



# **Nordea Kredit Investor Presentation – 2009 Q2**

Published 1 September 2009



The Investor Presentation has been compiled by Nordea Kredit for information purposes only, and offers facts and figures on Nordea Kredit, and the mortgage collateral supporting outstanding mortgage bonds and covered mortgage bonds.

If you have any questions, feel free to contact us:

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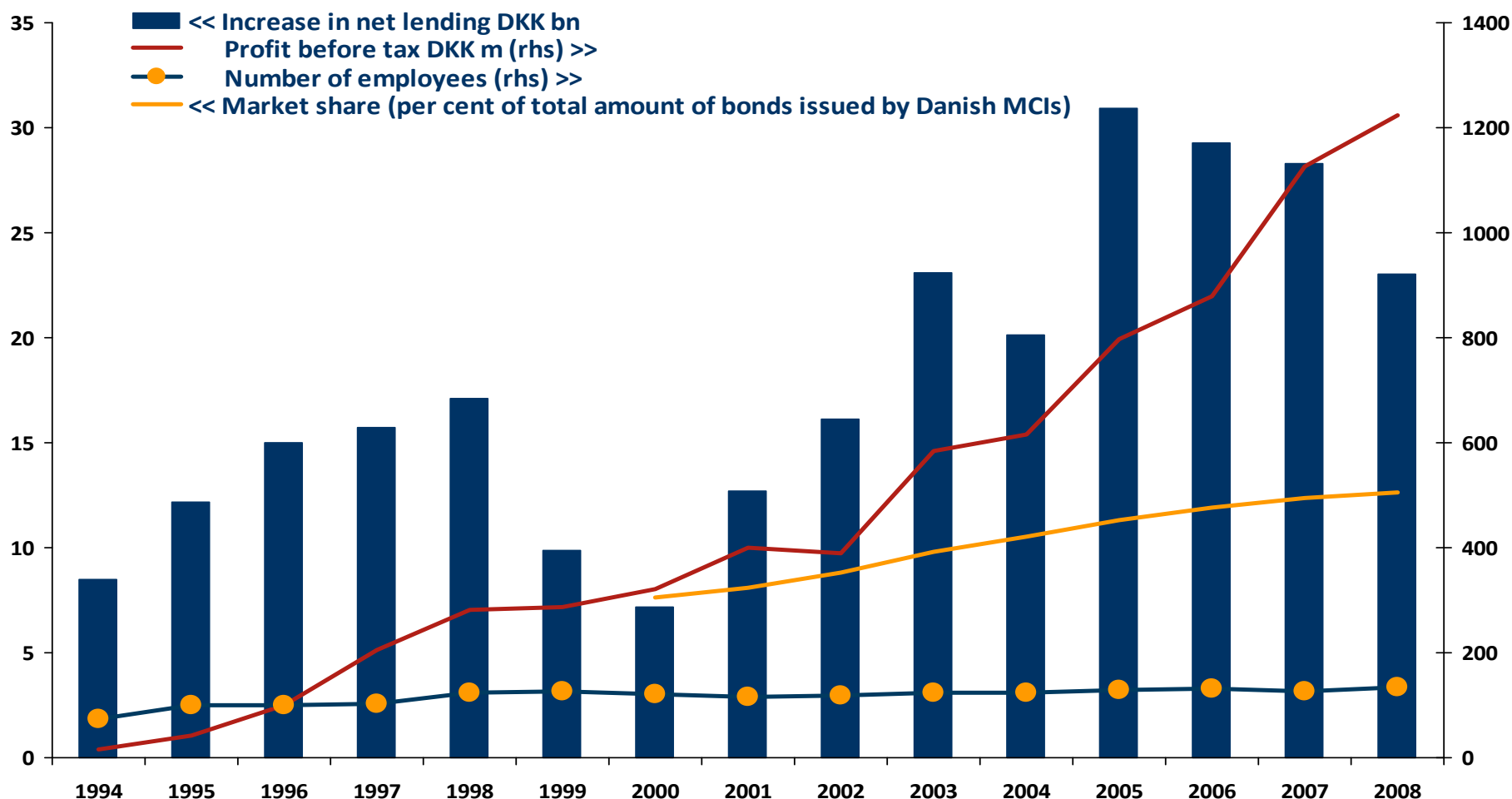
## Nordea Kredit – in brief I *(Data as by the end of 2009 Q2 - unless otherwise stated)*

