



# Nordea Kredit Investor Presentation 2014 Q2

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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 covered mortgage bonds and mortgage bonds.

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## Contents:

- Nordea Kredit – in brief
- Ratings and OC
- Loan portfolio
- LTV (*For more detailed information on LTV please refer to “Nordea Kredit LTV report Covered bonds second quarter 2014”*)

# Nordea Kredit – in brief I

- Founded in 1993, number of employees (in FTEs) 127 (as per 2014 Q2)
- New issues are covered mortgage bonds (SDROs), exclusively
- All bonds issued by Nordea Kredit are rated AAA (by S&P) and Aaa (by Moody's)
- Profit before tax 2014, 1H DKK 895m and Cost/Income ratio 8.4%
- Mortgage loans at nominal value 2014 Q2: DKK 366.1bn
- Mortgage loans at fair value 2014 Q2: DKK 376.9bn
- Market share 2014 Q2: 14.7% (2014 Q1: 14.7%)  
(Mortgage loans at nominal value as a share of all Danish mortgage bank loans)

## Nordea Kredit – in brief II

- Average LTV 2014 Q2: 70% (2014 Q1: 70%)
- Total capital ratio at end of 2014 Q2: 24.9% and Tier 1 capital ratio 24.9% (excl. transitional rules)
- Completely match funded “Pass Through” setup complying with the Danish specific balance principle
- Late payments by borrowers 2014 Q2: 0.25% (2014 Q1: 0.22%)  
(Residential properties and holiday homes, 3½ months after the March 31, 2014 payment date)
- Danish mortgage banks are regulated and supervised by Finanstilsynet  
(The Danish FSA)
- All covered bonds issued by Nordea Kredit are ECBC-labeled – see <http://nordeakredit.dk/> - Investor information

# 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, %	3.0	10.5	5.50	7.98
TPI leeway/Unused uplift	5	4	4	4

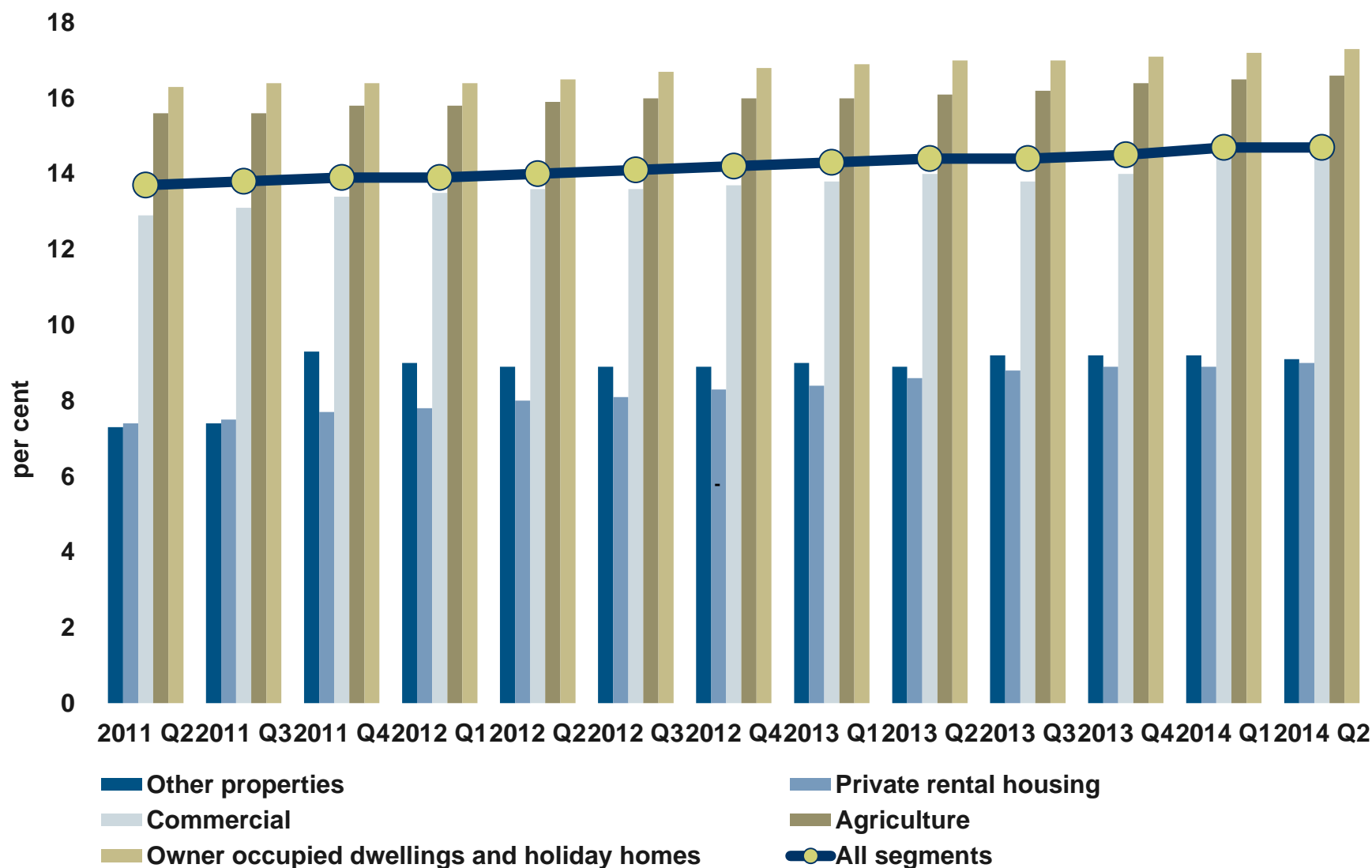
OC and CE requirements as set by Moody's and S&P, respectively  
TPI leeway and unused uplift as defined by Moody's and S&P, respectively  
OC data in the lower right hand box as computed by Nordea Kredit

