



Nordea Kredit Investor Presentation 2012 Q3

Published 1 November, 2012

Nordea Kredit

Making it possible

This 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.

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- Nordea Kredit – in brief
- Asset quality, losses and arrears
- Loan-to-value (*For detailed information on LTV please refer to “LTV Report 2012, Q3”*)
- Legislation
- Macro-economic factors

Nordea Kredit – in brief I

- Founded in 1993, number of employees (in FTEs) 133 (as per 2012 Q2)
- Nordea Kredit issues covered mortgage bonds, exclusively
- All bonds issued by Nordea Kredit are rated AAA (by S&P) and Aaa (by Moody's)
- Profit before tax 2012, 1H: 539 m DKK and Cost/Income ratio 13.0%
- Mortgage loans at nominal value 2012 Q3: 344.9 bn DKK
- Mortgage loans at fair value 2012 Q3: 352.2 bn DKK
- Market share 2012 Q3: 14.1% (2012 Q2: 14.0%)
(Mortgage loans at nominal value as a share of all Danish mortgage bank loans)

Nordea Kredit – in brief II

- Late payments by borrowers 2012 Q3: 0.31% (2012 Q2: 0.32%)
Residential properties and holiday homes, 3½ months after due date
- Average LTV 2012 Q3: 72% (2012 Q2: 73%)
- Total capital ratio (2012 Q2) 16.7% and Tier 1 capital ratio 16.7%
(excl. transition rules)
- Completely match funded “Pass Through” setup with Balance Principle
- Danish mortgage banks are regulated and supervised by Finanstilsynet
(The Danish FSA)

Nordea Kredit – ratings and over-collateralisation

	Moody's		S&P	
	CC 1	CC2	CC1	CC 2
Ratings of issued bonds	Aaa	Aaa	AAA	AAA
Required OC / CE for Aaa and AAA rating, %	4.0	14.5	6.24	9.26
TPI leeway/Unused uplift	4	3	4	4

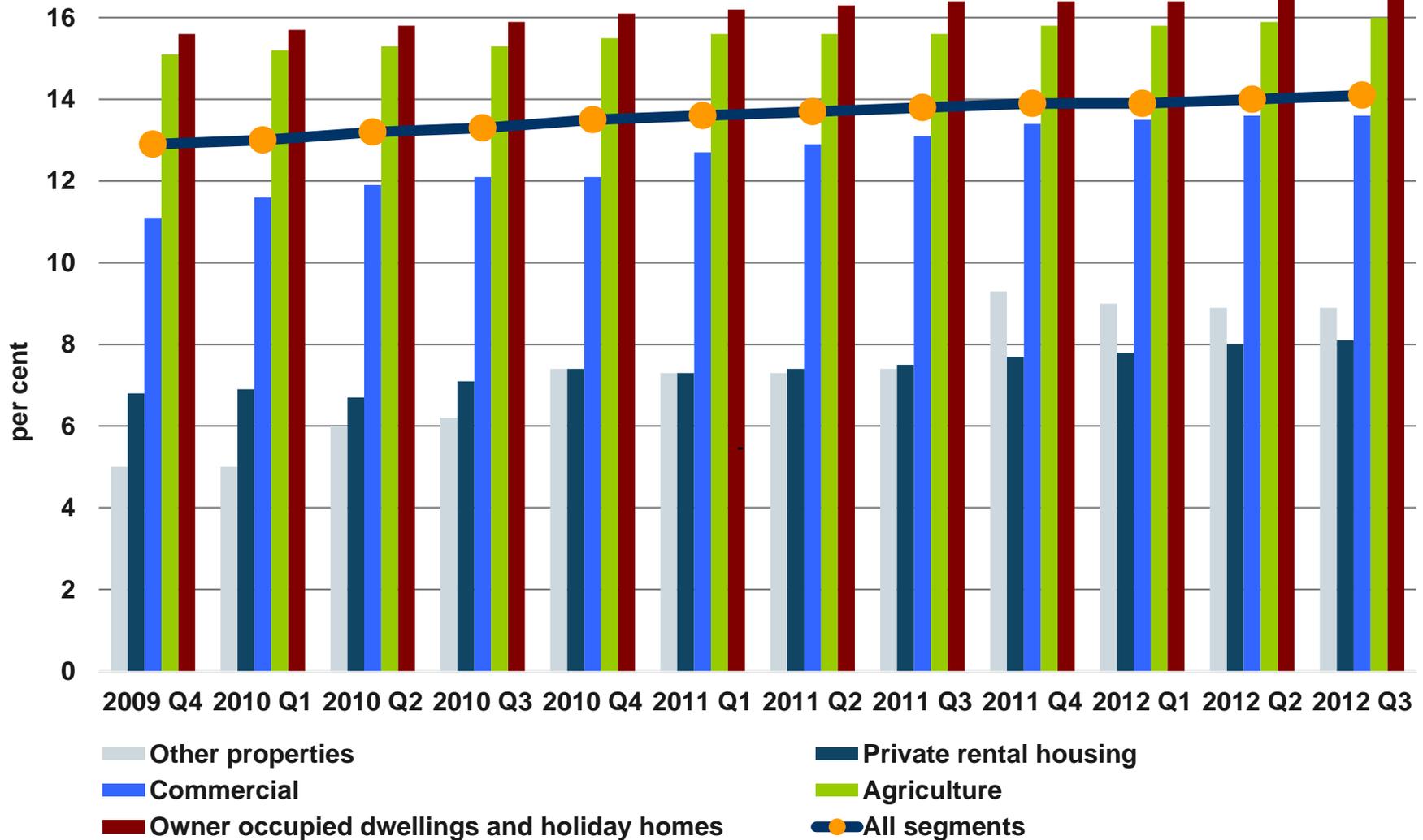
OC (over-collateralisation) and TPI leeway as measured by Moody's
 CE (credit enhancement) and unused uplift as measured by S&P
 All data are the latest available prior to the publication of the report

