



Nordea Kredit Investor Presentation 2012, Q1

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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 mortgage bonds and covered mortgage bonds.

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Contents:

- Nordea Kredit – in brief
- Asset quality, losses and arrears
- Loan-to-value (*For detailed information on LTV please refer to “LTV Report 2012, Q1”*)
- Legislation
- Macro-economic factors

Nordea Kredit – in brief I

- Founded in 1993, number of employees 133 (as per 2011, Q4)
- 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 2011: 1,009 m DKK and Cost/Income ratio 16.1%
- Mortgage loans at nominal value 2012, Q1: 336.1 bn DKK
- Mortgage loans at fair value 2012, Q1: 342.9 bn DKK
- Market share 2012, Q1: 13,9% (2011, Q4: 13.9%)
(Mortgage loans at fair value as a share of all Danish mortgage bank loans)

Nordea Kredit – in brief II

- Late payments by borrowers 2012, Q1: 0.32% (2011, Q4: 0.34%)
Residential properties and holiday homes, 3½ months after due date
- Average LTV 2012, Q1: 72% (2011, Q4: 70%)
- Total capital ratio (2011, Q4) 17.4% and Tier 1 capital ratio 17.4%
(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, 2012, Q1

	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	14.0	6.42	9.81
Collateral Score, %	9.8	17.6	n.a.	n.a.
TPI leeway /Unused uplift	5	4	4	4

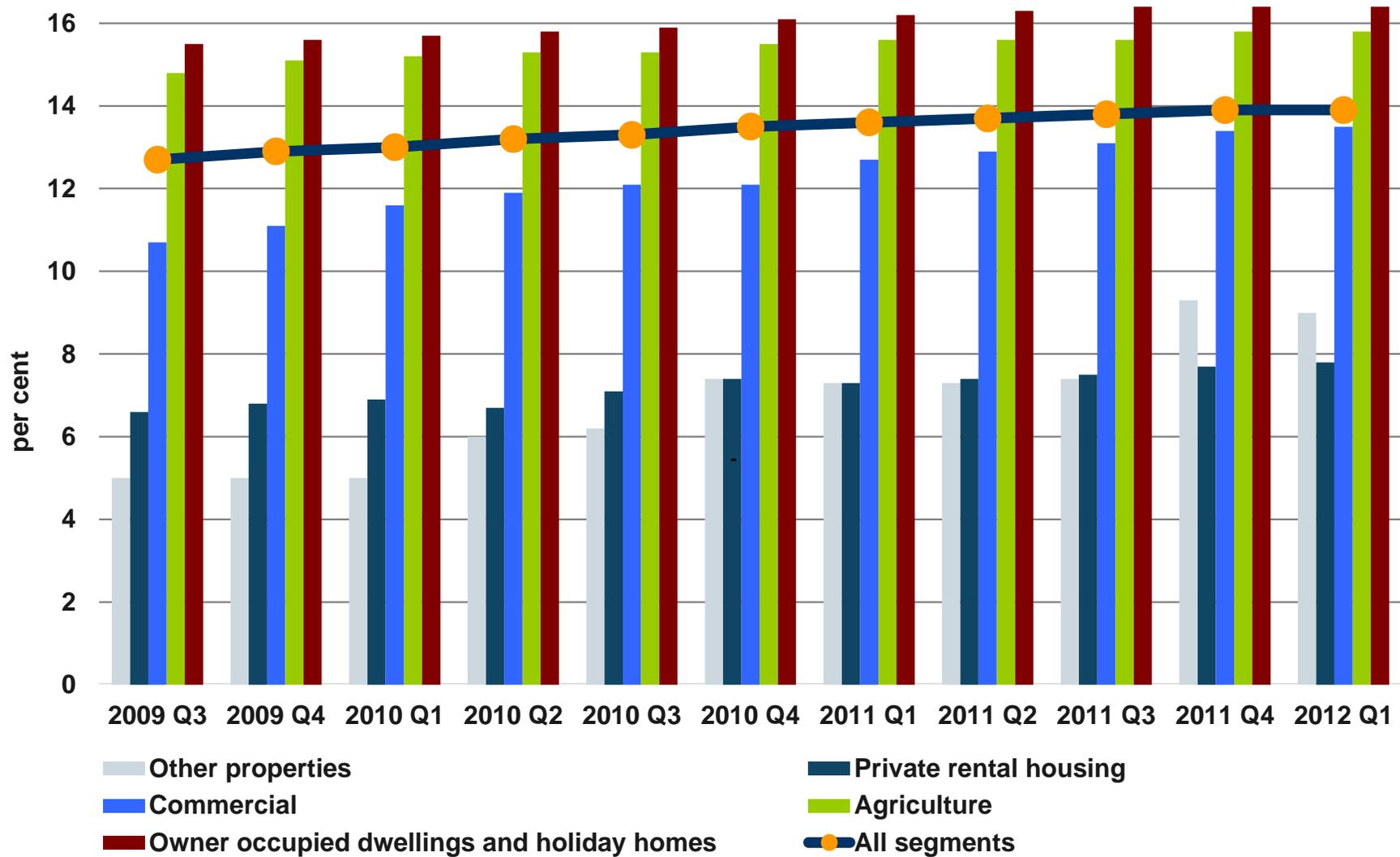
OC (over-collateralisation) and TPI leeway as measured by Moody's
 CE (credit enhancement) and unused uplift as measured by S&P