- Founded in 1993, number of employees 133
- Nordea Kredit issues mortgage bonds and covered mortgage bonds
- All bonds issued by Nordea Kredit are rated AAA (S&P) and Aaa (Moody's)
- Profit before tax 2009 first half: 466 m DKK, RoE 3.4%, Cost/Income ratio 17.4%
- Mortgage loans at nominal value 2009 Q2: 285.3 bn DKK
- Market share 2009 Q2:
  - All segments: 12.7% *(2009 Q1: 12.5%)*
  - Residential properties and holiday homes: 15.5% *(2009 Q1: 15.5%)*
  - Agriculture: 14.5% *(2009 Q1: 14.4%)*
  - Commercial properties: 10.4% *(2009 Q1: 10.0%)**(Market share - percentage of total amount of bonds issued by Danish MCIs)*

## Nordea Kredit – in brief II *(Data as by the end of 2009 Q2 - unless otherwise stated)*

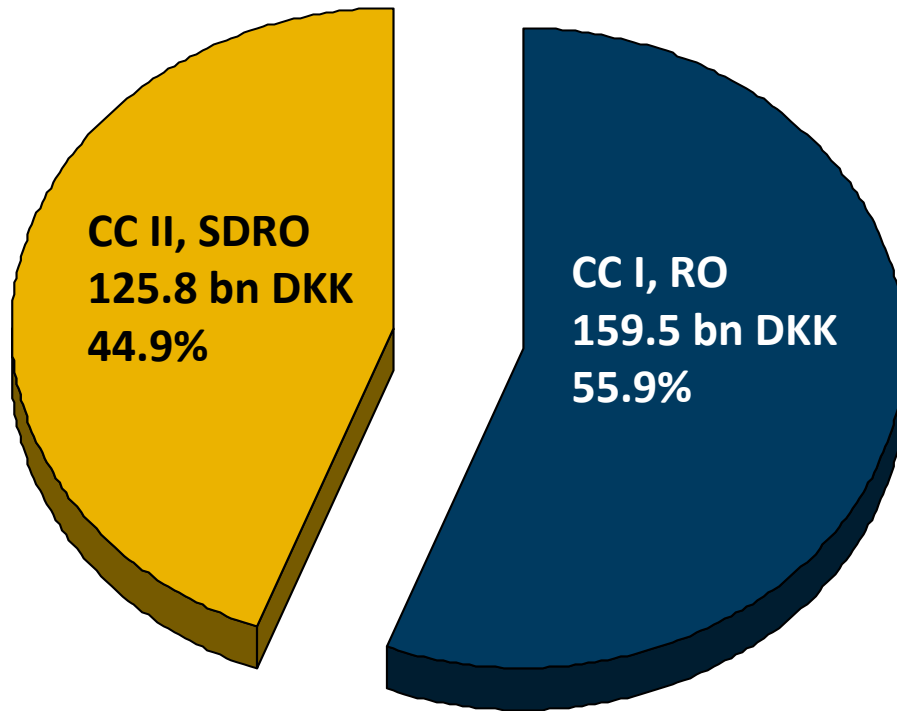
- **Late payments by borrowers 0.36%** *(Residential properties and holiday homes)  
3½ month after due date*
- **Losses and provisions: 0.008% of mortgage loans at nominal value**
- **Average LTV 2009 Q2: 66%** *(2009 Q1: 61%)*
- **Total capital ratio 10.0% and Tier 1 capital ratio 10.4%**  
*(excluding profit for the period)*
- **Completely match funded “Pass Through” setup - strict ALM** *(Asset Liability Management)*
- **Danish MCI's are highly regulated and closely supervised by Finanstilsynet**  
*(The Danish FSA)*