OC per Q3 2012 %

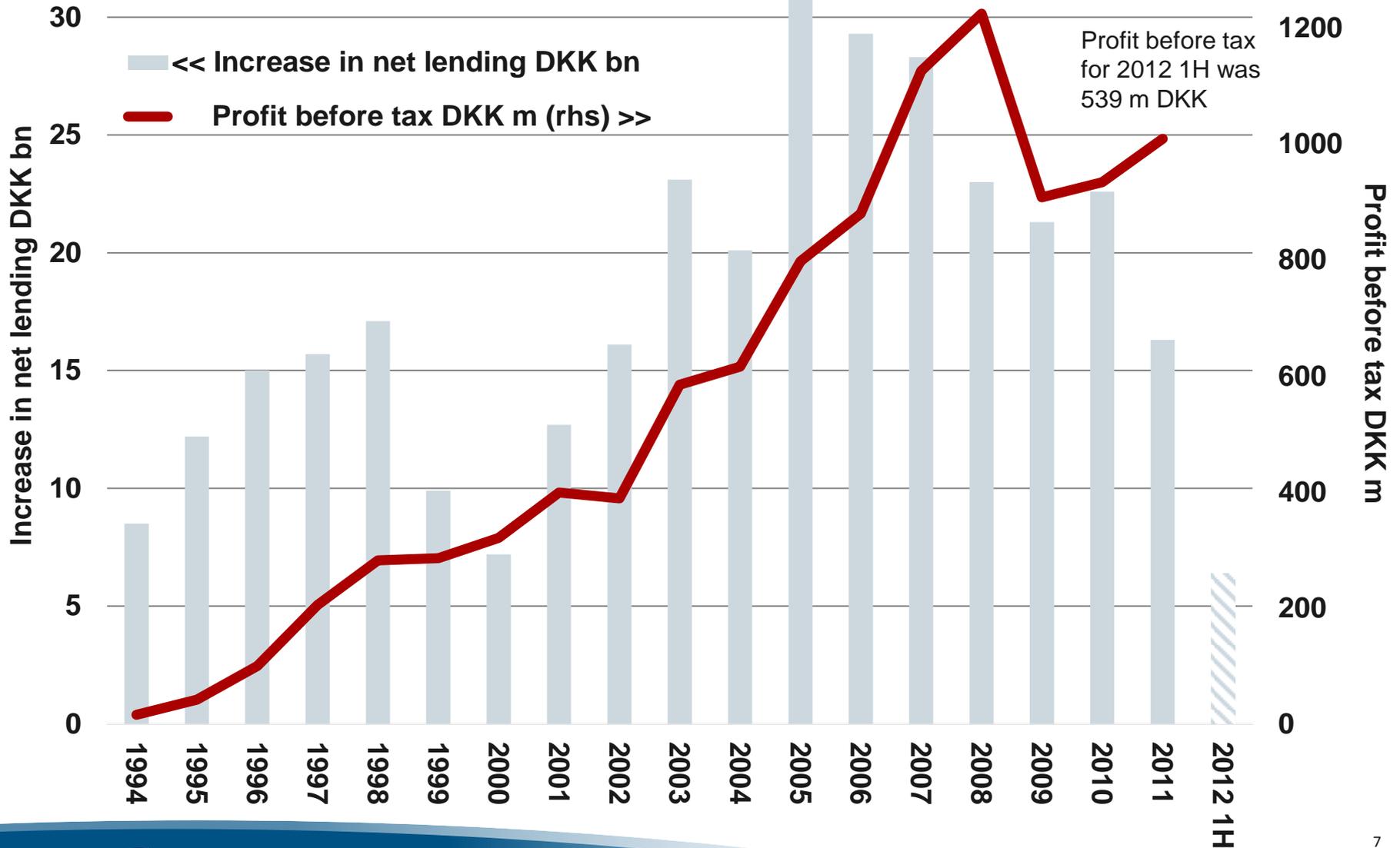
CC1: 7.1

CC2: 17.6

Nordea Kredit – market shares in per cent of total market

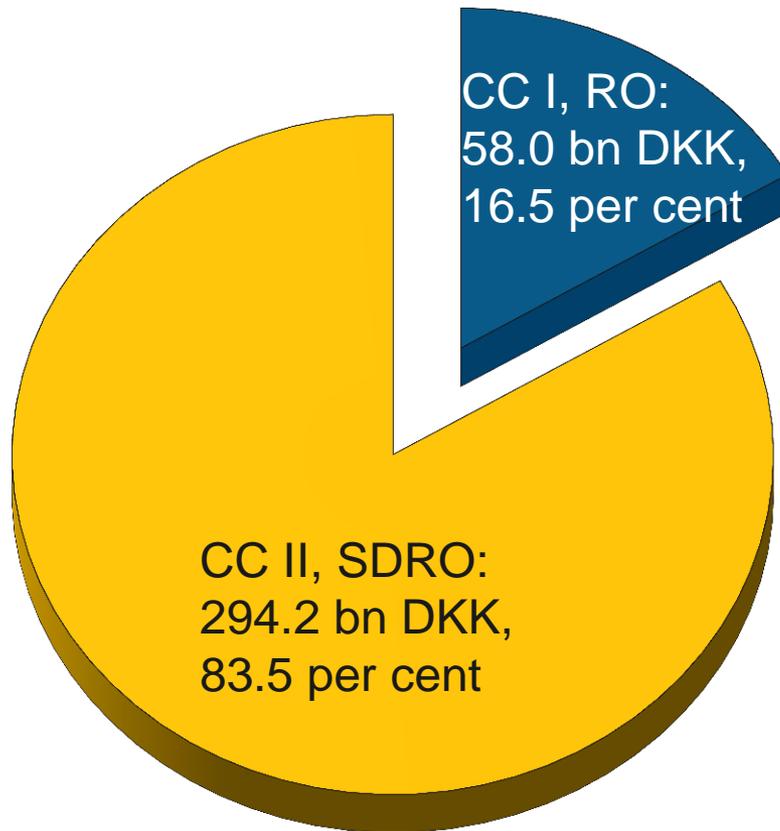


Nordea Kredit – profit and increase in net lending



Nordea Kredit – mortgage loans at fair value

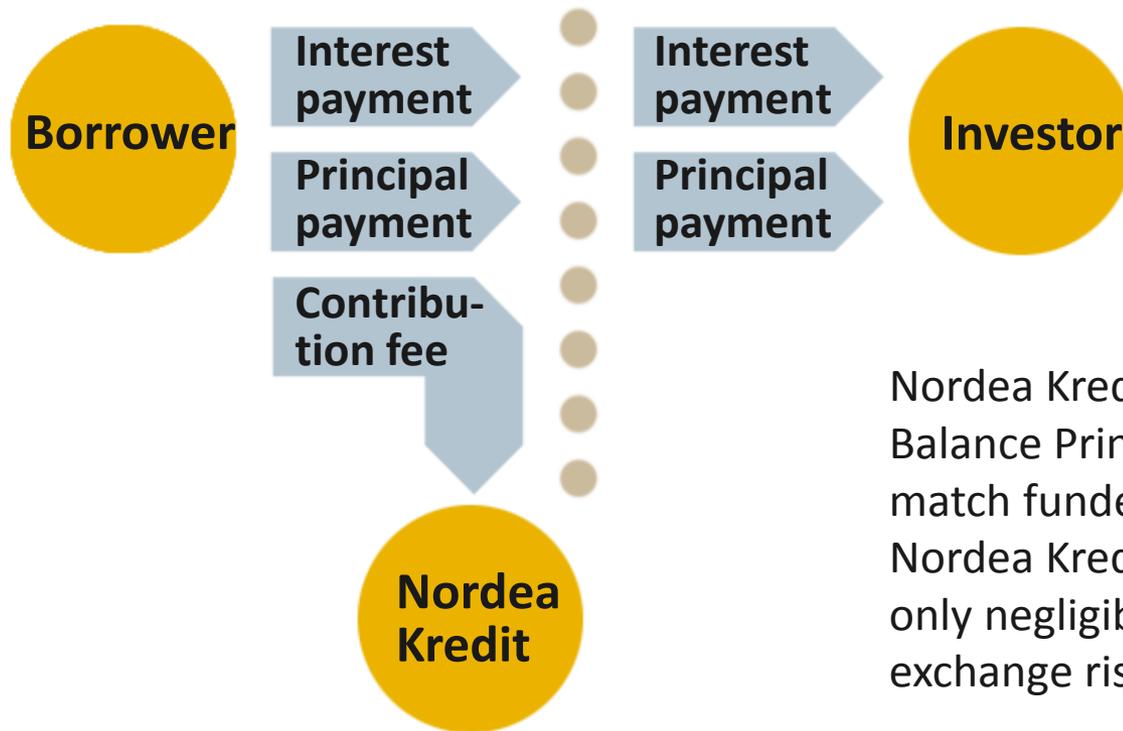
CCs I&II, 2012 Q3: DKK 352.2 bn



Nordea Kredit has two capital centres:

- CC I: Mortgage Bonds (Realkreditobligationer, “RO”) No open series. More than 94% of the bonds in CC I are grandfathered covered bonds according to UCITS/CRD.
- CC II: Covered Mortgage Bonds (Særligt dækkede realkreditobligationer, “SDRO”) are issued out of CC II (2007 -). All bonds in CC II are covered bonds according to UCITS/CRD.
- All new issuance in 2012 exclusively in covered mortgage bonds (SDROs) out of CC II