Current OC, %

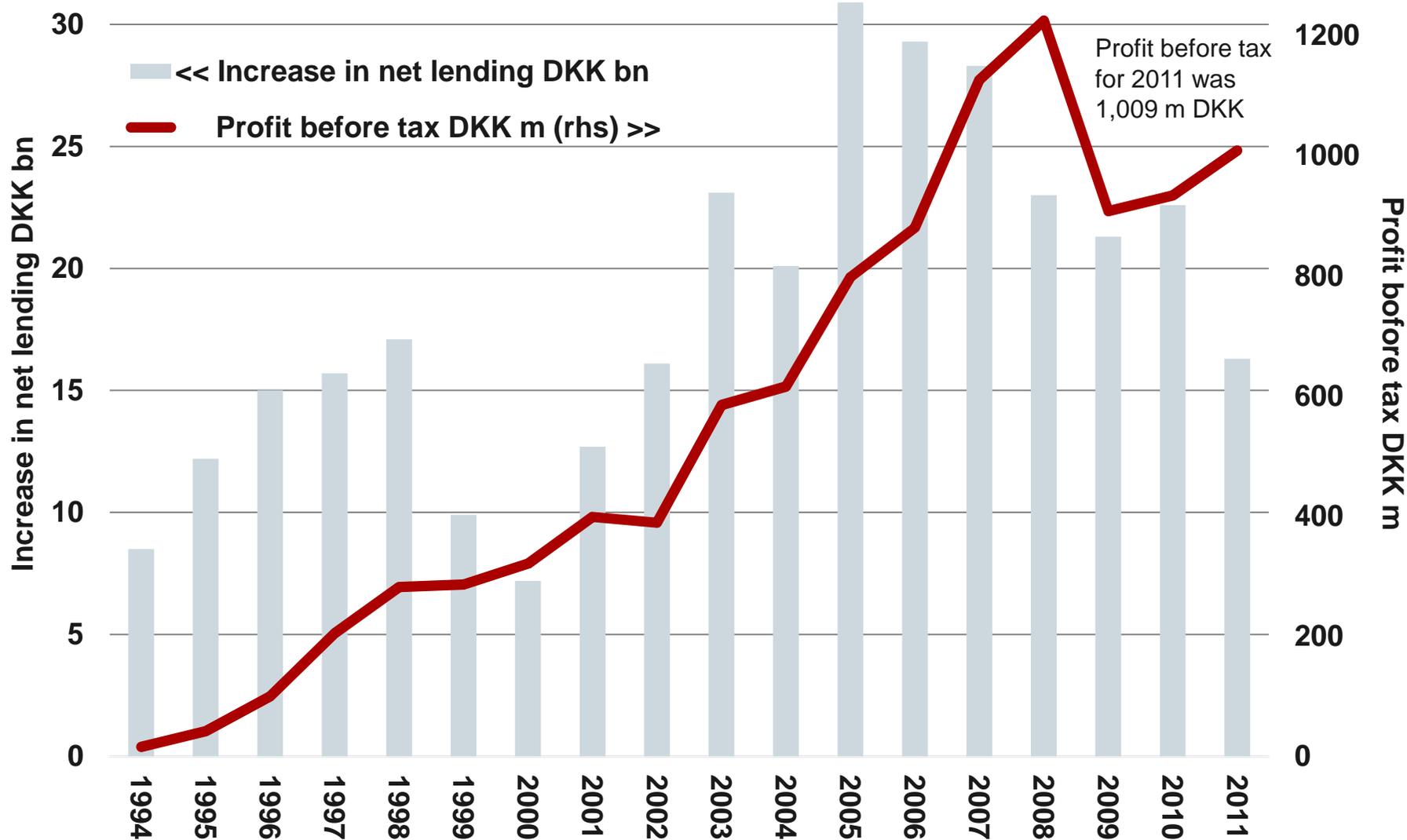
CC1: 10.5

CC2: 15.4

Nordea Kredit – market shares in per cent of total market

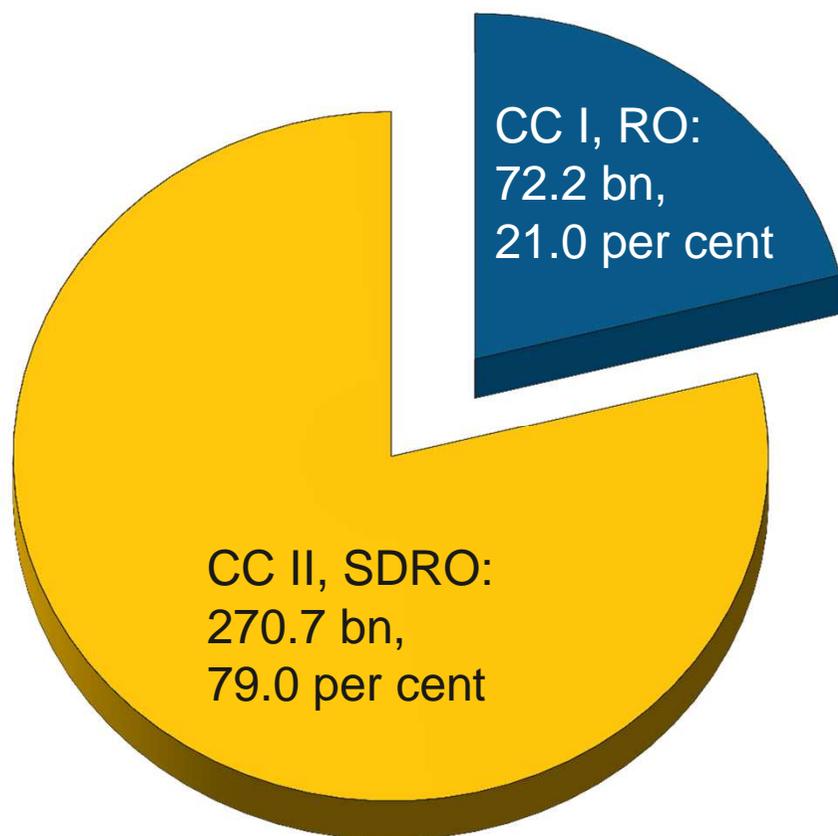


Nordea Kredit – profit and increase in net lending



Nordea Kredit – mortgage loans at fair value