## Nordea Kredit – in brief III



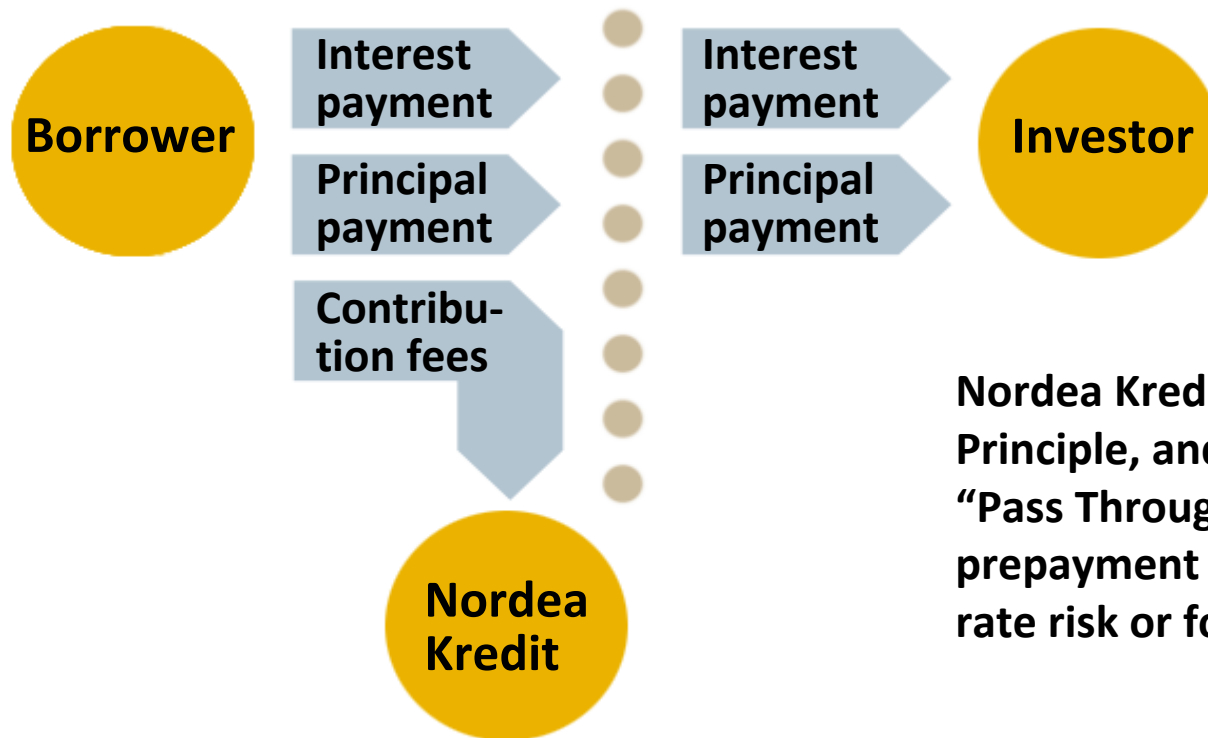
## Nordea Kredit – Capital Centres 1 and 2 (*CC I and II*)

Mortgage loans at nominal value 2009 Q2:



- **Nordea Kredit has two capital centres:**
  - CC I: Mortgage Bonds (Realkreditobligationer, “RO”) are issued out of CC I (1993 - ), however only 1 ISIN is presently active. More than 97% of the bonds in CC I are covered bond grandfathered.
  - CC II: Covered Mortgage Bonds (“Særligt Dækkede Realkreditobligationer”, SDRO) are issued out of CC II (2007 - ). All bonds in CC II are covered bonds.
- **New issues are almost exclusively covered mortgage bonds (SDROs).**