OC per Q2 2014, %

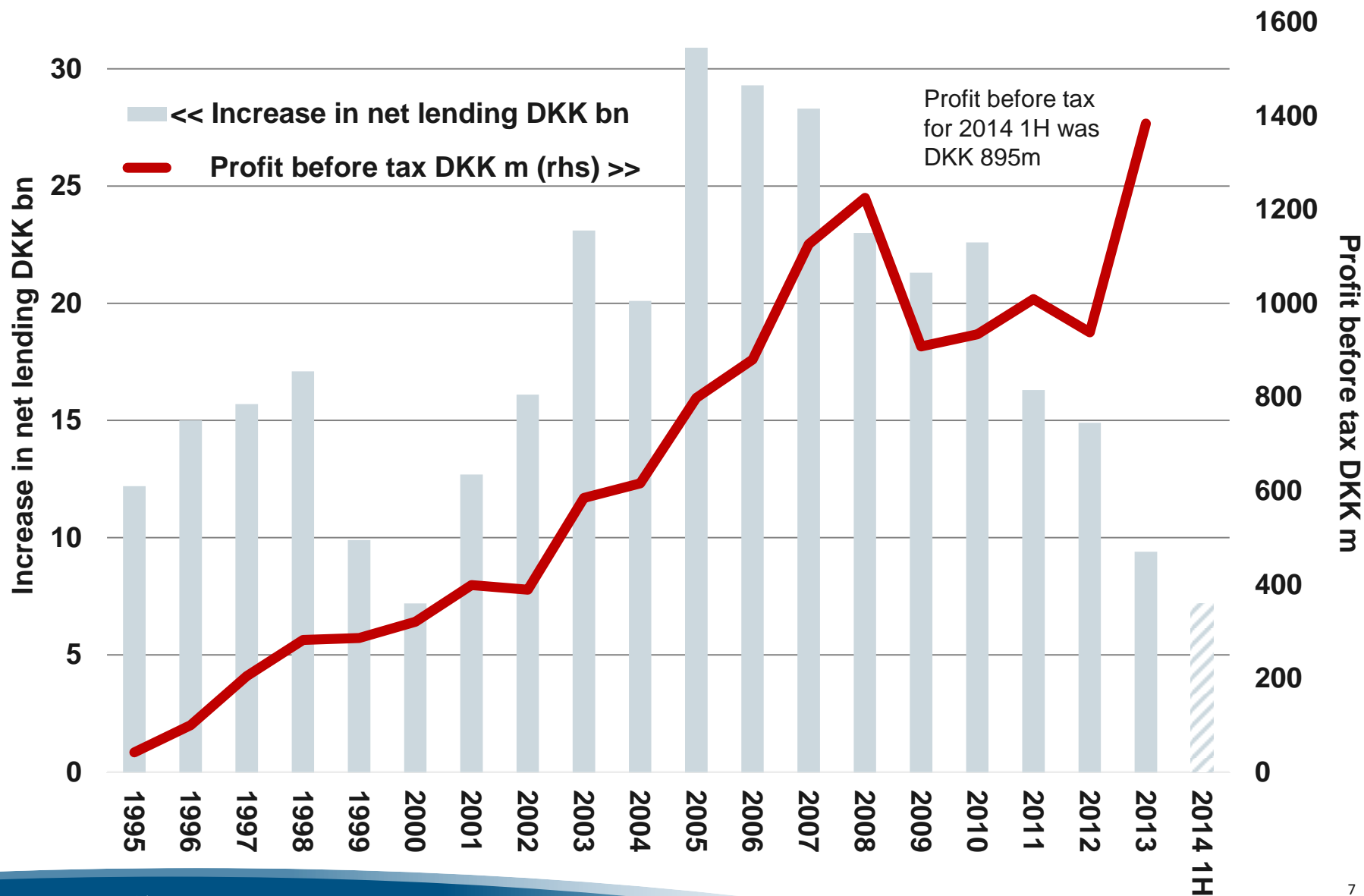
CC1: 9.5

CC2: 13.5

# Nordea Kredit – market shares in per cent of total market

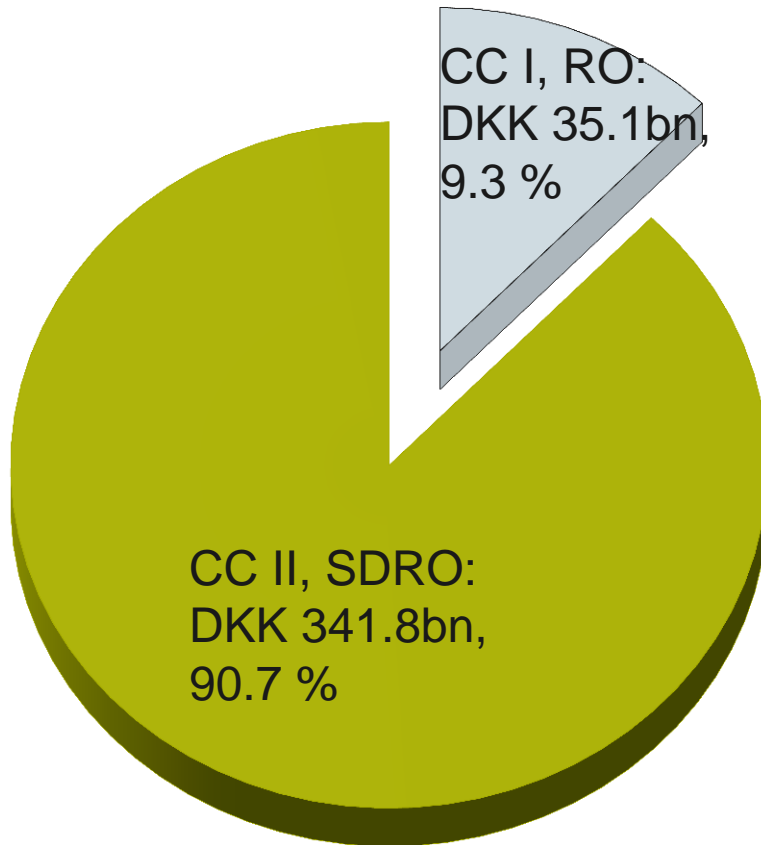


# Nordea Kredit – profit and increase in net lending



# Nordea Kredit capital centers

CCs I&II, 2014 Q2: DKK 376.9bn  
(mortgage loans at fair value)

