



# Nordea Kredit Investor Presentation 2014 Q4

Published 13 February, 2015

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.

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

Finn Nicolaisen, Nordea Group Treasury, First Vice President, Group Funding Copenhagen, phone +45 3333 1625

Juho-Pekka Jääskeläinen, Nordea Group Treasury, Senior Treasury Manager, Group Funding Copenhagen, phone +45 3333 1626

## 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 fourth quarter 2014”*)

## Nordea Kredit – in brief I

- Founded in 1993, number of employees (in FTEs) 114 (as per 2014 Q4)
- 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, DKK 1,775m and Cost/Income ratio 8.6%
- Mortgage loans at nominal value 2014 Q4: DKK 371.7bn
- Mortgage loans at fair value 2014 Q4: DKK 381.3bn
- Market share 2014 Q4: 14.9% (2014 Q3: 14.8%)  
(Mortgage loans at nominal value as a share of all Danish mortgage bank loans)

## Nordea Kredit – in brief II

- Average LTV 2014 Q4: 68% (2014 Q3: 68%)
- Total capital ratio at end of 2014 Q4: 28.6% and Tier 1 capital ratio 28.6% (excl. transitional rules)
- Completely match funded “Pass Through” setup complying with the Danish specific balance principle
- Late payments by borrowers 2014 Q3: 0.24% (2014 Q2: 0.24%)  
(Residential properties and holiday homes, 3½ months after the September 30, 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	10.0	6.41	7.99
TPI leeway/Unused uplift	5	4	4	4

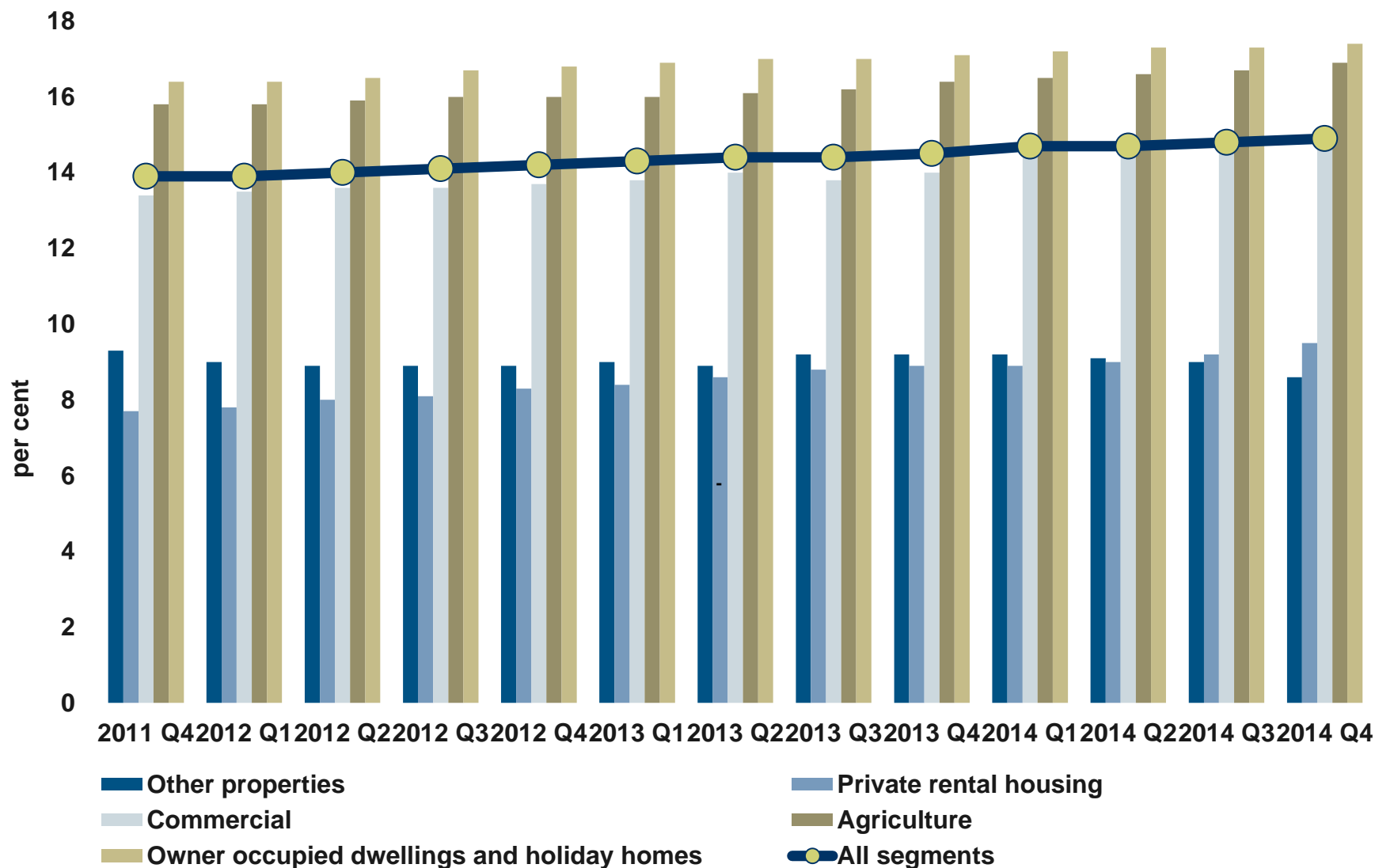
OC and CE requirements as set by Moody's and S&P, respectively  
 TPI leeway and unused uplift as defined by Moody's and S&P, respectively  
 OC data in the lower right hand box as computed by Nordea Kredit