Match funded setup due to the specific Balance Principle

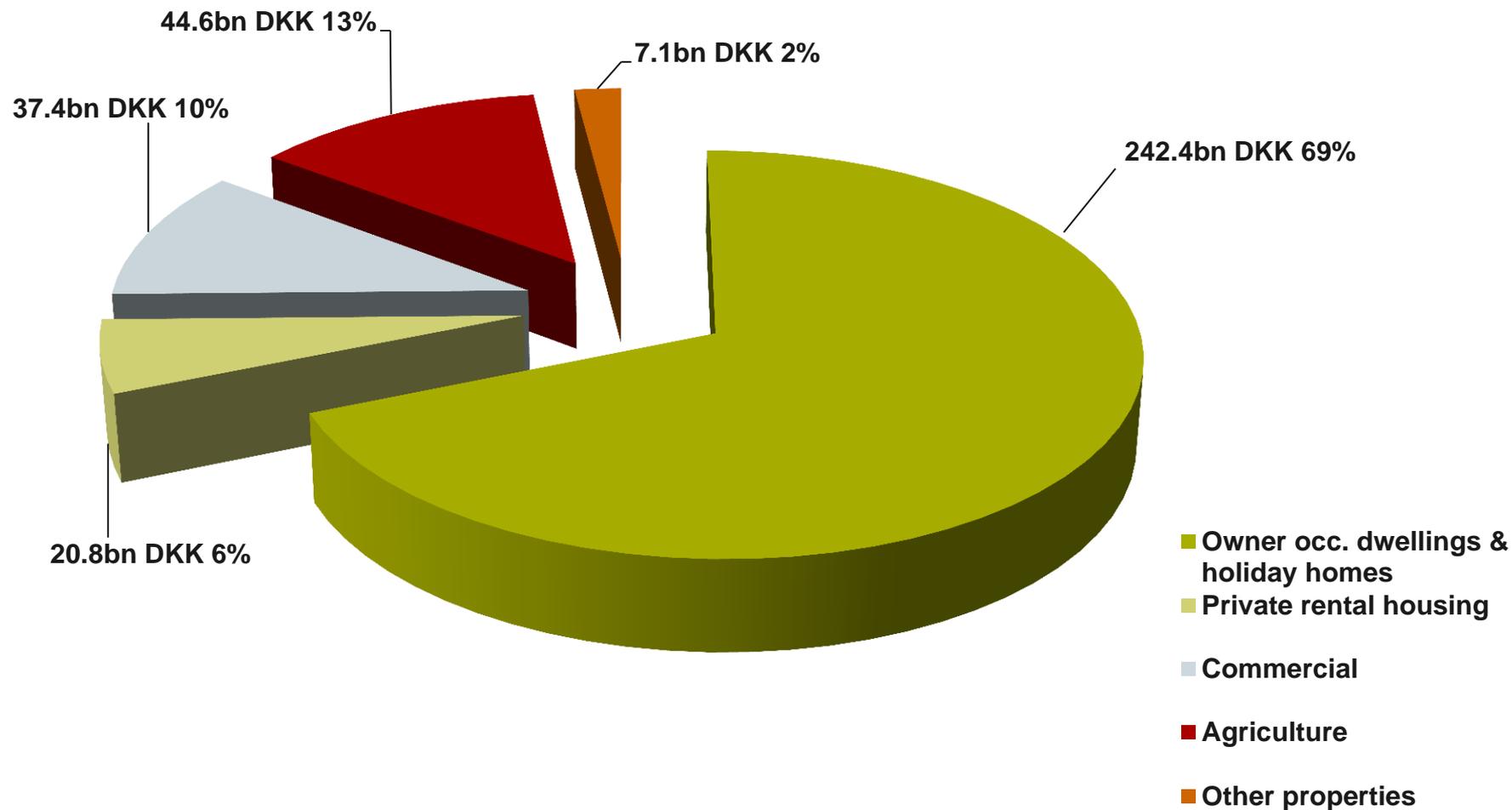


Nordea Kredit complies with the specific Balance Principle, and has a completely match funded “Pass Through” setup. Nordea Kredit has no prepayment risk and only negligible interest rate and foreign exchange risk.

All property categories

CCs I & II 2012 Q3 at fair value: 352.2 bn DKK

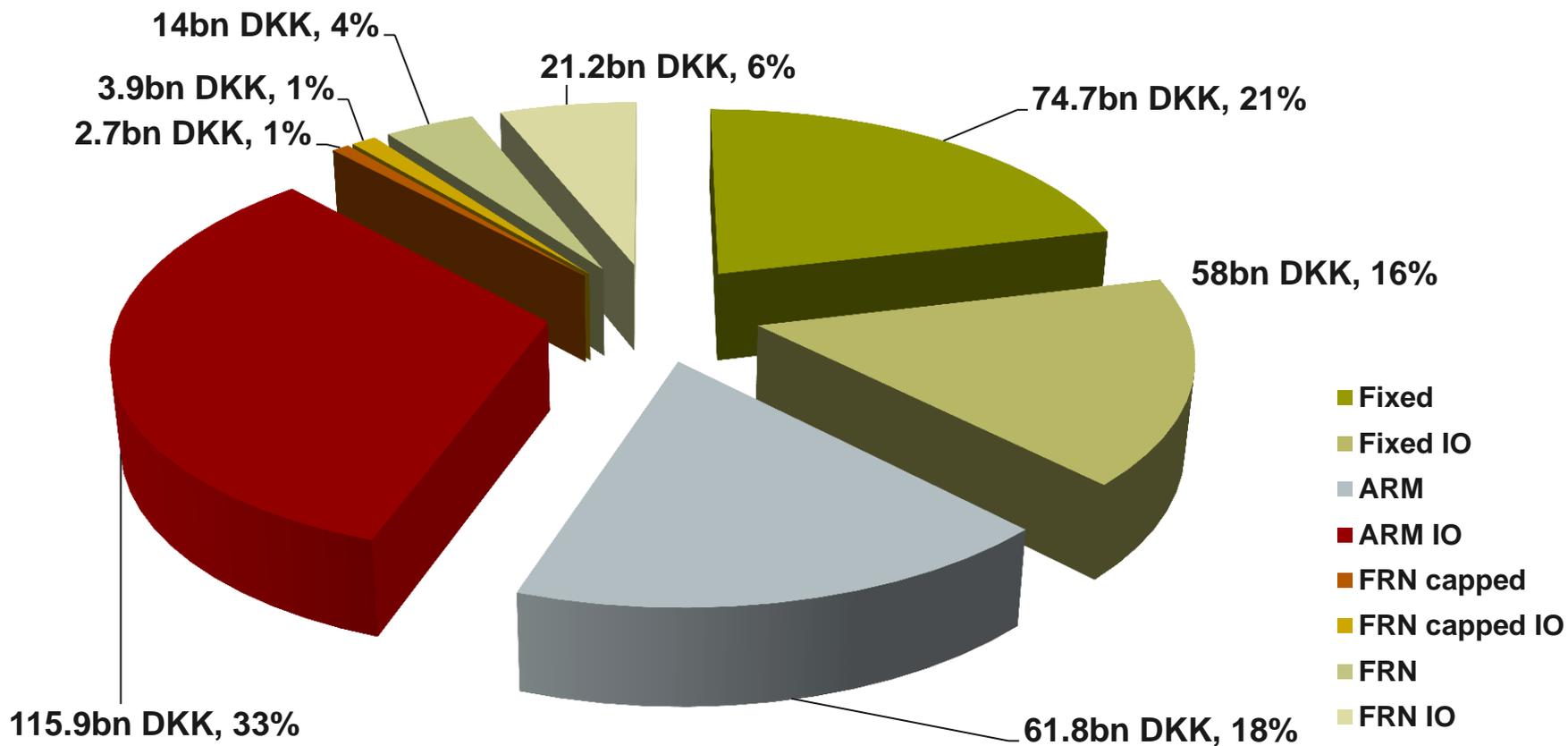
Distribution of loans by property category