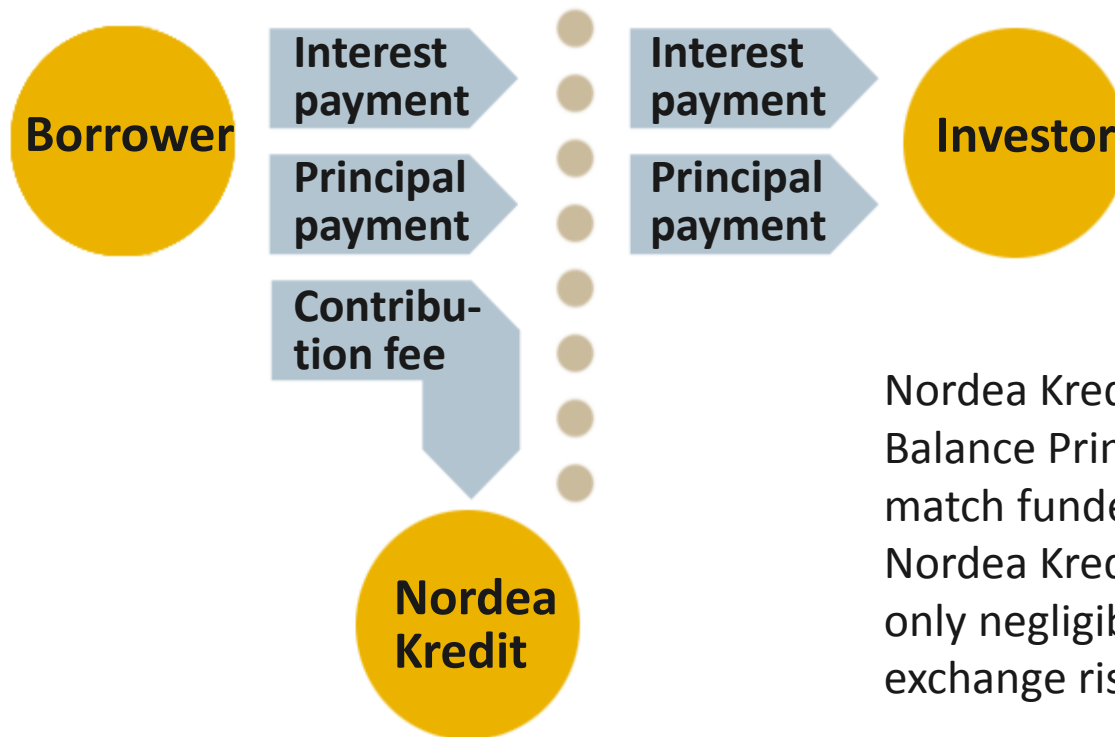


Nordea Kredit has two capital centres:

- **CC I: Mortgage Bonds**  
(Realkreditobligationer, "RO") No open series. 90% 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.