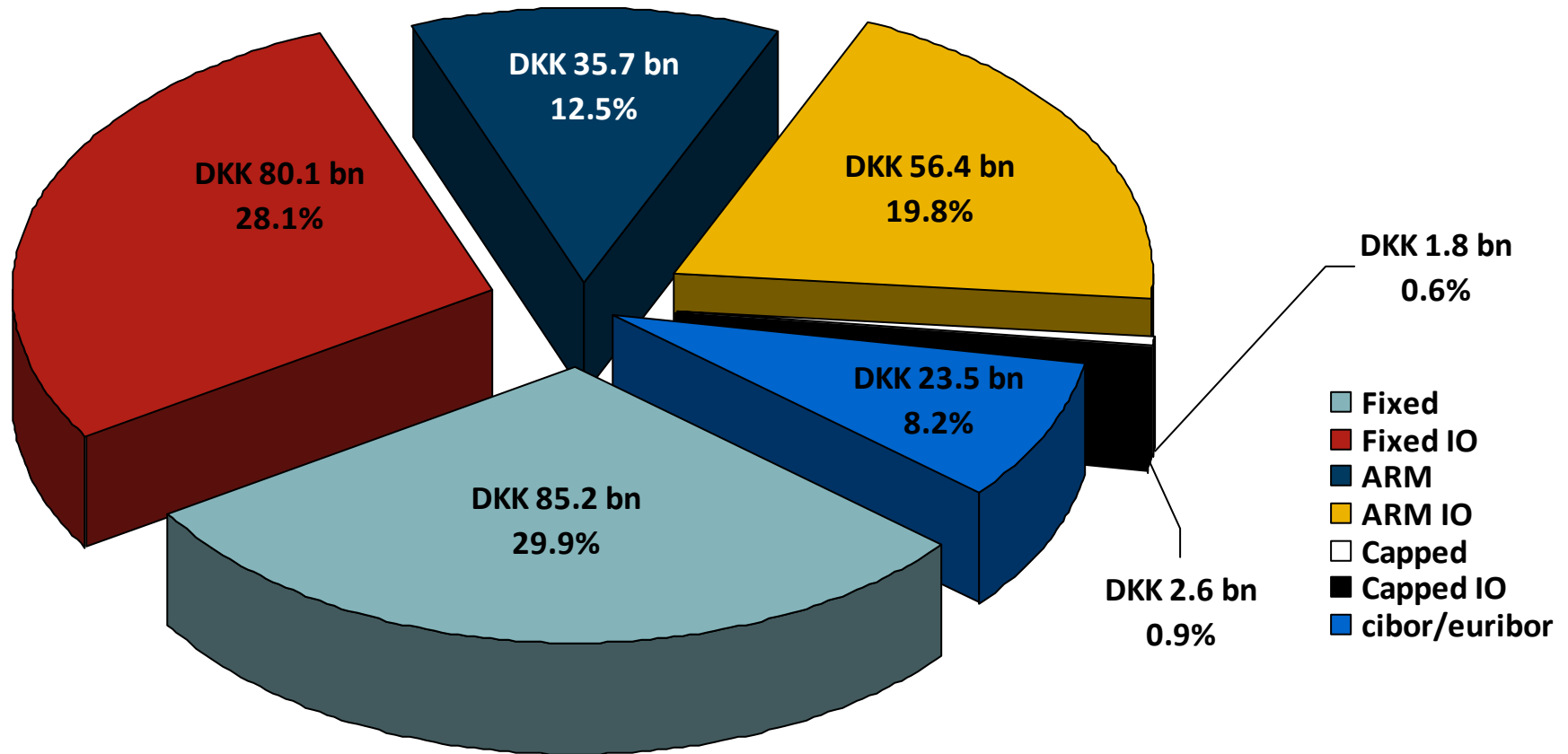
## Match funded setup due to the strict Balance Principle



Nordea Kredit complies with the strict Balance Principle, and has a completely match funded “Pass Through” setup. Nordea Kredit has no prepayment risk, and only negligible interest rate risk or foreign exchange risk.

## Nordea Kredit – distribution of loans by type

Loans to all segments - CC I and II, 2009 Q2: 285.3 bn DKK \*



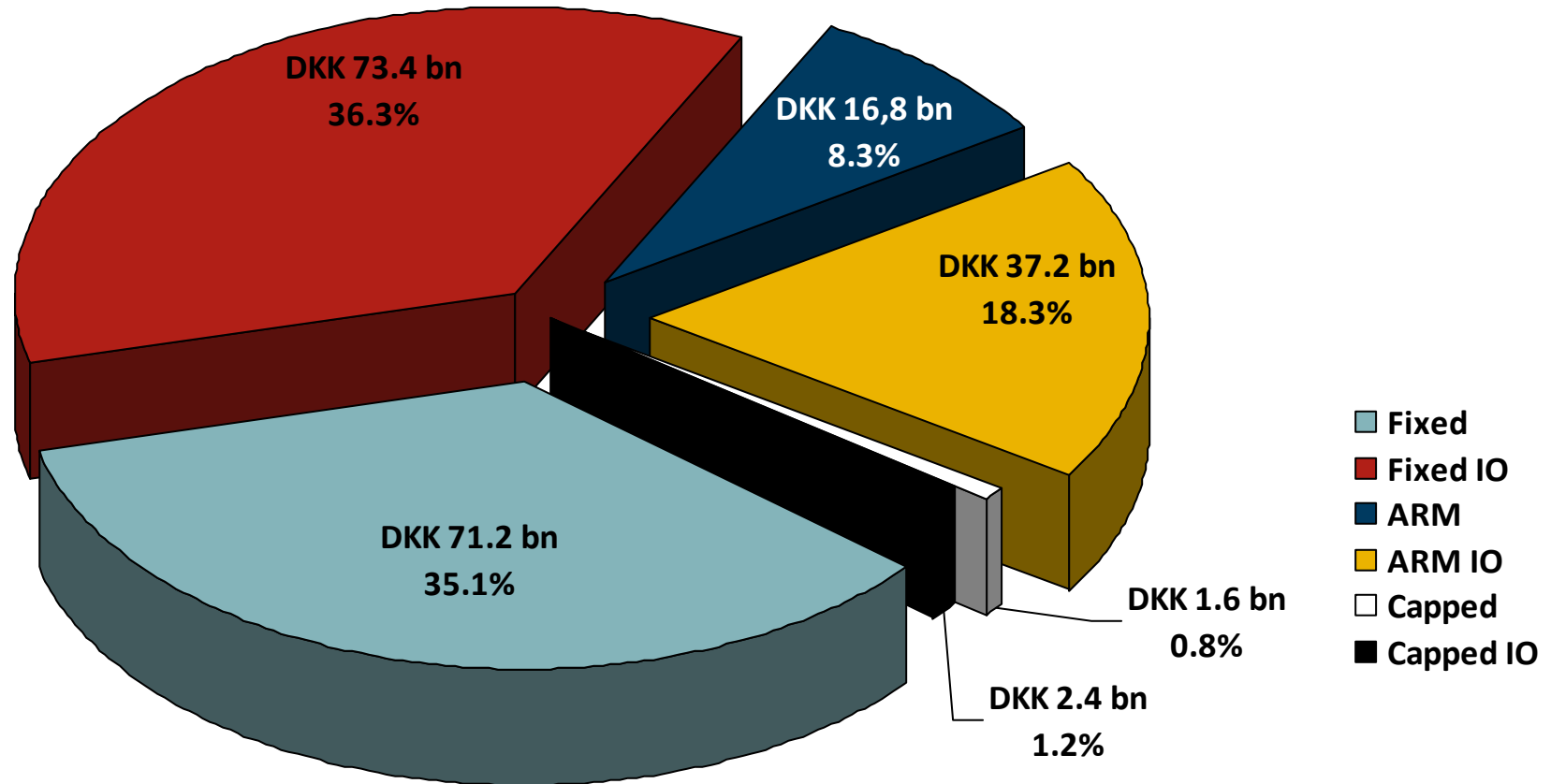
The loan portfolio is characterized by fixed rate loans which account for 57.9%