All property categories

CCs I & II, 2012 Q3 at fair value: DKK 352.2

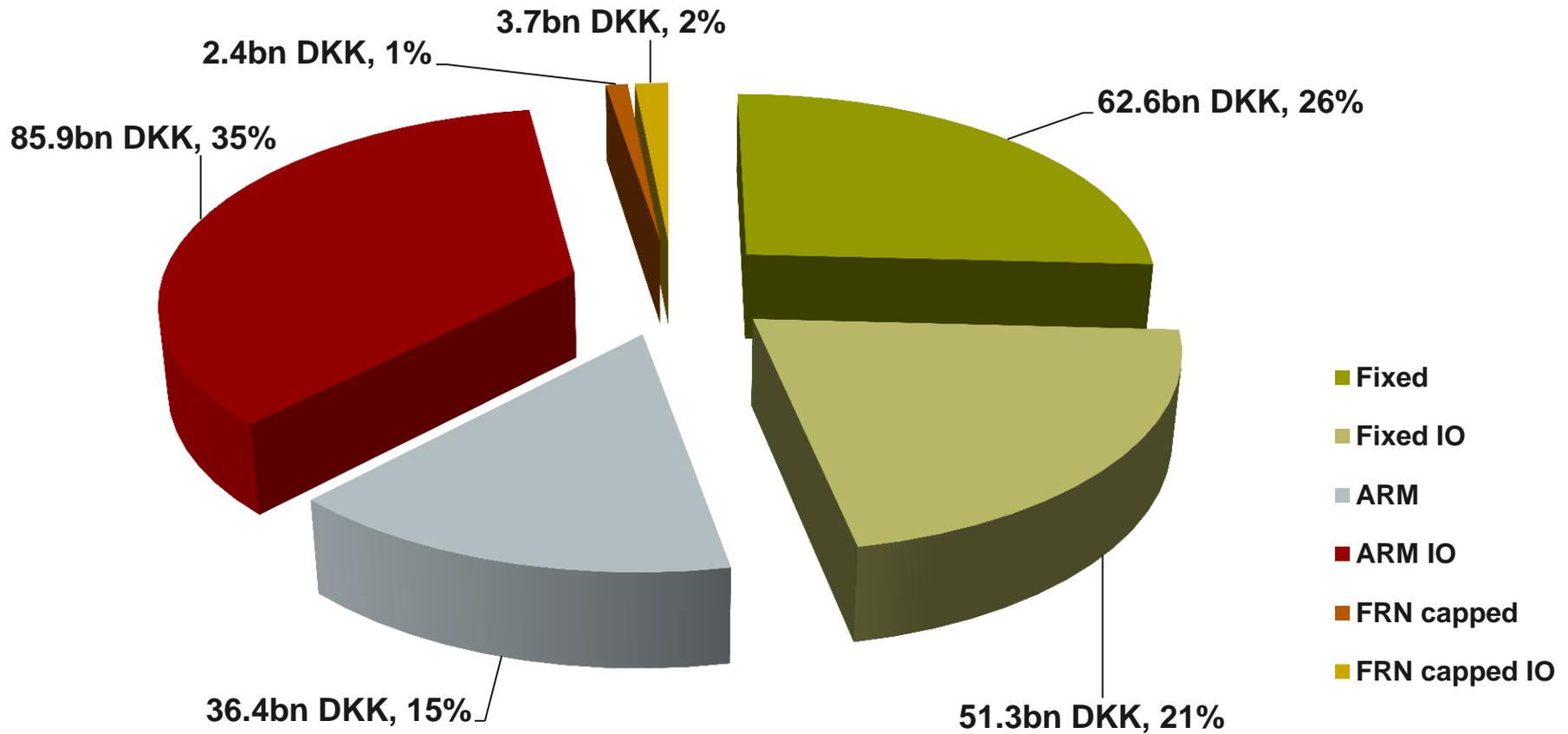
Distribution of loans by loan type



Residential properties and holiday homes

CCs I & II, 2012 Q3 at fair value: DKK 242.4 bn

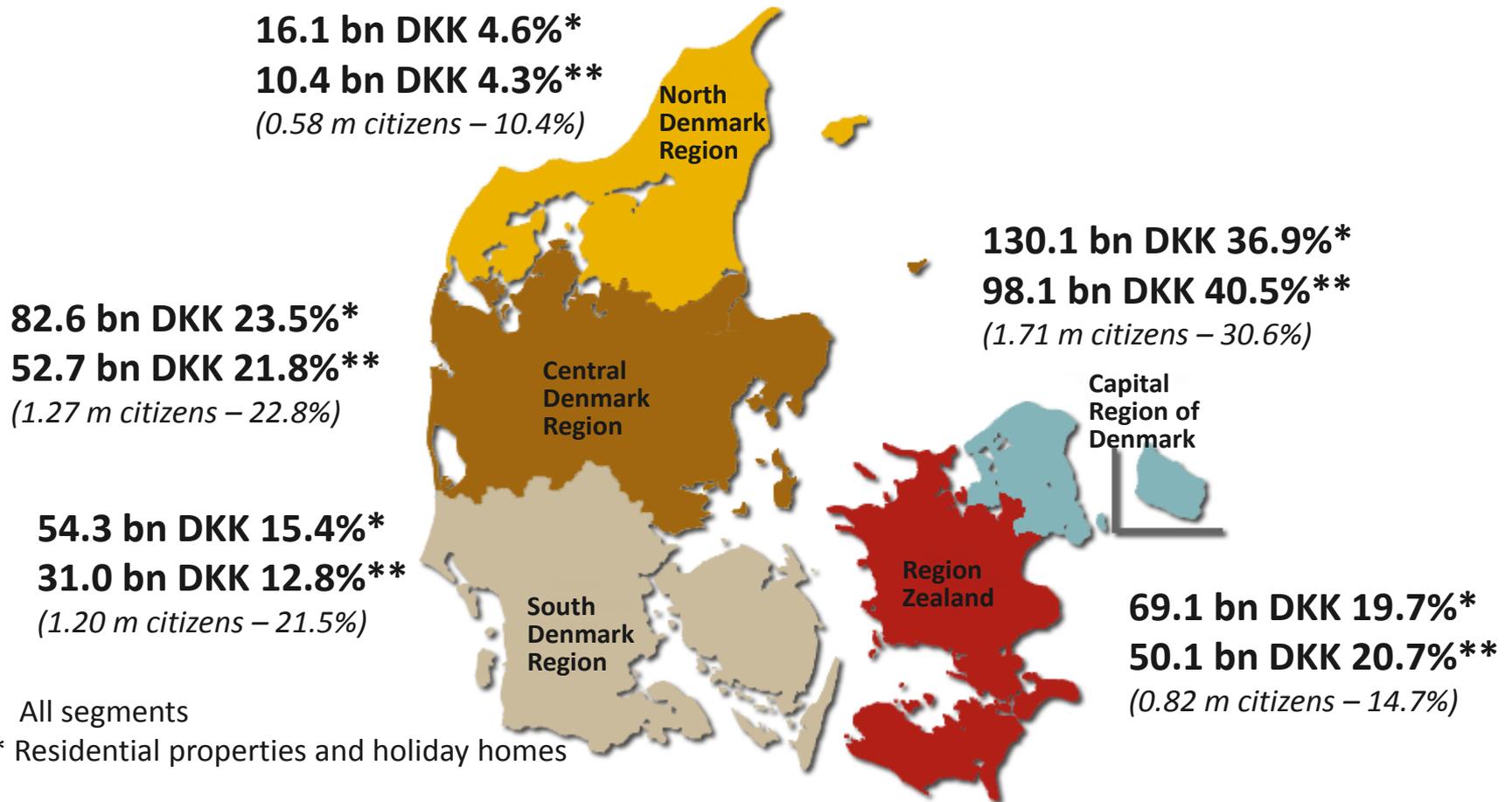
Distribution of loans by loan type



Nordea Kredit – geographical distribution of loans, 2012 Q3

Fair value, all segments: 352.2 bn DKK

- residential properties & holiday homes: 242.4 bn DKK