# Match funded setup due to the specific Balance Principle

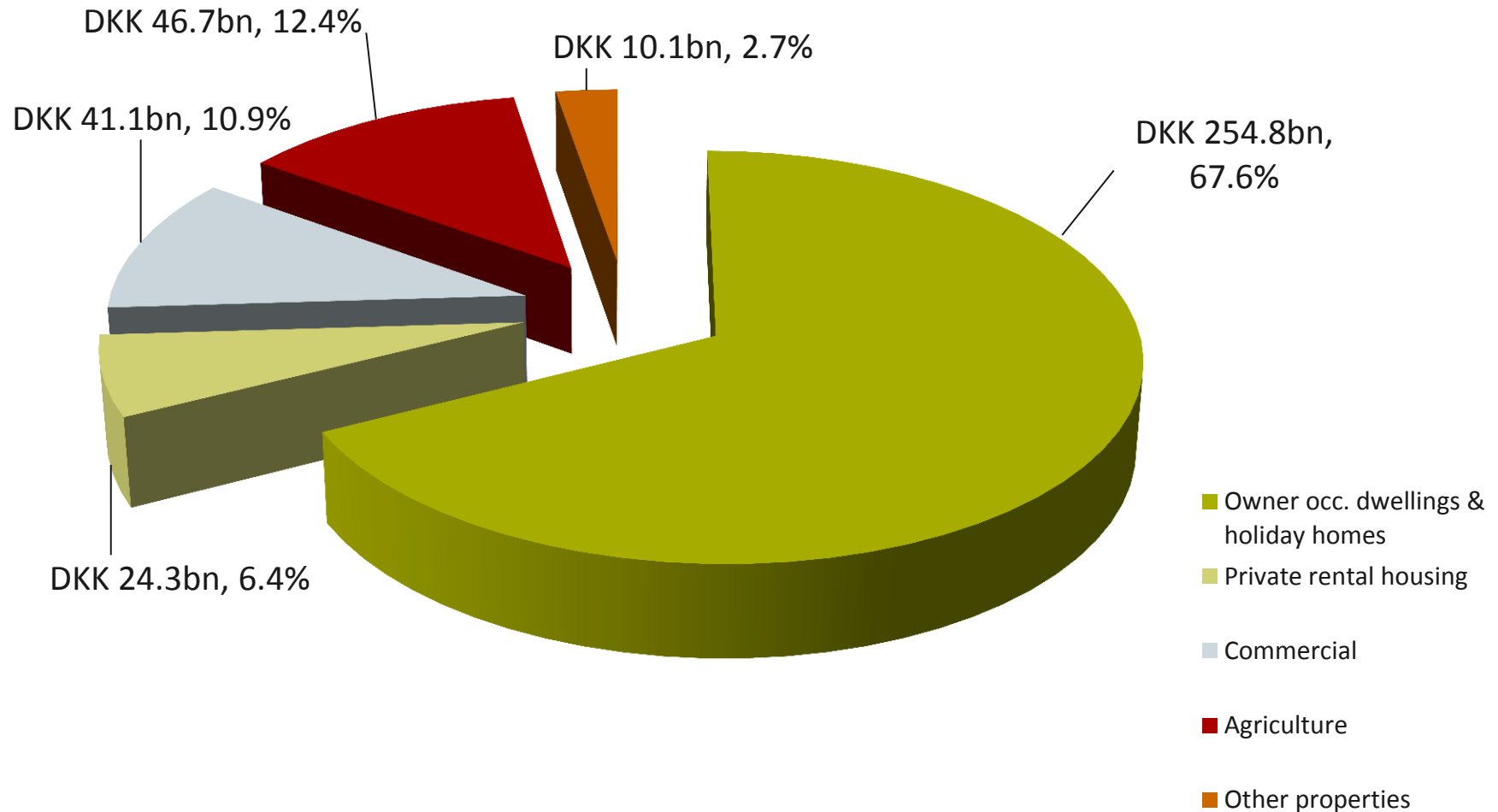


Nordea Kredit complies with the specific Balance Principle and has a completely match funded “Pass Through” setup. Nordea Kredit has no prepayment risk and only negligible interest rate and foreign exchange risk.

# Nordea Kredit – loan portfolio by property category

Capital centres I & II, 2014, Q2 at fair value: DKK 376.9bn

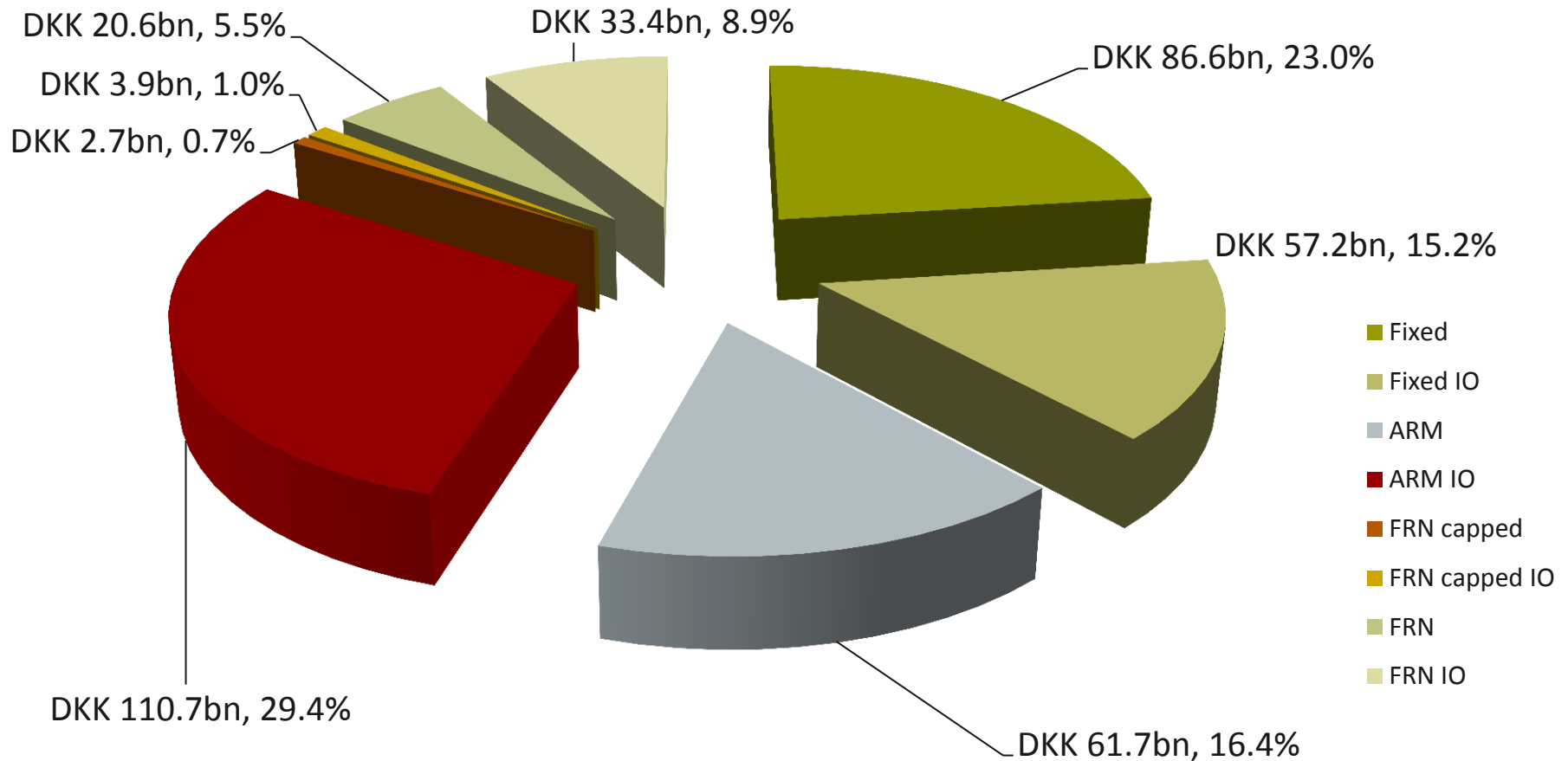
Distribution of all loans by property category