\*) Mortgage loans at nominal value



## Nordea Kredit – distribution of loans by type

Loans to residential properties and holiday homes - CC I and II, 2009 Q2: 202.6 bn DKK \*



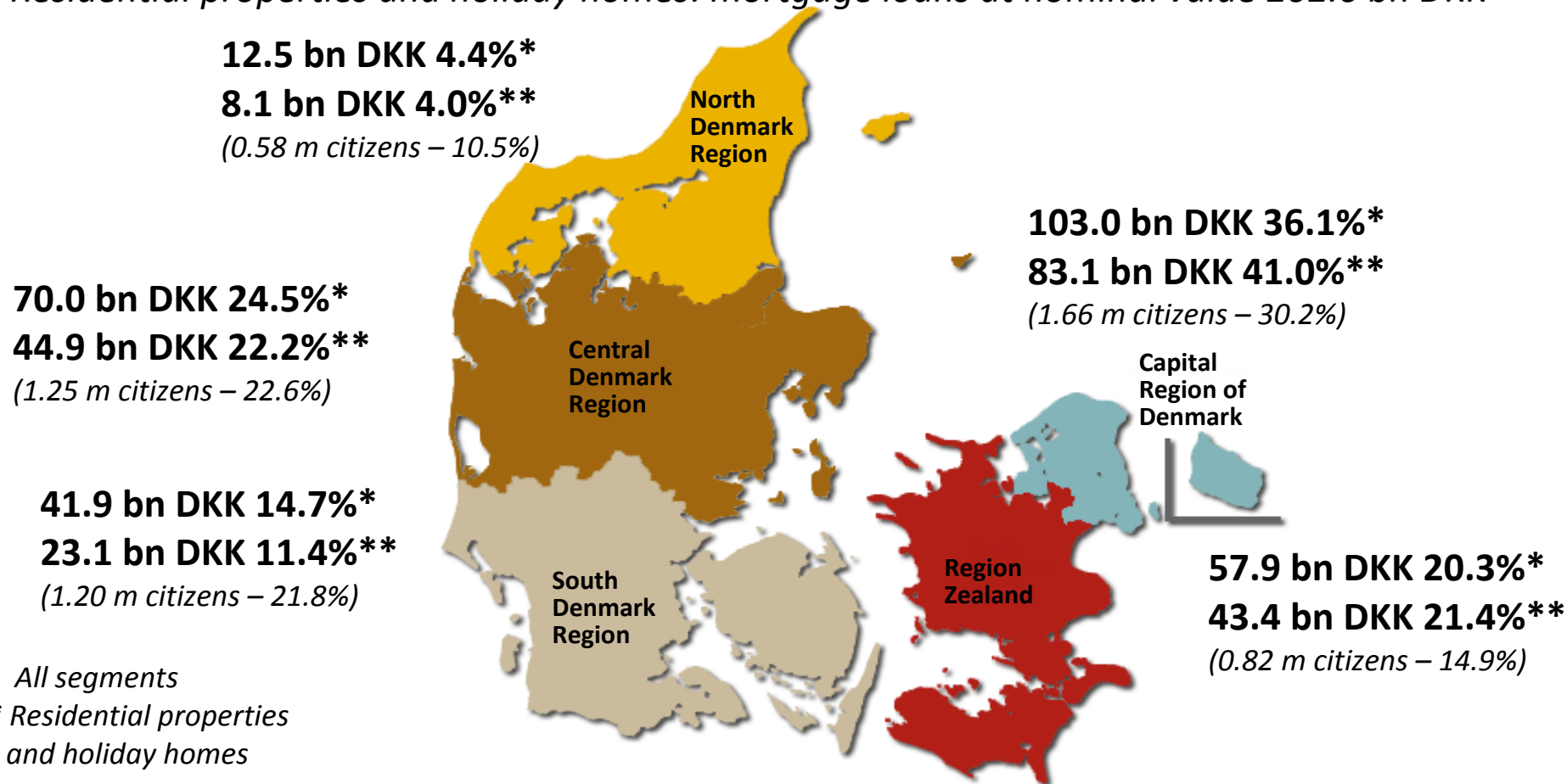
For loans to residential properties and holiday homes alone fixed rate loans account for 71.4%