Total number of citizens 5.58 m, January 2012 – Source: Statistics Denmark

Asset quality - loss guarantee by Nordea Bank Danmark

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

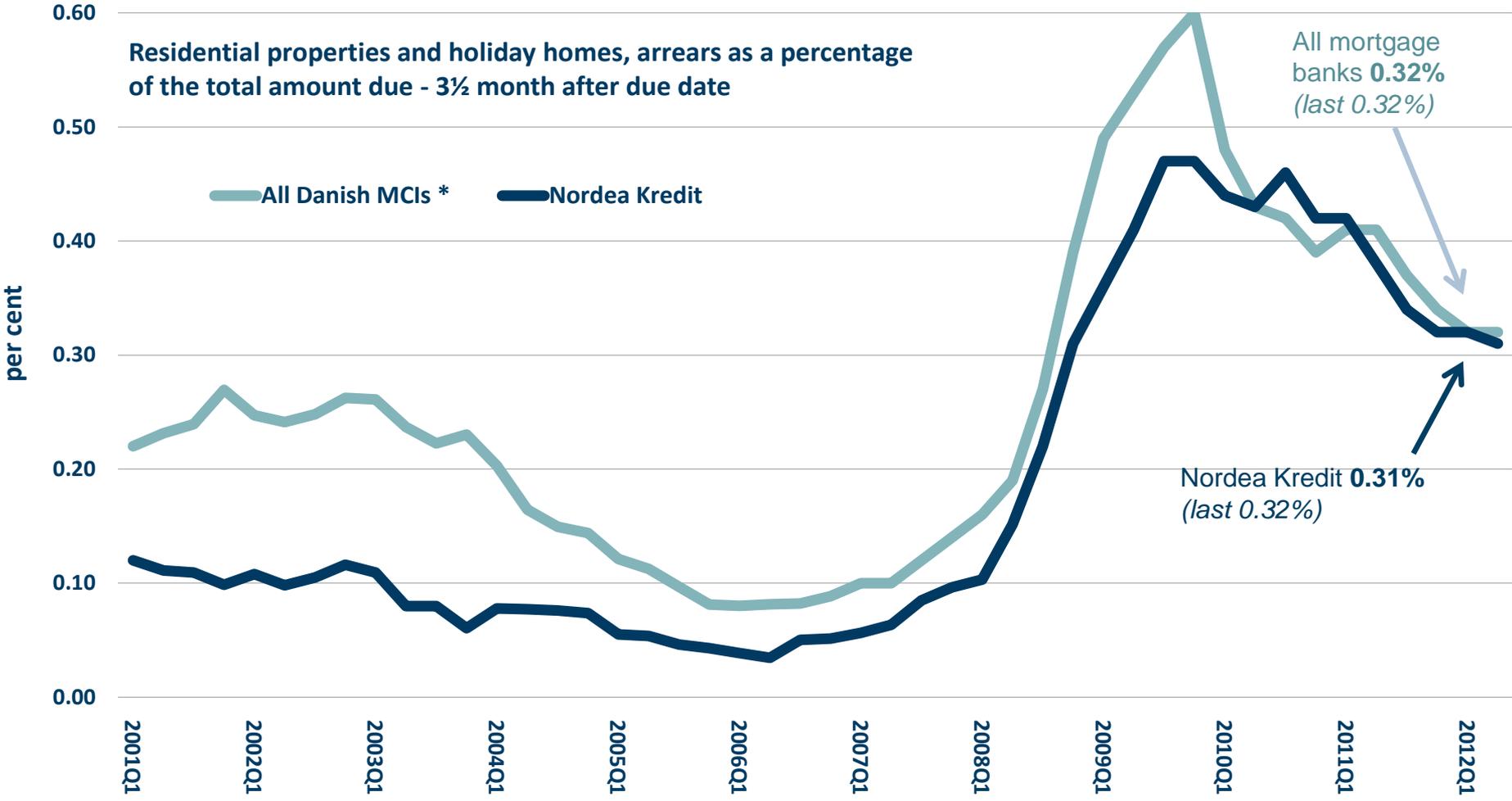
Property type	Guarantee period *	Guarantee level **
Owner occupied dwellings	5 years	25 per cent
Holiday homes	5 years	25 per cent
Subsidized property	10 years	10 per cent
Housing for youth/elderly	10 years	10 per cent
Agricultural property	10 years	25 per cent
Commercial property	10 years	25 per cent

