5	-20.8	-20.4	-0.16
1.750	20 Oct 23	9.99B	0.115	25.1	20.8	1.31	0.7	-16.4	-15.5	-0.37
1.650	21 Oct 24	10.35B	0.279	28.6	23.8	1.62	0.7	-10.3	-9.8	-0.26
1.200	20 Oct 25	9.66B	0.437	31.9	27.6	1.29	0.3	-4.8	-4.2	-0.33
4.850	15 Mar 26	8.01B	0.458	29.6	23.9	1.19	0.6	3.3	2.9	0.11
2.400	23 May 34	5.19B	1.039	35.0	26.2	1.53	-0.6	17.1	9.5	1.54
4.150	15 Mar 37	12.22B	1.099	32.7	24.3	1.61	0.1	30.4	20.5	1.77
3.150	20 Jun 44	6.72B	1.241	37.2	30.6	1.25	-0.4	39.2	28.6	1.78

Spreads against the German curve, bp



Asset swap term structure, bp





Greece

	15	16	17
GDP, %, y/y	1.0	2.5	3.6
Public balance	-2.5	1.1	1.6
Debt/GDP	176.3	170.2	159.2

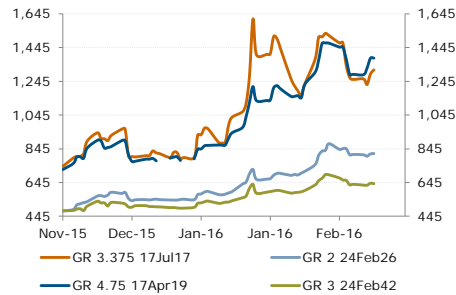
Source: European Commission, Winter 2015 forecast

Rating	Caa1/B-/CCC
Moody's / S&P / Fitch	

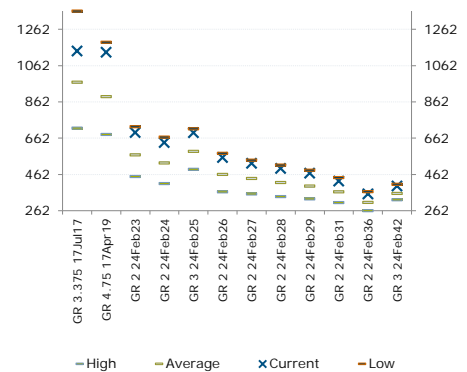
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score
3.375	17 Jul 17	2.02B	12.612	1,312.3	1,103.5	0.86	148.9	1,141.8	970.2	0.88
4.750	17 Apr 19	4.02B	13.333	1,382.0	1,039.0	1.57	7.7	1,135.0	890.2	1.54
2.000	24 Feb 23	1.04B	9.517	972.5	764.5	1.64	10.4	692.9	569.0	1.62
2.000	24 Feb 24	1.25B	9.022	912.1	717.6	1.65	9.2	637.5	524.8	1.63
3.000	24 Feb 25	1.84B	10.026	998.6	808.6	1.68	-18.2	691.8	589.1	1.67
2.000	24 Feb 26	1.37B	8.321	816.2	649.8	1.68	4.8	554.9	462.2	1.66
2.000	24 Feb 27	1.21B	8.059	781.7	629.0	1.71	-1.3	522.4	439.3	1.70
2.000	24 Feb 28	1.84B	7.847	752.3	606.5	1.69	28.1	495.1	417.2	1.68
2.000	24 Feb 29	1.48B	7.615	721.5	586.5	1.70	13.2	468.9	397.5	1.71
2.000	24 Feb 31	1.29B	7.177	665.6	554.5	1.60	-4.5	424.9	365.5	1.65
2.000	24 Feb 36	1.33B	6.411	566.7	485.1	1.41	-12.4	353.7	307.5	1.59
3.000	24 Feb 42	1.05B	7.233	637.6	563.7	1.33	-10.6	397.5	357.2	1.64