OC per Q4 2014, %

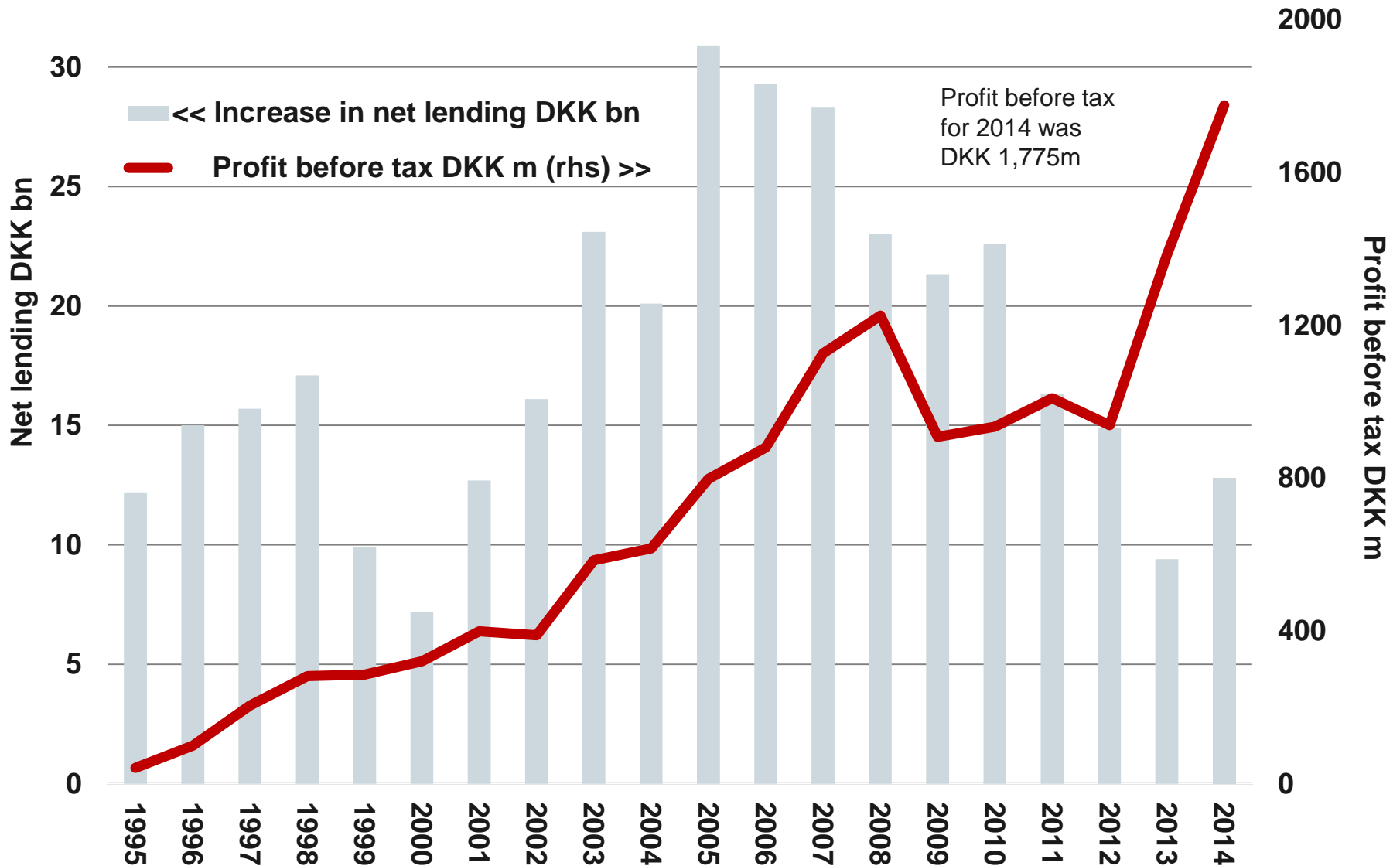
CC1: 9.90

CC2: 12.40

# Nordea Kredit's market shares - outstanding loans in per cent of all Danish mortgage credit loans

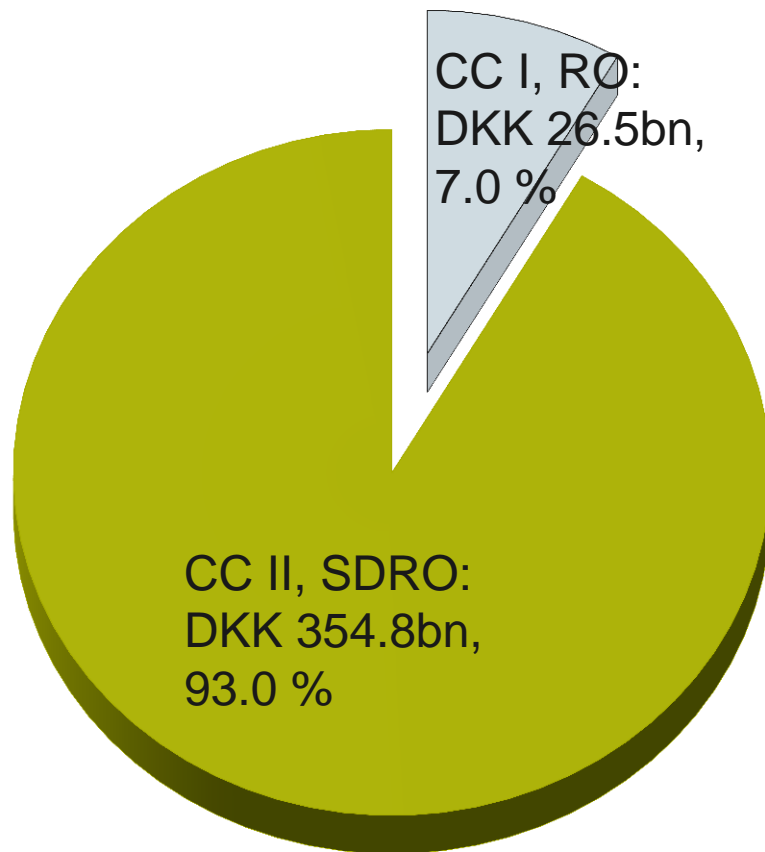


# Nordea Kredit – profit and net lending



# Nordea Kredit capital centers

CCs I&II, 2014 Q4: DKK 381.3bn  
(mortgage loans at fair value)