\*) Mortgage loans at nominal value

## Nordea Kredit – geographical distribution of loans

*CC I and CC II 2009 Q2, all segments: mortgage loans at nominal value 285.3 bn DKK*

*Residential properties and holiday homes: mortgage loans at nominal value 202.6 bn DKK*



## Asset quality - loss guarantee by Nordea Bank Danmark

Nordea Bank Danmark takes “first losses” on Nordea Kredit loans according to the table below:

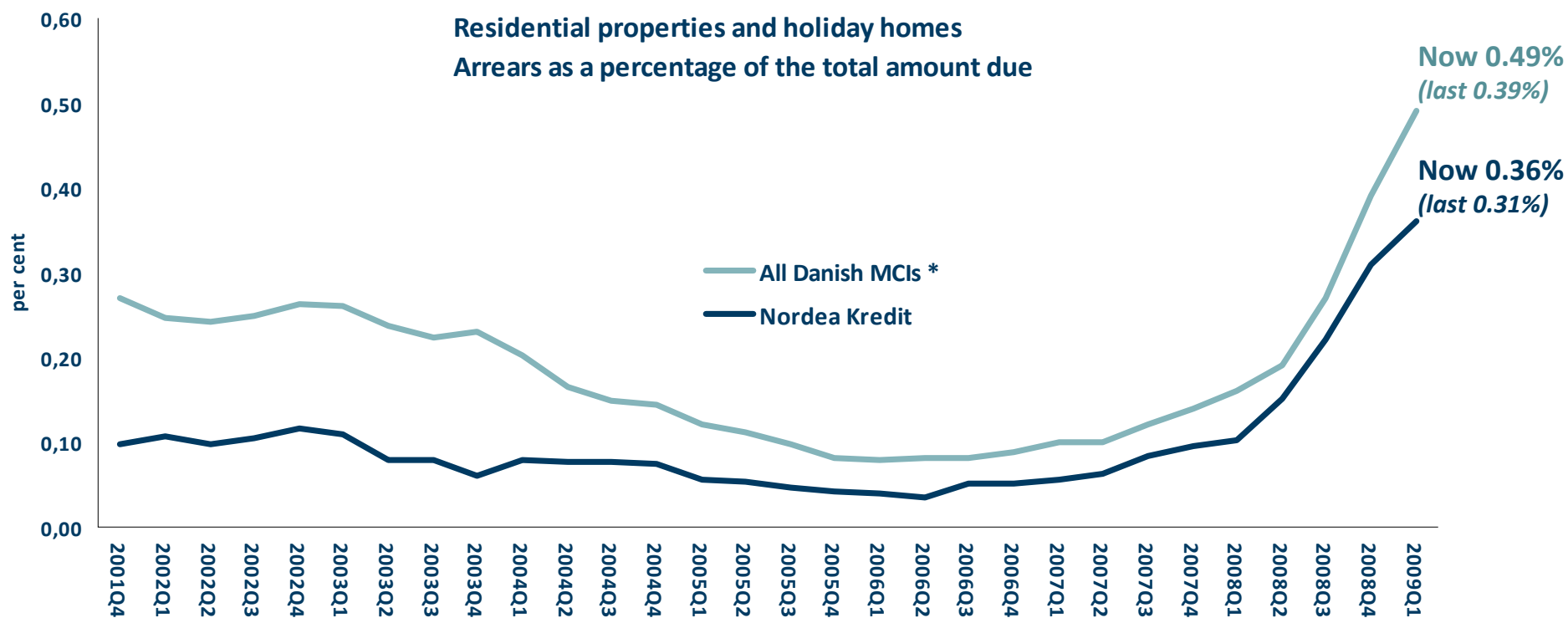
Property type	Guarantee period *	Guarantee level **
Owner occupied housing	5 years	25 per cent
Holiday homes	5 years	25 per cent
Subsidized property	10 years	10 per cent
Housing for youth/elderly	10 years	10 per cent
Agricultural property	10 years	25 per cent
Commercial property	10 years	25 per cent