Spreads against the German curve, bp



Asset swap term structure, bp



Portugal

	15	16	17
GDP, %, y/y	1.0	1.6	1.7
Public balance	-4.6	-3.2	-2.8
Debt/GDP	128.9	124.5	123.5

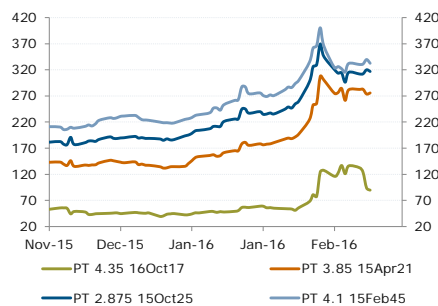
Source: European Commission, Winter 2015 forecast

Rating	Ba1/BB/BB+
Moody's / S&P / Fitch	

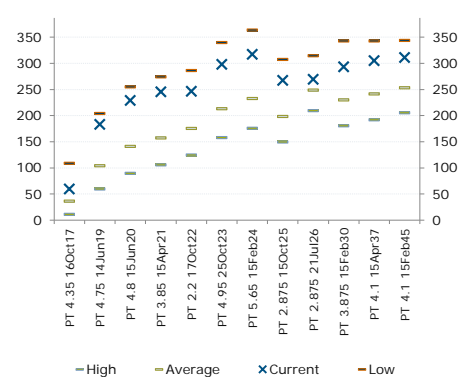
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score
4.350	16 Oct 17	8.99B	0.375	89.4	63.2	1.17	-17.0	59.5	36.2	1.08
4.750	14 Jun 19	10.75B	1.600	207.9	128.7	2.15	29.6	183.0	104.0	2.10
4.800	15 Jun 20	10.99B	2.106	252.7	162.9	2.08	-0.2	229.1	141.0	2.05
3.850	15 Apr 21	9.55B	2.406	275.6	183.0	2.09	-2.7	245.5	157.2	2.06
2.200	17 Oct 22	3.0B	2.750	298.8	217.0	1.86	-4.7	246.5	175.3	1.80
4.950	25 Oct 23	8.02B	3.087	322.2	230.9	1.94	-6.7	298.0	212.9	1.90
5.650	15 Feb 24	12.02B	3.223	332.5	242.6	1.91	-4.8	317.0	232.5	1.87
2.875	15 Oct 25	10.52B	3.283	316.7	234.3	1.84	-1.7	267.4	198.3	1.81
2.875	21 Jul 26	4.0B	3.397	320.5	295.2	0.66	-4.0	269.3	248.8	0.67
3.875	15 Feb 30	4.05B	3.764	329.8	254.5	1.58	-4.8	293.2	230.0	1.60
4.100	15 Apr 37	8.02B	4.073	329.8	256.5	1.63	1.5	304.9	241.3	1.71
4.100	15 Feb 45	2.5B	4.196	332.4	265.6	1.56	0.7	311.1	253.0	1.74

Spreads against the German curve, bp



Asset swap term structure, bp





Ireland

	15	16	17
GDP, %, y/y	4.8	3.5	3.6
Public balance	-4.0	-2.9	-3.1
Debt/GDP	110.8	110.3	107.9