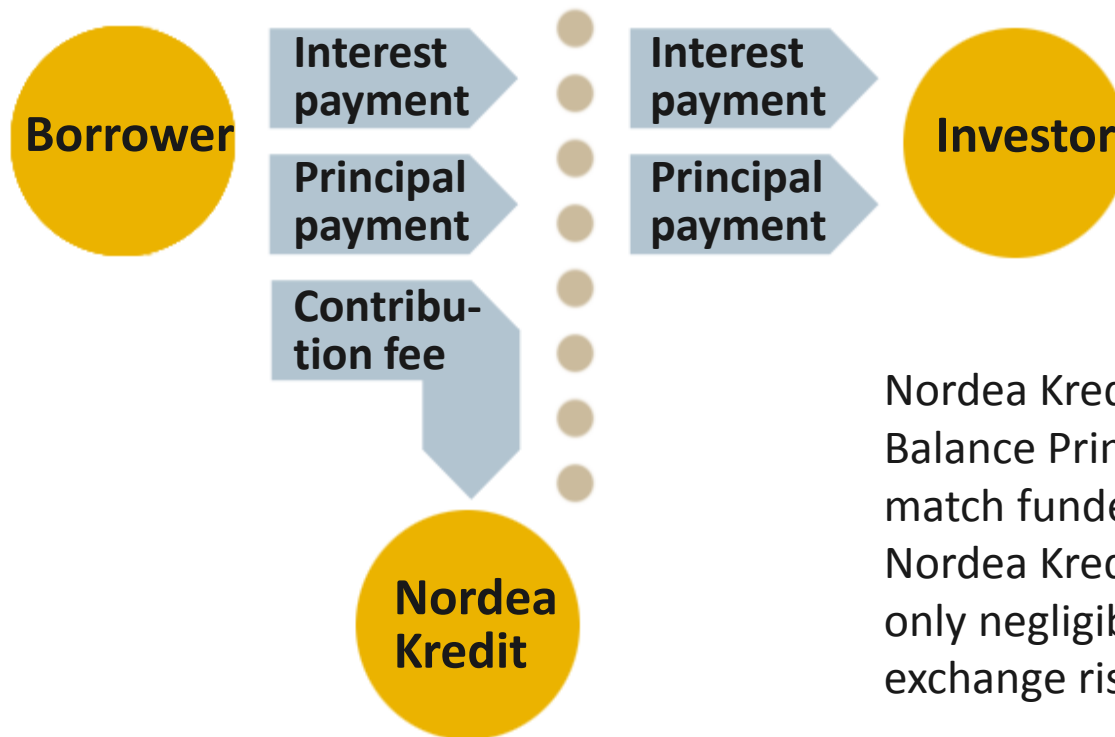


Nordea Kredit has two capital centres:

- **CC I: Mortgage Bonds**  
(Realkreditobligationer, "RO") No open series. Almost 88% 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