**) The guarantee period starts when a loan is disbursed or remortgaged*

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

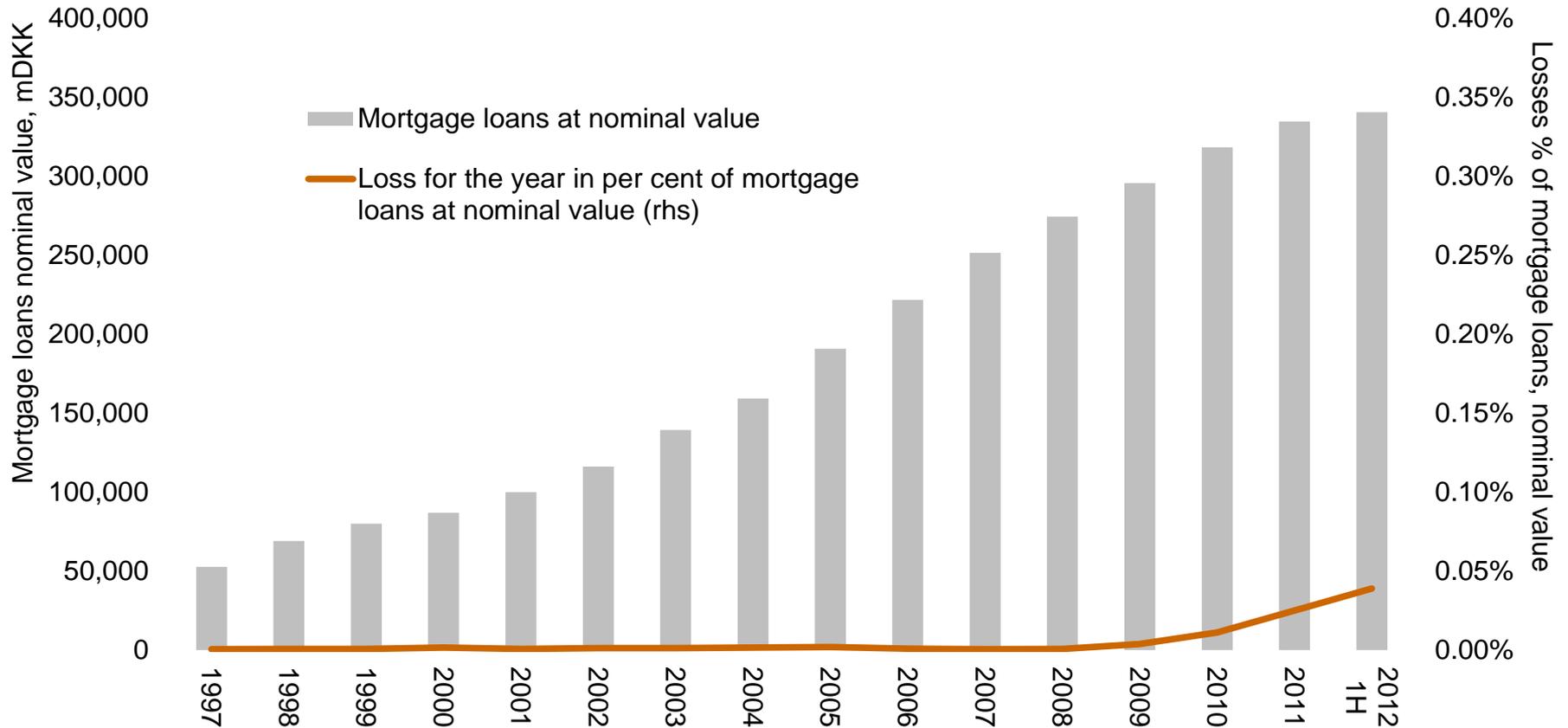
The guarantee amount is not reduced during the guarantee period, but cannot exceed the outstanding debt. A new guarantee period starts when the loan is changed e.g. due to remortgaging.

Asset quality - late payments by borrowers, 2012 Q3



*) Including Nordea Kredit

Losses in per cent of mortgage loans at nominal value, 2012 Q2



Nordea Kredit – LTV, loan-to-value 2012 Q3 2012 Q2

	LTV CC I & II		LTV CC I		LTV CC II	
	2012Q3	2012Q2	2012Q3	2012Q2	2012Q3	2012Q2
Owner occupied dwellings	79	80	74	75	80	82
Private rental housing	66	66	62	60	67	67
Commercial	61	61	44	44	62	62
Agriculture	51	50	46	45	51	51
Other properties	39	39	41	41	39	39
Total	72	73	69	70	72	73