Source: European Commission, Winter 2015 forecast

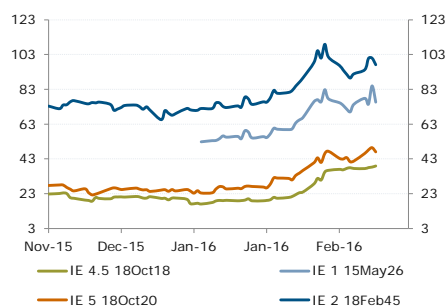
Rating	Baa1/A/A-
--------	-----------

Moody's / S&P / Fitch

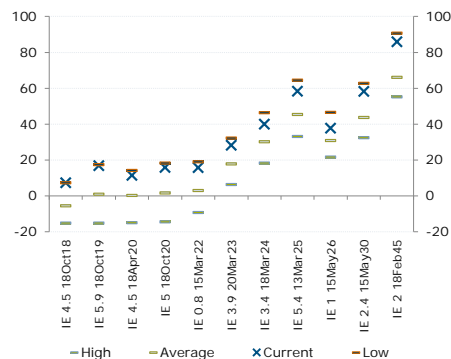
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score
4.500	18 Oct 18	9.58B	-0.114	39.2	24.1	2.63	2.6	7.3	-5.6	2.43
5.900	18 Oct 19	6.58B	0.015	47.9	30.8	2.64	-0.3	16.7	0.8	2.42
4.500	18 Apr 20	11.77B	0.011	44.7	30.8	2.25	-0.1	11.3	0.2	1.98
5.000	18 Oct 20	8.99B	0.083	47.3	31.1	2.31	-1.6	15.8	1.6	2.19
0.800	15 Mar 22	4.25B	0.277	56.7	39.9	2.50	-1.6	15.6	3.0	2.18
3.900	20 Mar 23	5.95B	0.432	63.2	48.9	2.46	-1.0	28.1	17.8	2.11
3.400	18 Mar 24	8.01B	0.653	74.3	59.8	2.07	-1.2	39.9	30.2	1.80
5.400	13 Mar 25	11.35B	0.832	78.7	62.3	2.21	-1.1	58.3	45.4	2.02
1.000	15 May 26	4.0B	0.936	75.9	65.5	1.14	-0.8	37.7	30.8	1.01
2.400	15 May 30	7.78B	1.326	84.7	66.7	2.10	-1.2	58.1	43.7	2.18
2.000	18 Feb 45	5.05B	1.846	97.4	80.7	1.82	-5.0	85.8	66.0	2.15

Spreads against the German curve, bp



Asset swap term structure, bp



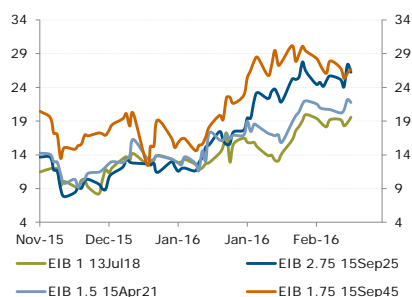


European Investment Bank (EIB)

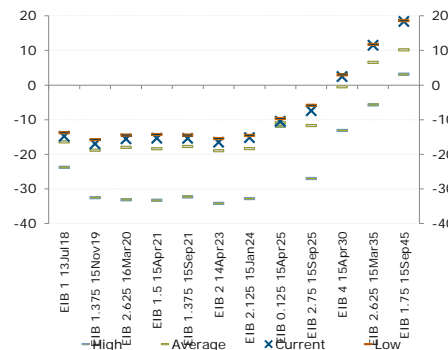
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score
1.000	13 Jul 18	5.0B	-0.322	19.5	14.0	2.06	1.9	-14.8	-16.4	1.08
1.375	15 Nov 19	3.0B	-0.268	19.3	14.5	1.85	-0.6	-17.0	-18.8	0.86
2.625	16 Mar 20	3.4B	-0.234	20.9	15.0	1.65	0.2	-15.6	-18.0	0.81
1.500	15 Apr 21	5.0B	-0.134	21.7	15.5	1.85	-1.1	-15.4	-18.4	1.15
1.375	15 Sep 21	4.35B	-0.092	23.2	17.4	1.91	-0.5	-15.4	-17.8	0.90
2.000	14 Apr 23	5.0B	0.056	24.9	17.6	1.98	-0.2	-16.5	-19.0	0.94
2.125	15 Jan 24	5.0B	0.147	25.7	17.2	2.07	1.0	-15.2	-18.4	1.28
0.125	15 Apr 25	3.0B	0.356	30.0	28.3	1.33	0.3	-10.5	-10.9	0.79
2.750	15 Sep 25	5.35B	0.368	26.2	16.8	1.64	-1.4	-7.4	-11.7	1.10
4.000	15 Apr 30	6.5B	0.719	24.4	17.0	1.71	-0.1	2.4	-0.5	1.31
2.625	15 Mar 35	1.7B	0.988	27.0	21.2	1.39	-0.1	11.5	6.5	1.49
1.750	15 Sep 45	1.3B	1.141	26.6	21.1	1.07	0.0	18.4	10.2	1.74