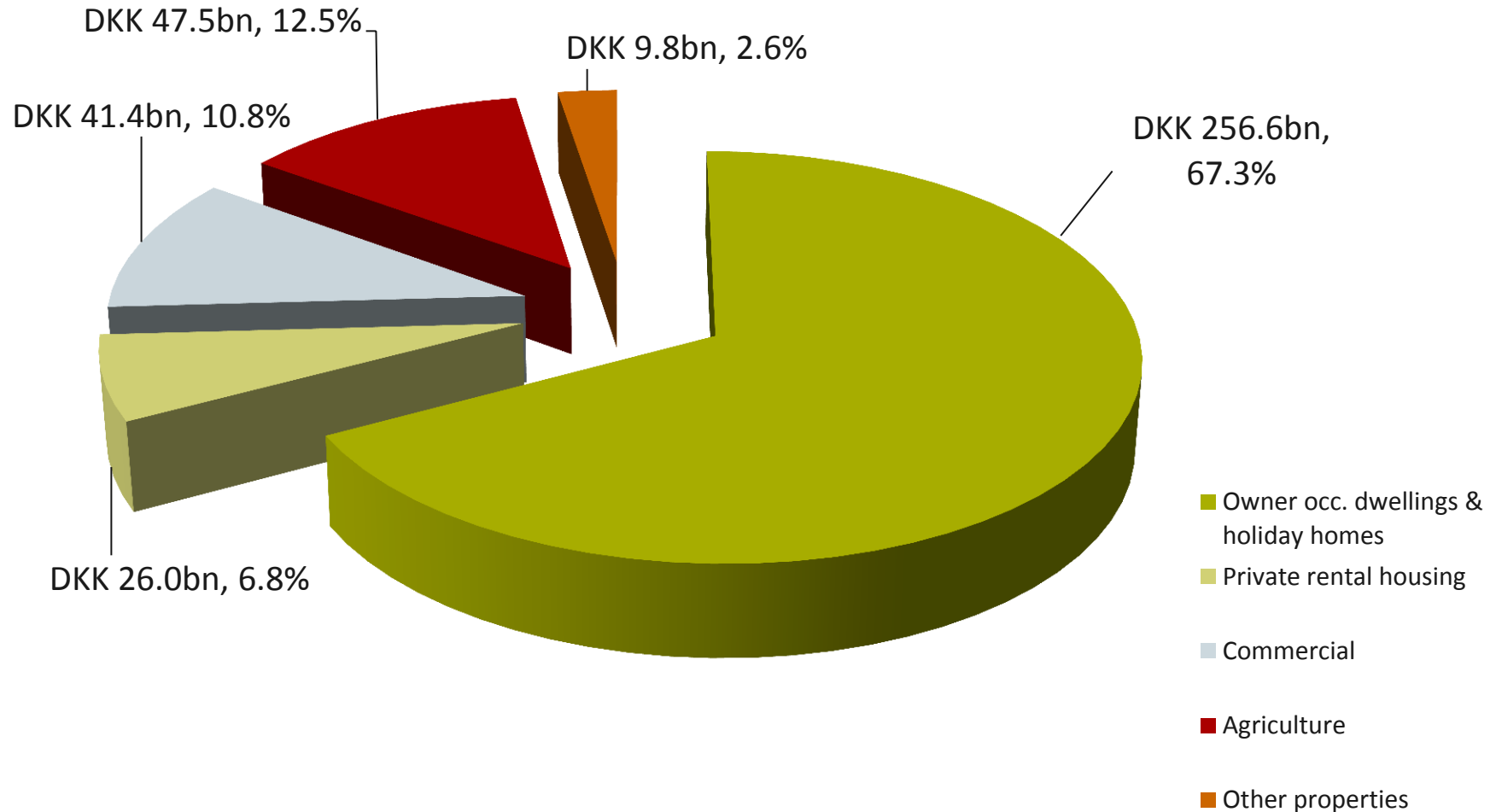


Nordea Kredit complies with the specific Balance Principle and has a completely match funded “Pass Through” setup. Nordea Kredit has no prepayment risk and only negligible interest rate and foreign exchange risk.

# Nordea Kredit – loan portfolio split by property category

Capital centres I & II, 2014, Q4 at fair value: DKK 381.3bn

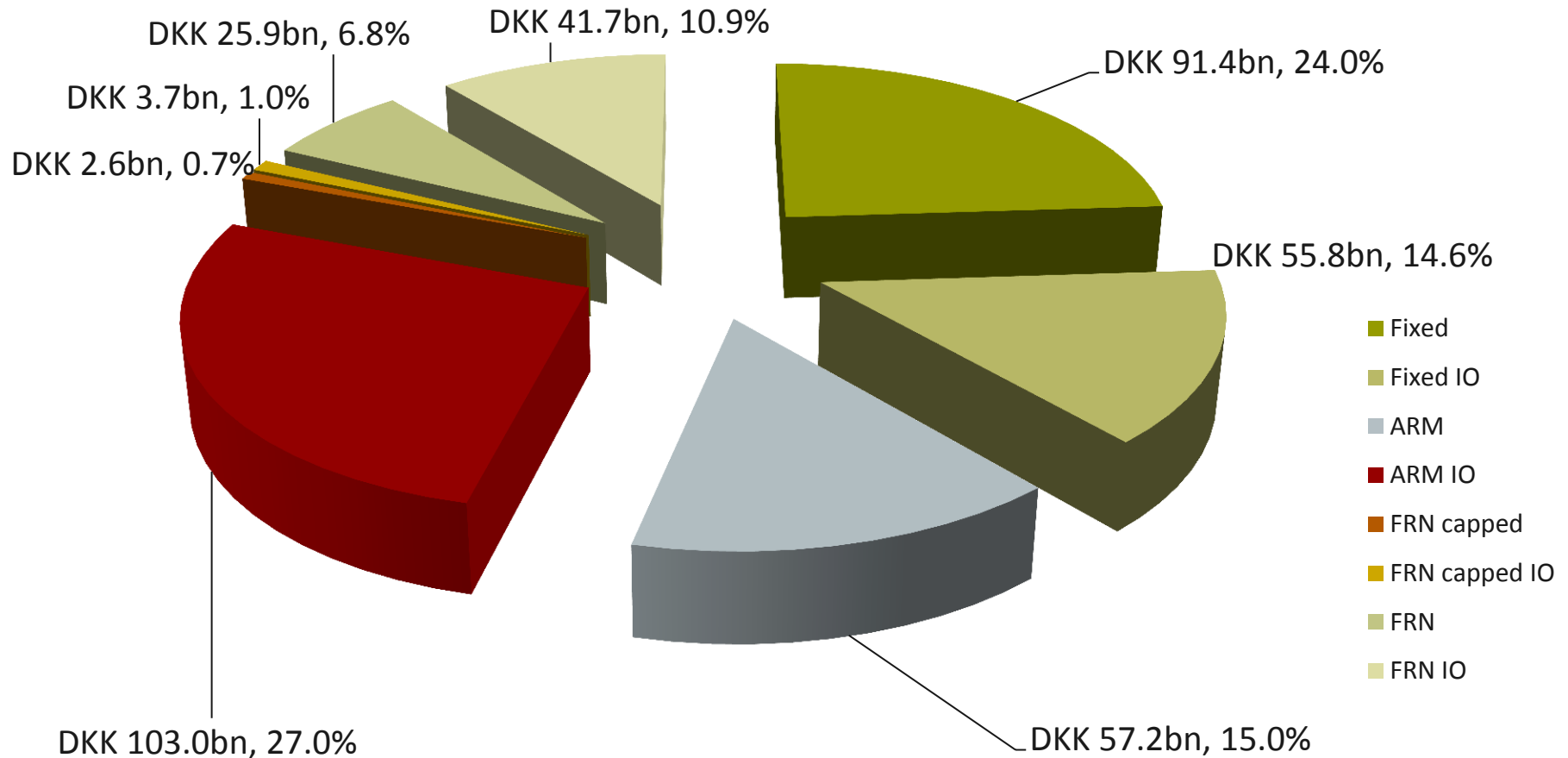
Distribution of all loans by property category