# Nordea Kredit – loan portfolio - loan type split

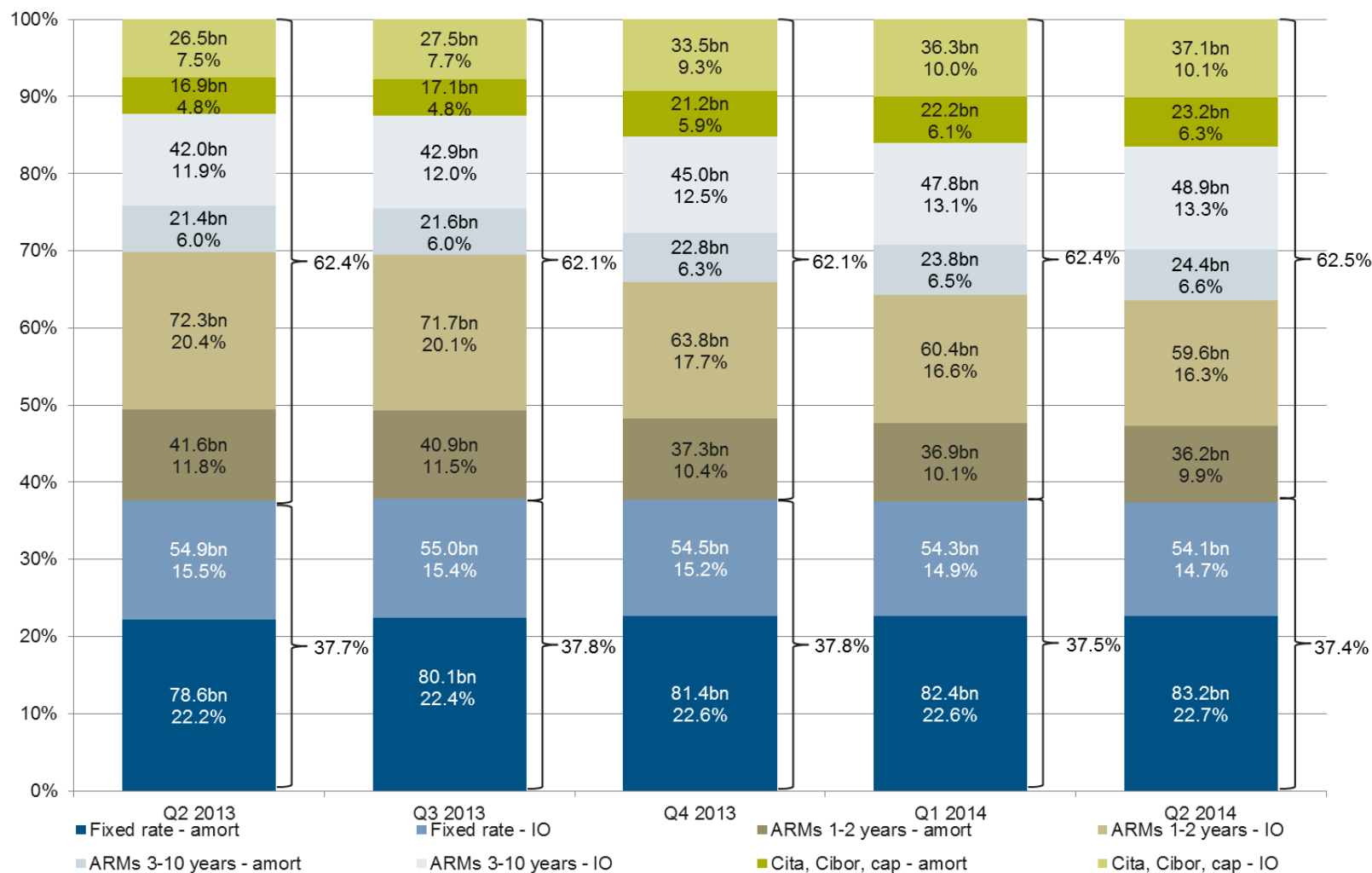
Capital centres I & II, 2014, Q2 at fair value: DKK 376.9bn