*\*) Guarantee period starts when a loan is issued or remortgaged*

*\*\*) As a percentage of the original principal – disregarding all amortisation*

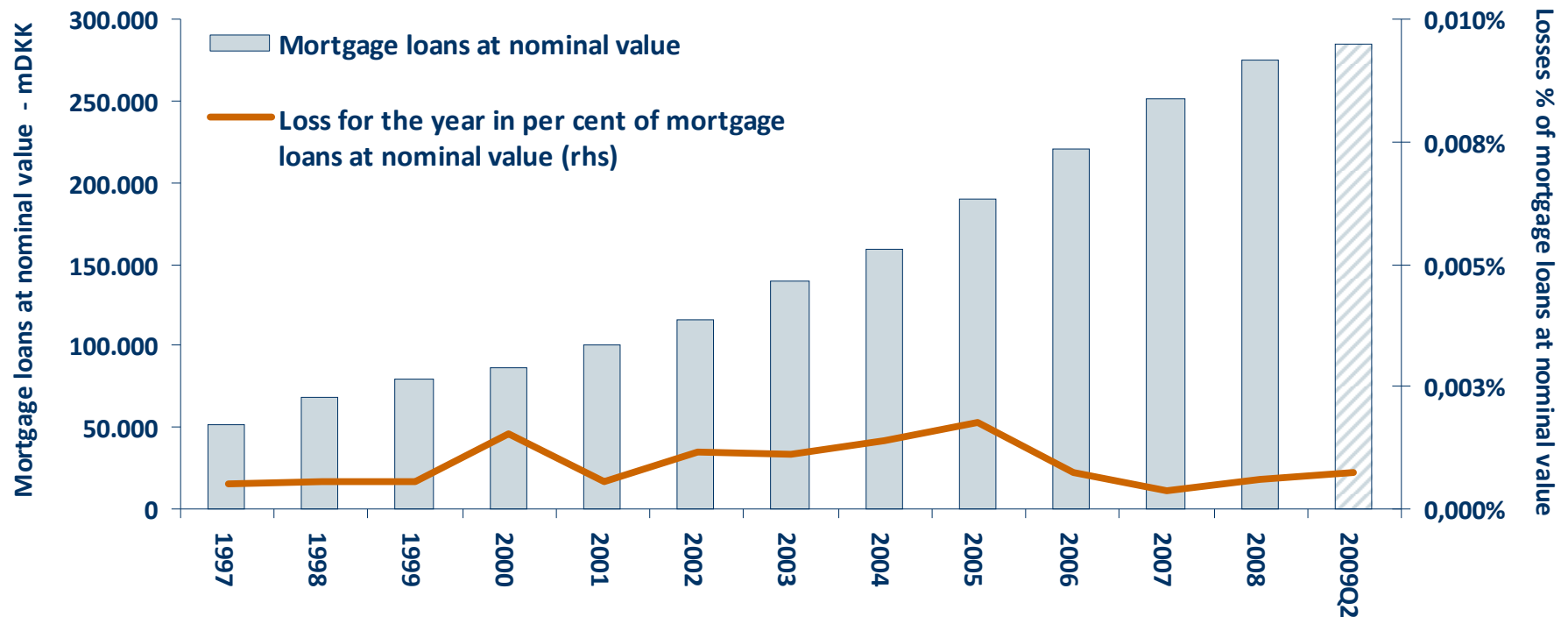
The guarantee amount is not reduced during the guarantee period, but cannot exceed the debt outstanding. A new guarantee period starts when the loan is changed e.g. due to remortgage.