# Nordea Kredit – loan portfolio - loan type split

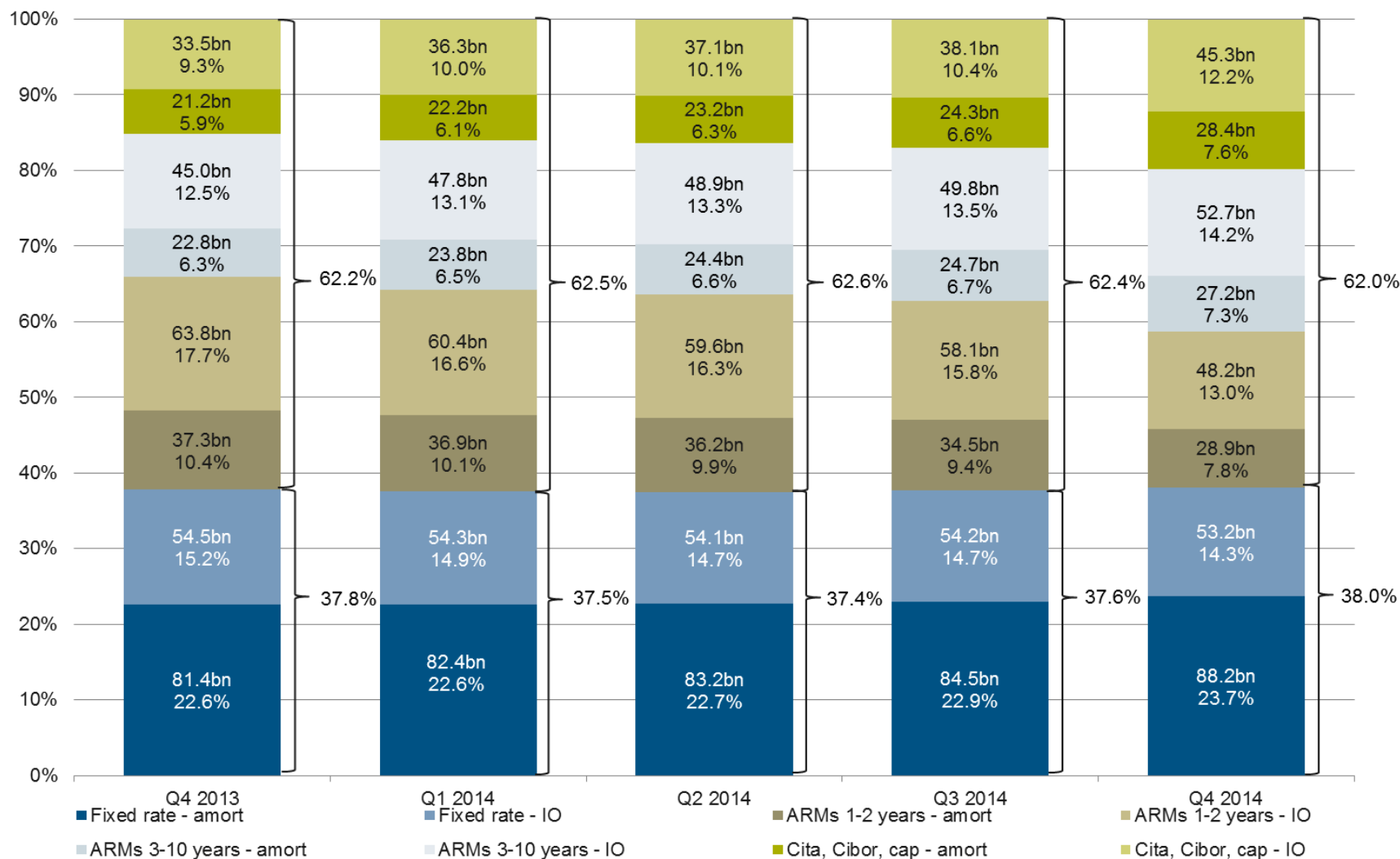
Capital centres I & II, 2014, Q4 at fair value: DKK 381.3bn