Distribution of all loans by loan type



# Nordea Kredit – loan portfolio - loan type split

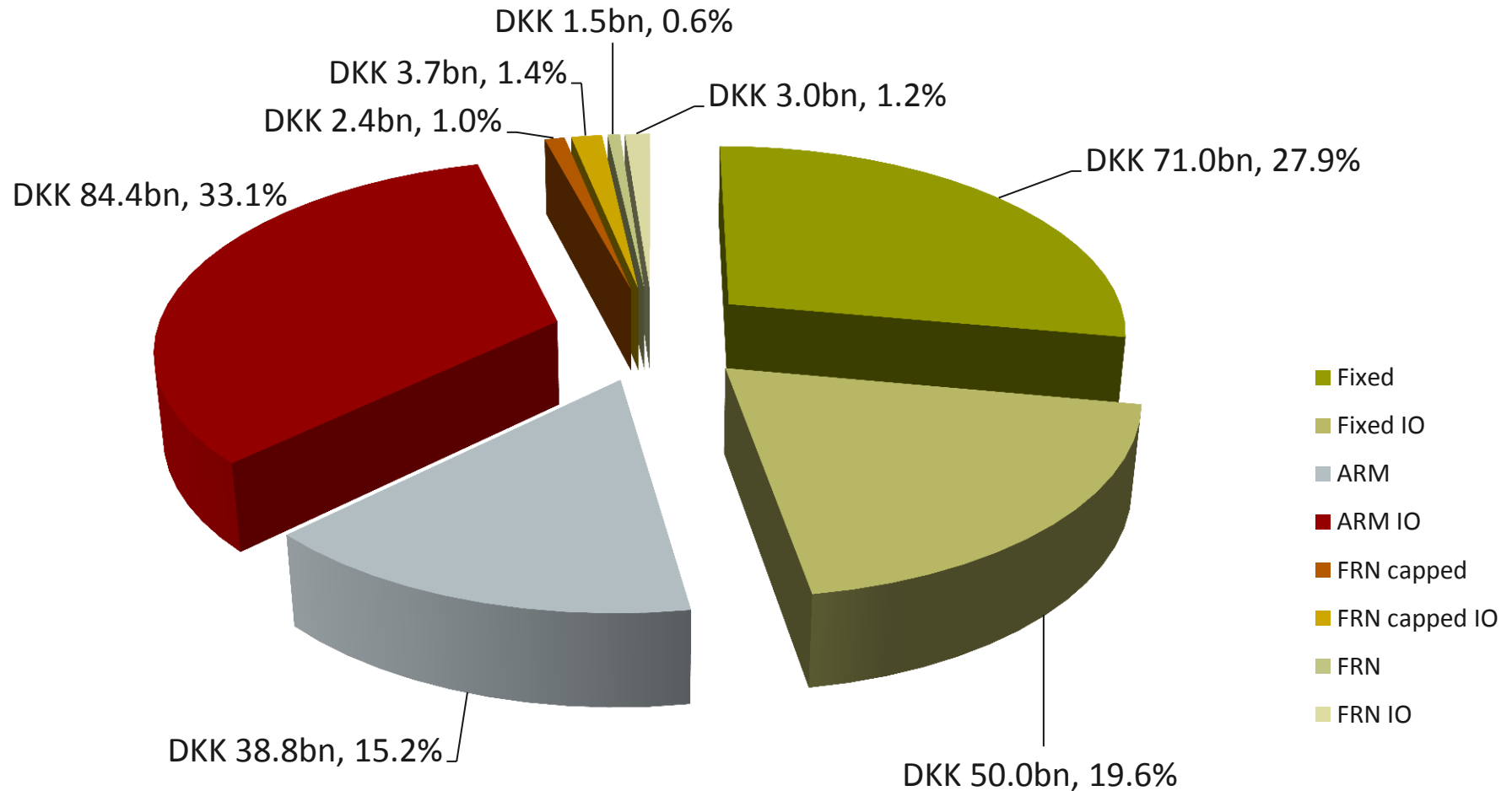
(Developments from 2013, Q2 - 2014, Q2 – nominal value)



# Nordea Kredit – loan type split of owner occupied dwellings

Owner occupied dwellings and holiday homes, capital centres I & II, 2014, Q2 at fair value: DKK 254.8bn