Spreads against the German curve, bp



Asset swap term structure, bp

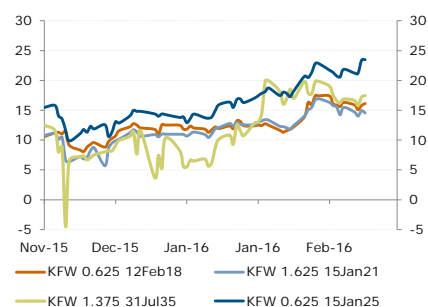


Kreditanstalt für Wiederaufbau (KfW)

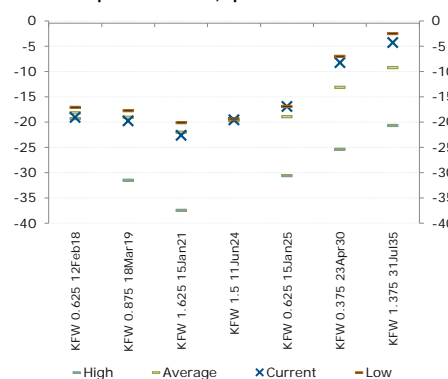
Δ B/E Spd 1Y is calculated as a spread to a synthetically created par bond trading on the German curve.

Benchmark Bonds				Spread vs. Germany				Asset Swap Spread		
Coupon	Maturity	Volume	Yield	25-Feb	60D Avg.	Z-score	Δ B/E Spd 1Y	25-Feb	60D Avg.	Z-score
0.625	12 Feb 18	2.0B	-0.368	16.1	12.5	2.05	1.2	-18.6	-17.7	-2.35
0.875	18 Mar 19	5.0B	-0.333	15.8	13.8	1.12	0.1	-19.3	-18.6	-0.85
1.625	15 Jan 21	5.0B	-0.223	14.5	11.8	1.31	-0.9	-22.2	-21.6	-0.48
1.500	11 Jun 24	3.0B	0.159	20.4	20.4	1.31	-0.2	-19.1	-19.1	-0.10
0.625	15 Jan 25	3.0B	0.259	23.5	16.2	2.29	-0.2	-16.5	-18.5	1.43
0.375	23 Apr 30	2.0B	0.753	27.7	18.3	1.60	-0.8	-7.8	-12.7	1.41
1.375	31 Jul 35	1.0B	0.903	17.5	11.6	1.25	0.0	-3.9	-8.8	1.36

Spreads against the German curve, bp



Asset swap term structure, bp



Nordea Markets is the name of the Markets departments of Nordea Bank Norge ASA, Nordea Bank AB (publ), Nordea Bank Finland Plc and Nordea Bank Danmark A/S. The information provided herein is intended for background information only and for the sole use of the intended recipient. The views and other information provided herein are the current views of Nordea Markets as of the date of this document and are subject to change without notice. This notice is not an exhaustive description of the described product or the risks related to it, and it should not be relied on as such, nor is it a substitute for the judgement of the recipient. The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision. It is important to note that past performance is not indicative of future results. Nordea Markets is not and does not purport to be an adviser as to legal, taxation, accounting or regulatory matters in any jurisdiction. This document may not be reproduced, distributed or published for any purpose without the prior written consent from Nordea Markets.