Distribution of all loans by loan type



# Nordea Kredit – loan portfolio - loan type split

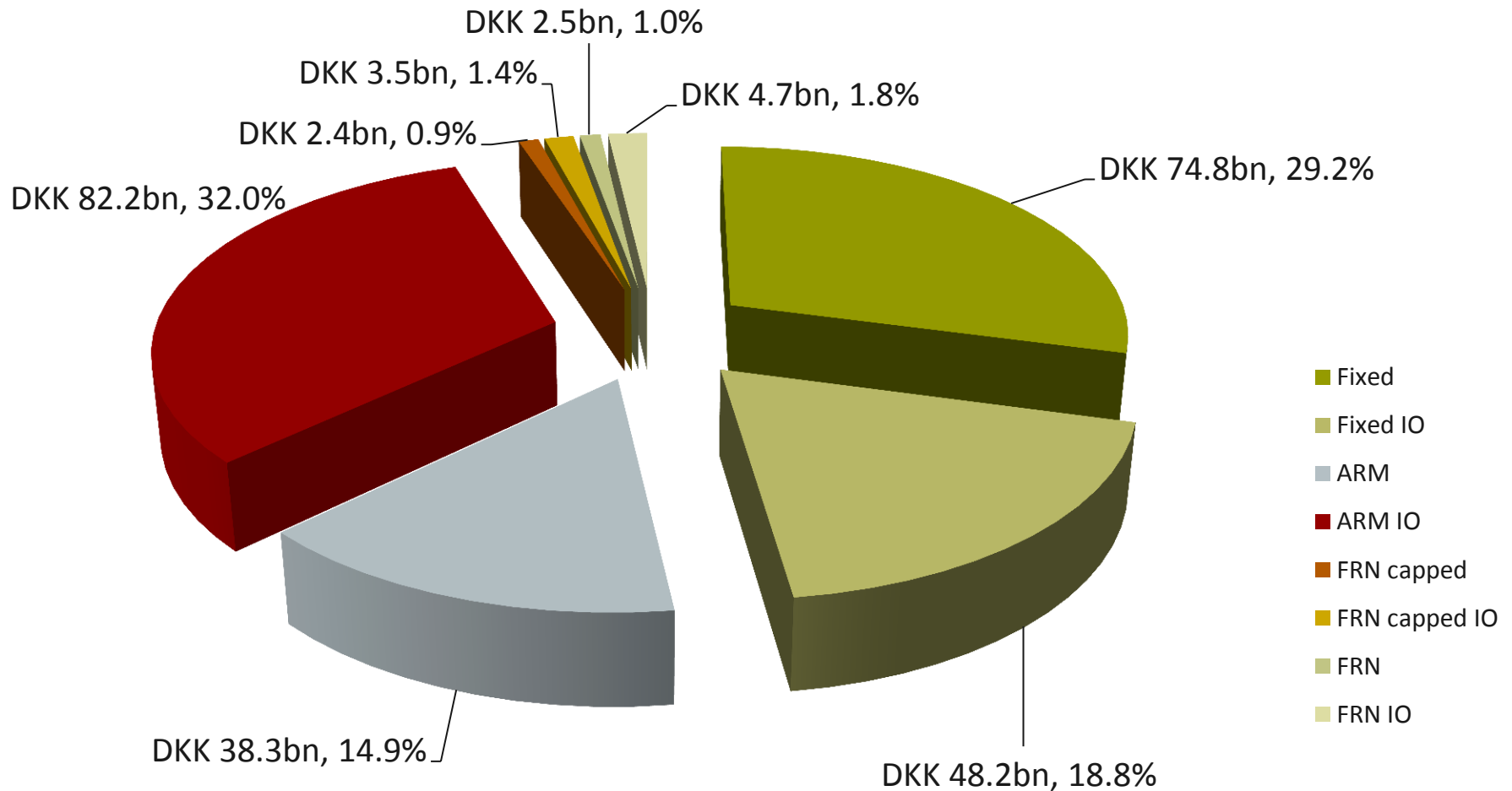
(Developments from 2013, Q4 - 2014, Q4 – nominal value)



# Nordea Kredit – loan type split for owner occupied dwellings

Owner occupied dwellings and holiday homes, capital centres I & II, 2014, Q4 at fair value: DKK 256.6bn

Distribution of loans by loan type

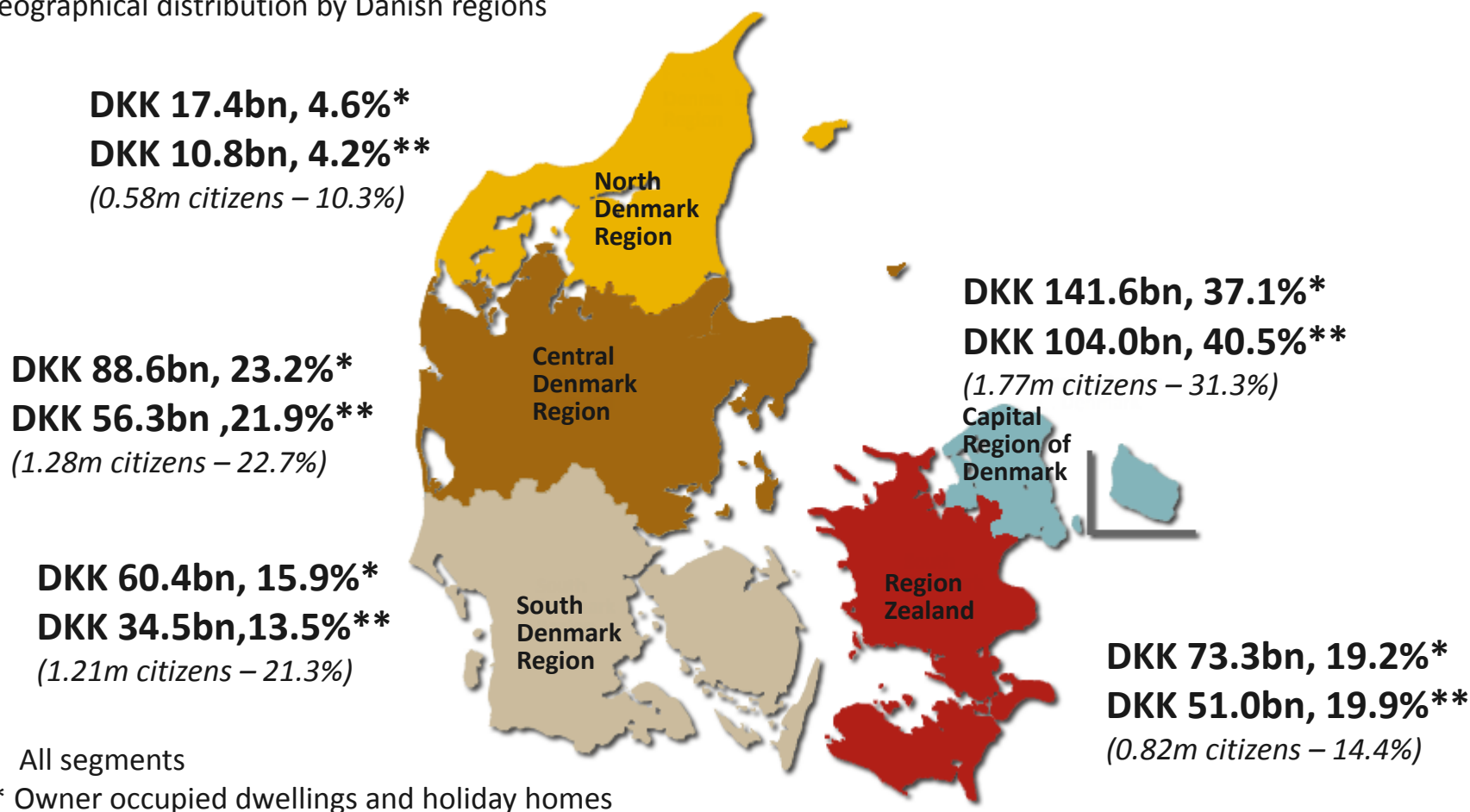


# Nordea Kredit - loans by Danish regions and property categories

Capital centres I & II, 2014, Q4 at fair value: All property categories: DKK 381.3bn