Distribution of loans by loan type

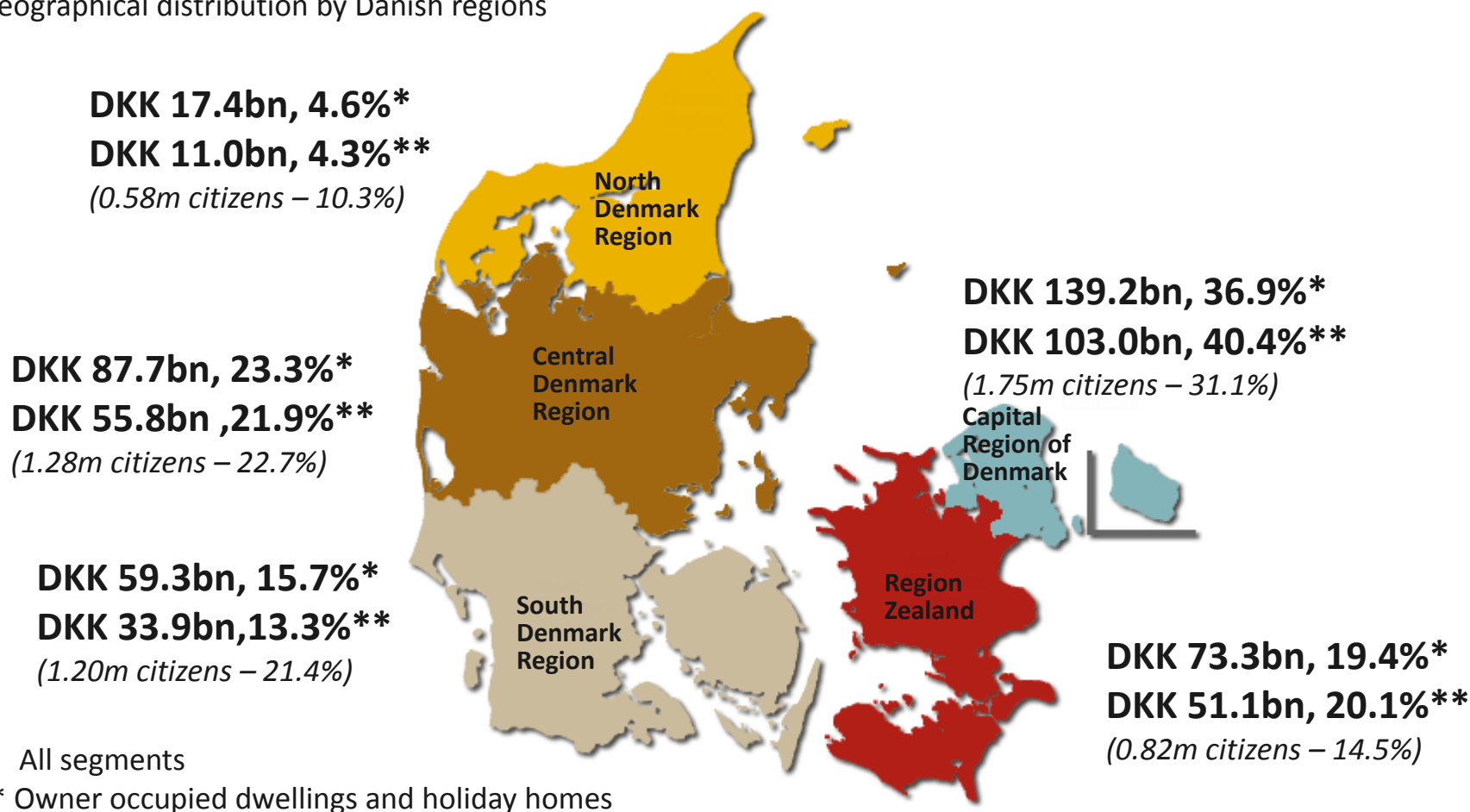


# Nordea Kredit - loans by Danish regions and property categories

Capital centres I & II, 2014, Q2 at fair value: All property categories: DKK 376.9bn

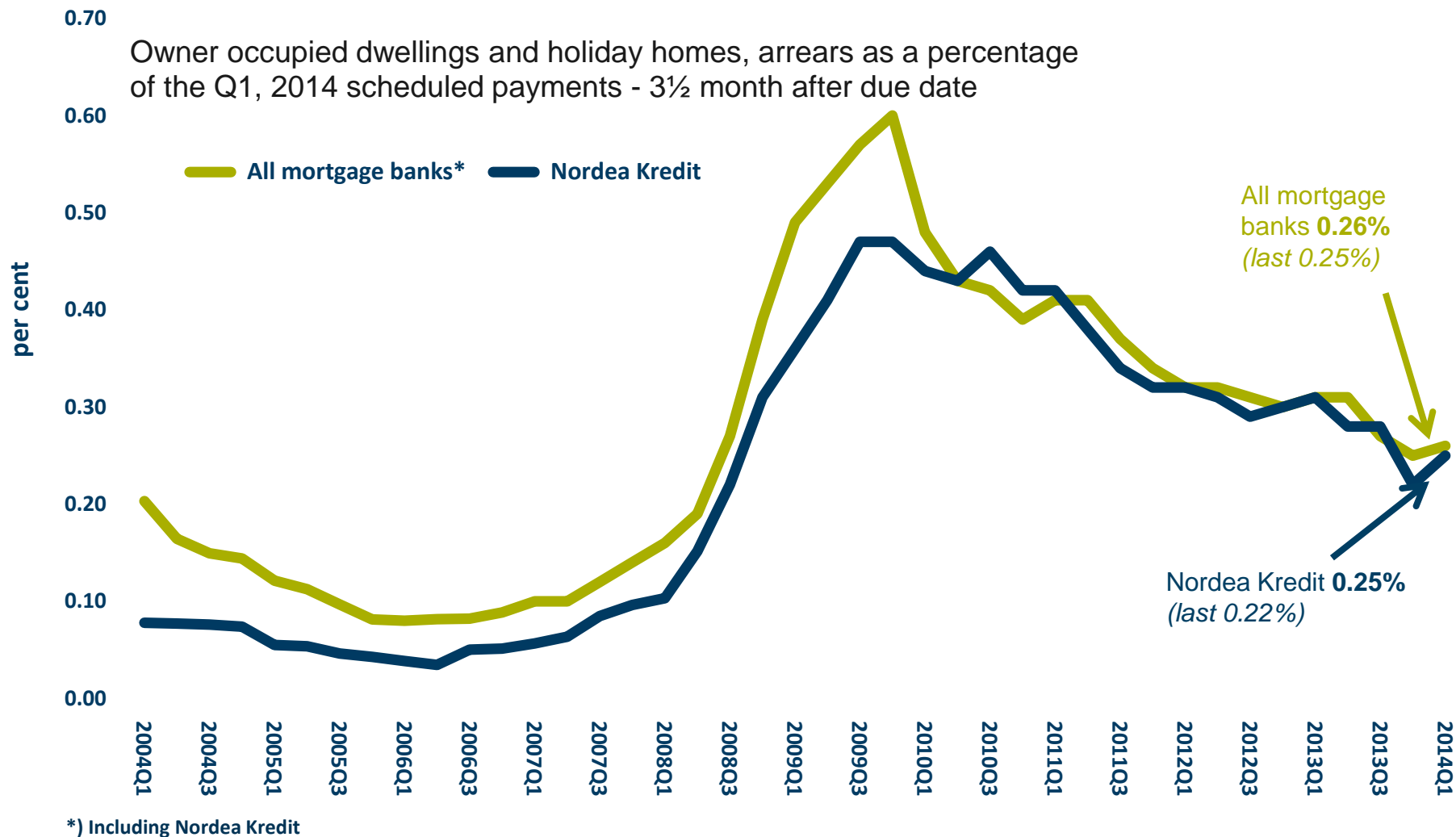
Owner occupied dwellings & holiday homes: DKK 254.8bn

Geographical distribution by Danish regions



Total number of citizens 5.6m, January 1, 2014 – Source: Statistics Denmark

# Asset quality - late payments by borrowers, 2014 Q1



# 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	Lifetime of loan	25 per cent
Holiday homes	Lifetime of loan	25 per cent
Subsidized property	Lifetime of loan	10 per cent
Housing for youth/elderly	Lifetime of loan	10 per cent
Agricultural property	Lifetime of loan	25 per cent
Commercial property	Lifetime of loan	25 per cent