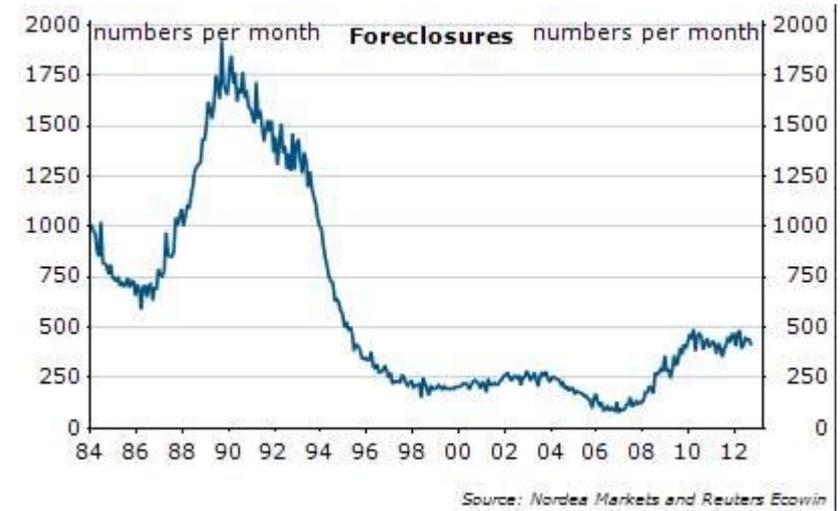
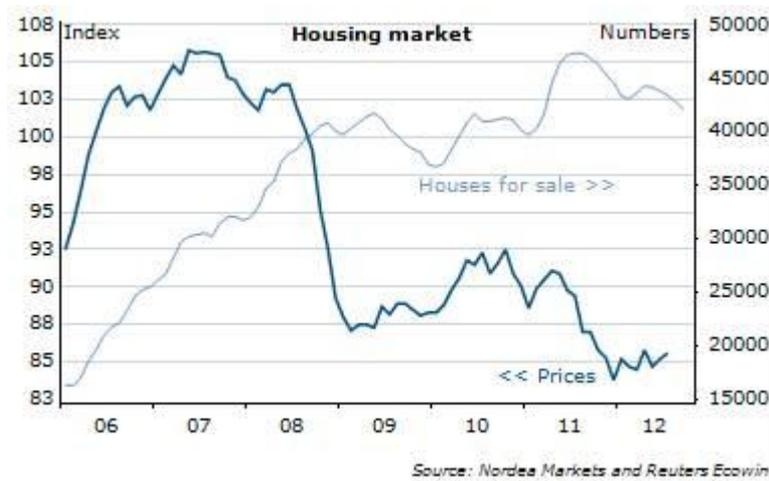
For more detailed information on LTV – please refer to “LTV Report 2012 Q3”

Legislation

- Danish mortgage financing is regulated and supervised by the DFSA (Finanstilsynet): www.ftnet.dk
- Some legislation can be found in English at the DFSA's English website: <http://www.finanstilsynet.dk/en/Regler-og-praksis/Translated-regulations.aspx>
- All relevant legislation can be found in Danish at the DFSA's Danish website: <http://www.finanstilsynet.dk/da/Regler-og-praksis/Lovsamling.aspx>



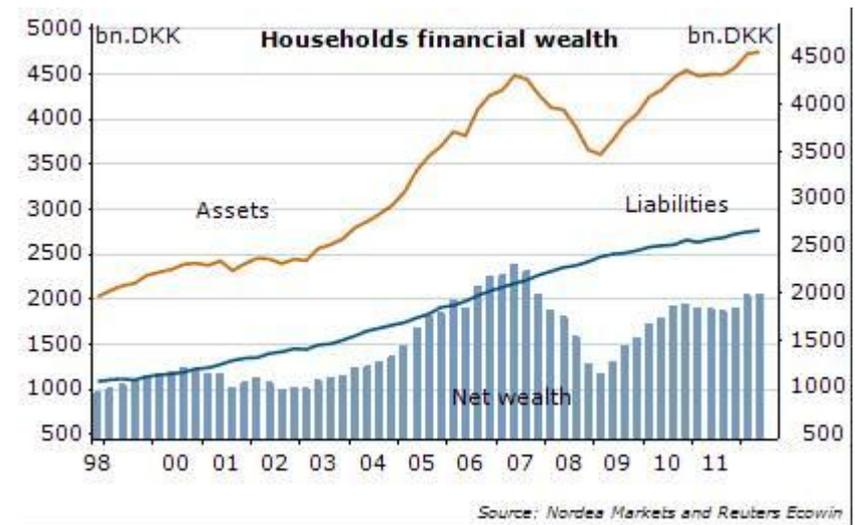
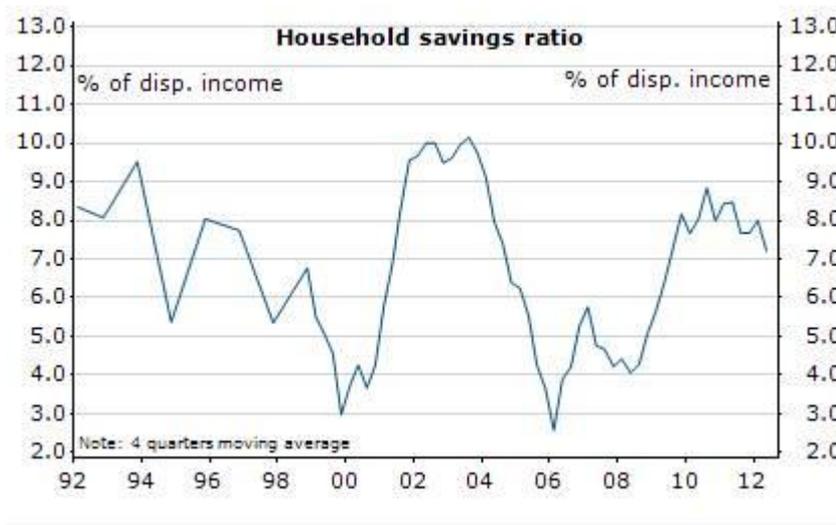
The Danish economy - house prices and foreclosures



The latest monthly property price data indicates that the house prices are moving broadly flat. At the same time the numbers of housing units for sale are decreasing as a sign of a more balanced development – especially around the major cities. We believe this development marks the beginning of a new regime in the Danish housing market where the historically low funding costs and substantial pent-up demand will lead to market consolidation.

But prices will be kept in check by a low turnover and high youth unemployment, which limits the number of first-time buyers. Trapped between these two opposing trends, housing prices are likely to remain more or less unchanged during the rest of the year. Into 2013 we expect housing prices to slowly edge higher, surpassing expected inflation again in 2014.

Large household net wealth



After reaching a historical low in 2006, households have taken advantage of recent years' gains in disposable incomes to boost their savings. At the same time household deposit at banks has reached an all-time high of more than 800 bn. DKK.

Despite a large gross debt the net household wealth of the Danish households is very sound. This is mainly due to very large pension savings.

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