# Asset quality - late payments by borrowers - 3½ month after due date



\*) Including Nordea Kredit

## Losses in per cent of mortgage loans at nominal value



Nordea Kredit did not experience any losses prior to 1997  
 – total accumulated losses 18 m DKK

## Nordea Kredit – LTV, loan-to-value



## Nordea Kredit – LTV, loan-to-value

### 2009 Q2 (2009 Q1)

	LTV CC I & II		LTV CC I		LTV CC II	
	2009Q2	2009Q1	2009Q2	2009Q1	2009Q2	2009Q1
Owner occupied dwellings	72	66	69	63	77	71
Rental housing	61	61	60	60	64	63
Industry and trade	53	53	47	47	66	68
Office and retail	56	54	49	49	60	57
Agriculture	44	44	42	42	46	45
Other	42	42	46	45	40	40
<b>Total</b>	<b>66</b>	<b>61</b>	<b>65</b>	<b>60</b>	<b>67</b>	<b>63</b>

For detailed information on LTV – please refer to [LTV Report 2009 Q2](#)

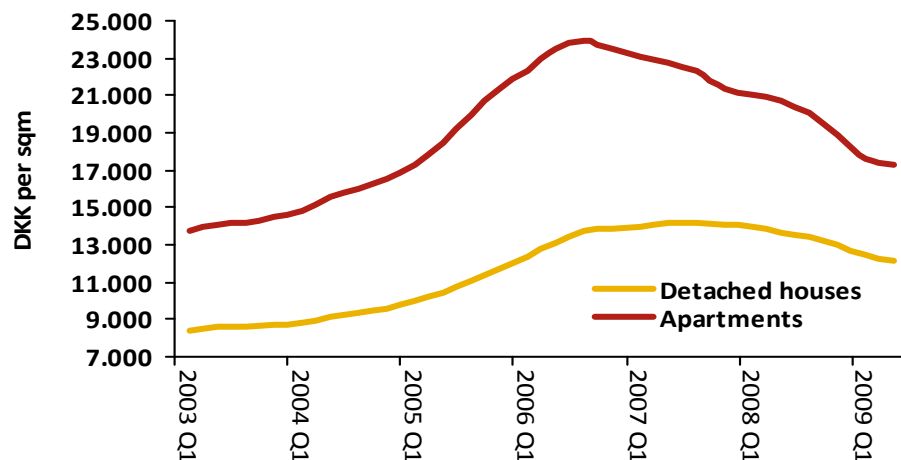
## Legislation

- Danish mortgage financing is highly regulated and closely supervised by the Danish FSA (Finanstilsynet, DFSA)
- Some legislation can be found in English at the DFSA's English website:  
<http://www.dfsa.dk/sw7804.asp>
- All relevant legislation can be found in Danish at the DFSA's Danish website:  
<http://www.finanstilsynet.dk/sw22517.asp>





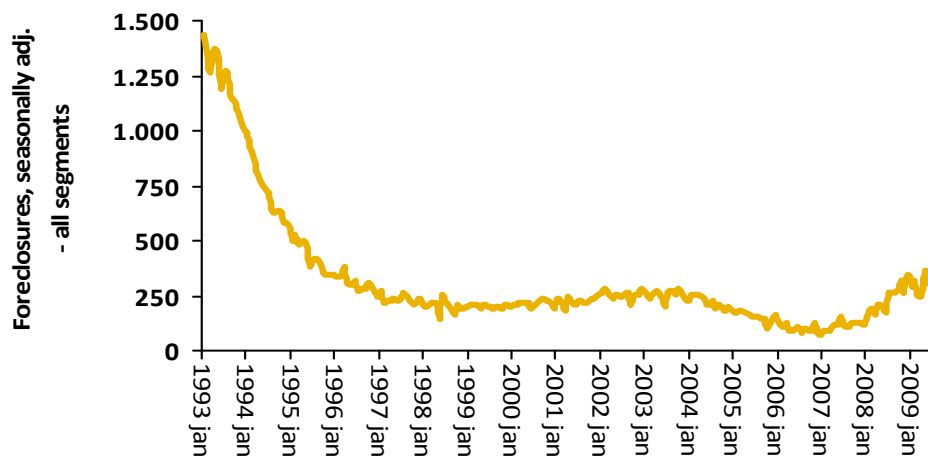
## Macro economics - house prices and foreclosures



For a number of years house prices increased  
- but by mid 2006 prices peaked.

Since January 1993 the number of foreclosures has fallen from more than 1,400 to a low of only 72 in December 2006.

Since December 2006 the number of foreclosures has risen to 299 as of June 2009 - still a low number of foreclosures.



For more information on macro economics please refer to current issue of “[\*Economic Outlook\*](#)” published by Nordea Markets, Economic Research.

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