*\*) The guarantee period starts when a loan is disbursed or remortgaged. The former guarantee period of 5 or 10 years, respectively was changed to the lifetime of the loans on December 9, 2013.*

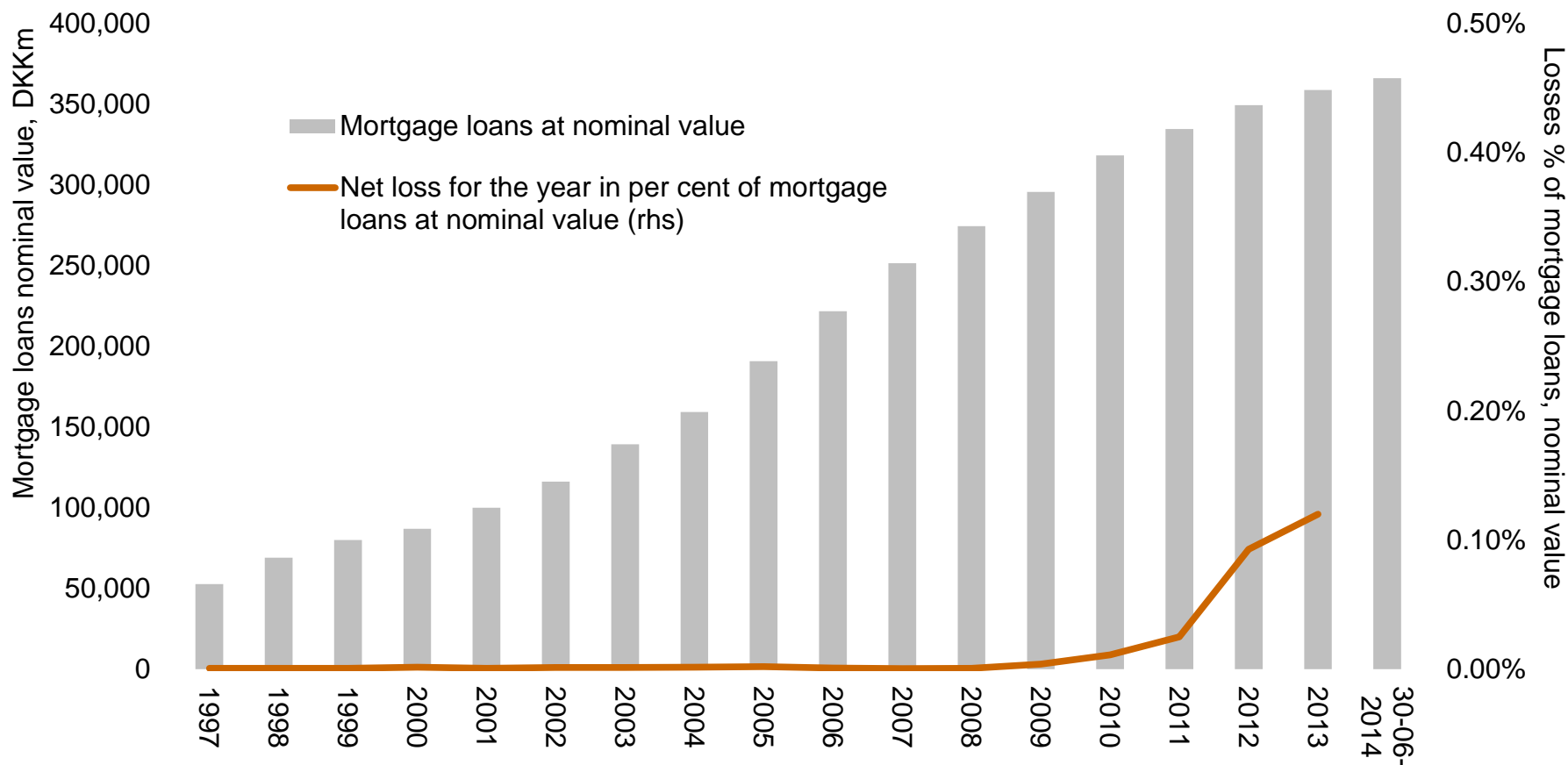
*\*\*\*) As a percentage of the original principal – disregarding all amortisation*

-The guarantee amount is not reduced during the guarantee period, but cannot exceed the outstanding debt.

-By the end of 1H, 2014 loss guarantees from Nordea Bank comprised loans totalling DKK 320.7bn. The actual loss guarantees covered a total of DKK 88.9bn.



# Net losses in per cent of mortgage loans at nominal value



*The net losses for 1H 2014 were 0.062 per cent of total nominal loans*

## Nordea Kredit – LTV, loan-to-value 2014 Q2 *(2014 Q1)*

	LTV CC I & II		LTV CC I		LTV CC II	
	2014Q2	2014Q1	2014Q2	2014Q1	2014Q2	2014Q1
Owner occupied dwellings	77	77	76	76	77	77
Private rental housing	64	64	75	74	63	63
Commercial	58	58	51	50	58	58
Agriculture	50	50	48	48	50	51
Other properties	36	34	40	40	35	34
<b>Total</b>	<b>70</b>	<b>70</b>	<b>72</b>	<b>71</b>	<b>69</b>	<b>70</b>

- The figures are weighted averages for the respective property categories
- For more detailed information on LTV – please refer to “Nordea Kredit [LTV](#) report Covered bonds 2nd quarter 2014”
- Please also see the information about Nordea Kredit in the [ECBC covered bonds labelling](#)

# Legislation

- Danish mortgage financing is regulated and supervised by the DFSA (Finanstilsynet): [www.ftnet.dk](http://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>



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