Owner occupied dwellings & holiday homes: DKK 256.6bn

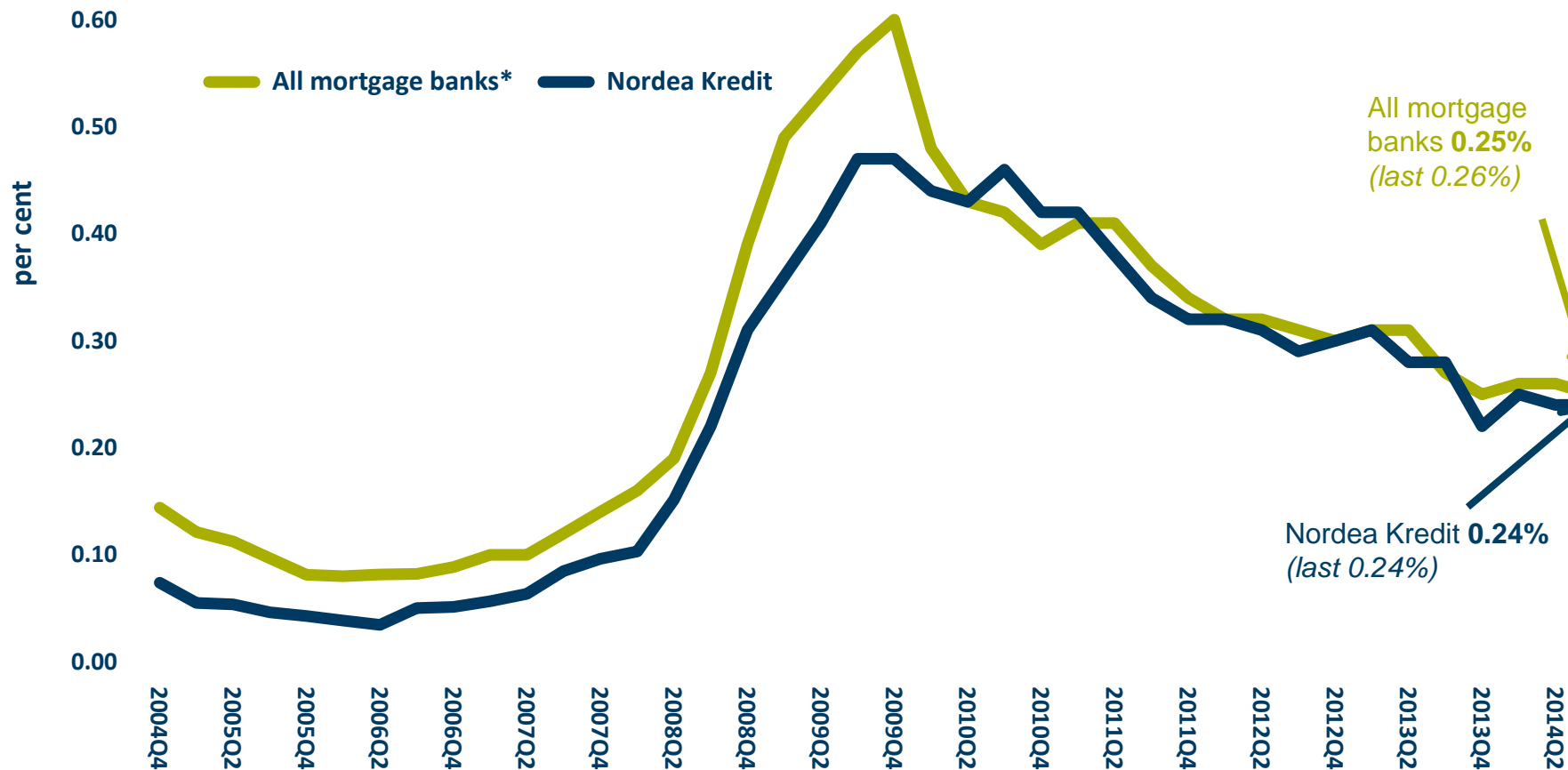
Geographical distribution by Danish regions



Total number of citizens 5.7m, October 1, 2014 – Source: Statistics Denmark

# Asset quality - late payments by borrowers, 2014 Q3

0.70 Owner occupied dwellings and holiday homes, arrears as a percentage of the Q3, 2014 scheduled payments - 3½ months after due date



\*) Including Nordea Kredit

# 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.*

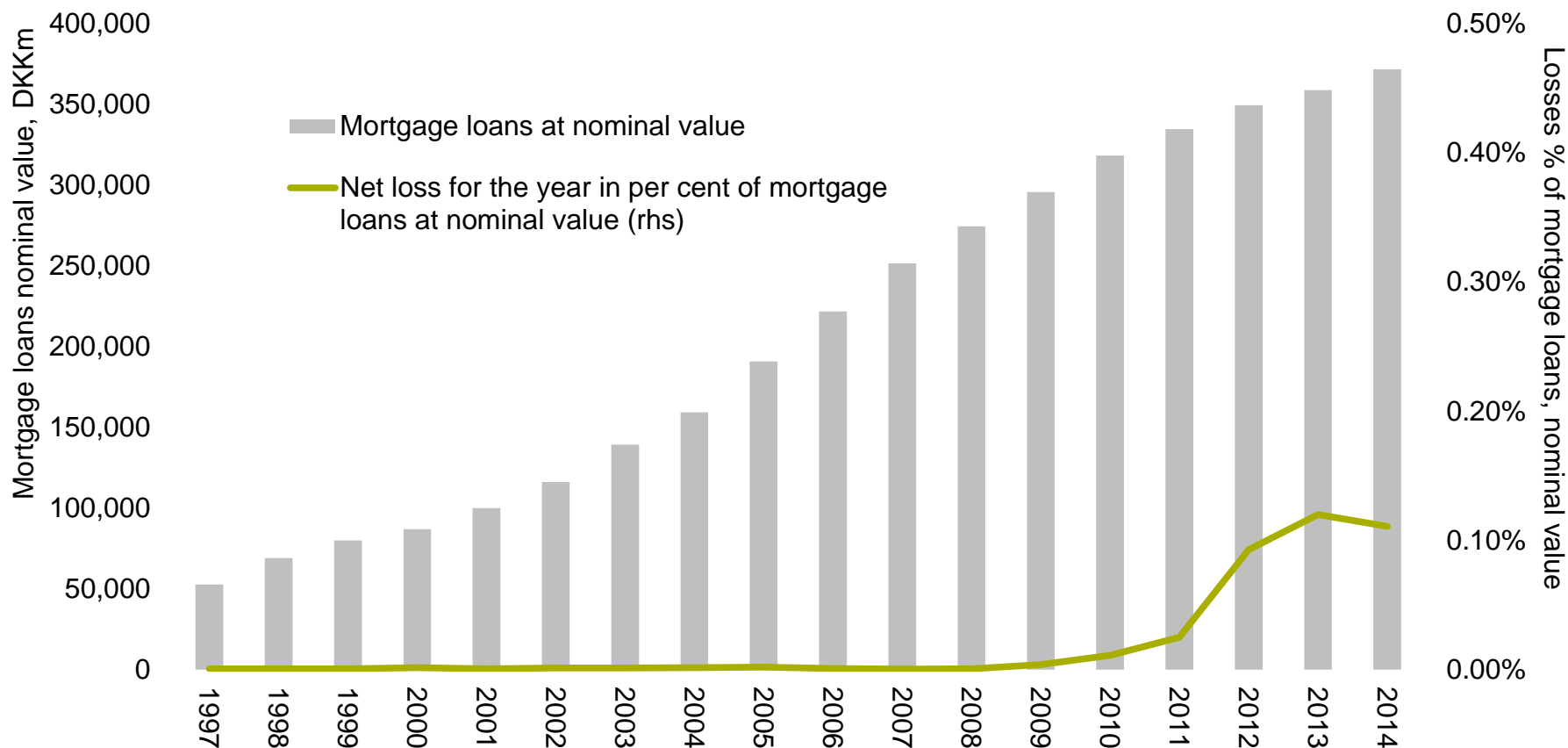
*\*\*\*) As a percentage of the original principal – disregarding all amortisation*

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

-By the end of 2014 loss guarantees from Nordea Bank comprised loans totalling DKK 334.7bn. The actual loss guarantees amounted to DKK 97.5bn.



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



## Nordea Kredit – LTV, loan-to-value 2014 Q4 *(2014 Q3)*

	LTV CC I & II		LTV CC I		LTV CC II	
	2014Q4	2014Q3	2014Q4	2014Q3	2014Q4	2014Q3
Owner occupied dwellings	75	74	74	73	75	74
Private rental housing	62	63	77	76	61	62
Commercial	57	57	49	50	57	57
Agriculture	50	50	47	47	51	50
Other properties	35	35	39	41	35	35
<b>Total</b>	<b>68</b>	<b>68</b>	<b>69</b>	<b>69</b>	<b>68</b>	<b>67</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 4th 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>



# DISCLAIMER – IMPORTANT NOTICE

This presentation and any information contained in this presentation or supplied in connection therewith, whether in writing or not, are provided for information purposes only. Nordea Bank AB (publ) including its subsidiaries ("Nordea") is not acting as your financial adviser or in any other fiduciary capacity and this presentation should not be treated as if Nordea is giving investment advice.

This presentation and any information contained in this presentation or supplied in connection therewith, whether in writing or not, do not constitute or form a part of, and should not be construed as, an offer, recommendation, advertisement of an offer or invitation to subscribe for or purchase any securities of any Nordea Group company anywhere in the world or a solicitation of any such offer, and shall neither form the basis of, or be relied on in connection with, any offer or commitment whatsoever.

Information contained in this presentation is derived from publicly available sources which Nordea believes are reliable, and includes market information based on data provided by third party sources identified herein and estimates, assessments, adjustments and judgments that are based on Nordea's experience and familiarity with the sectors in which it operates. Even though Nordea believes the third party sources to be reliable no independent verification has been made, consequently the correctness and completeness in the information can not be guaranteed. There is no assurance that such estimates, assessments and judgments are the most appropriate for making determinations relating to market information or that market information prepared by other sources will not differ materially from the market information included herein. This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors. Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in interest rate and foreign exchange rate levels and (iv) change in the regulatory environment and other governmental actions. This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Neither Nordea nor any of its directors, officers, employees or advisors nor any other person makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this presentation. Neither Nordea nor any its directors, officers, employees or advisors nor any other person shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this presentation.

This presentation (i) does not and will not constitute or include an invitation to tender for purchase or sale, an advertisement or an offer of any securities in circumstances which could qualify as a public offer (oferta pública) or as a private offer (oferta particular) pursuant to the Portuguese Securities Code (Código dos Valores Mobiliários) enacted by Decree Law no. 486/99, of 13 November, and published by Decree Law no. 357-A/2007 of 31 October, as amended from time to time and (ii) complies with all applicable laws and regulations of the Republic of Portugal.

You may not distribute this presentation, in whole or part, without our prior express written permission. This presentation is not for release, directly or indirectly, in or into Australia, Canada, Hong Kong, Japan or the United States of America.