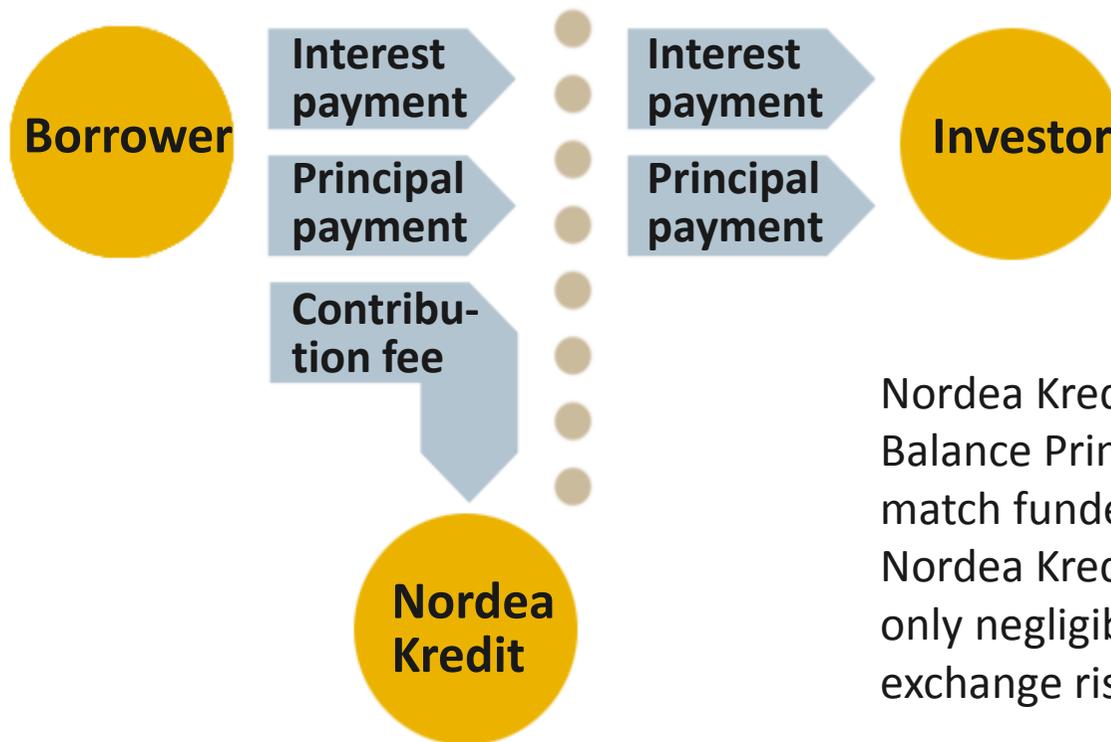
CCs I&II, 2012, Q1: DKK 342.9 bn



Nordea Kredit has two capital centres:

- CC I: Mortgage Bonds (Realkreditobligationer, “RO”) are issued out of CC I (1993 -). More than 97% 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

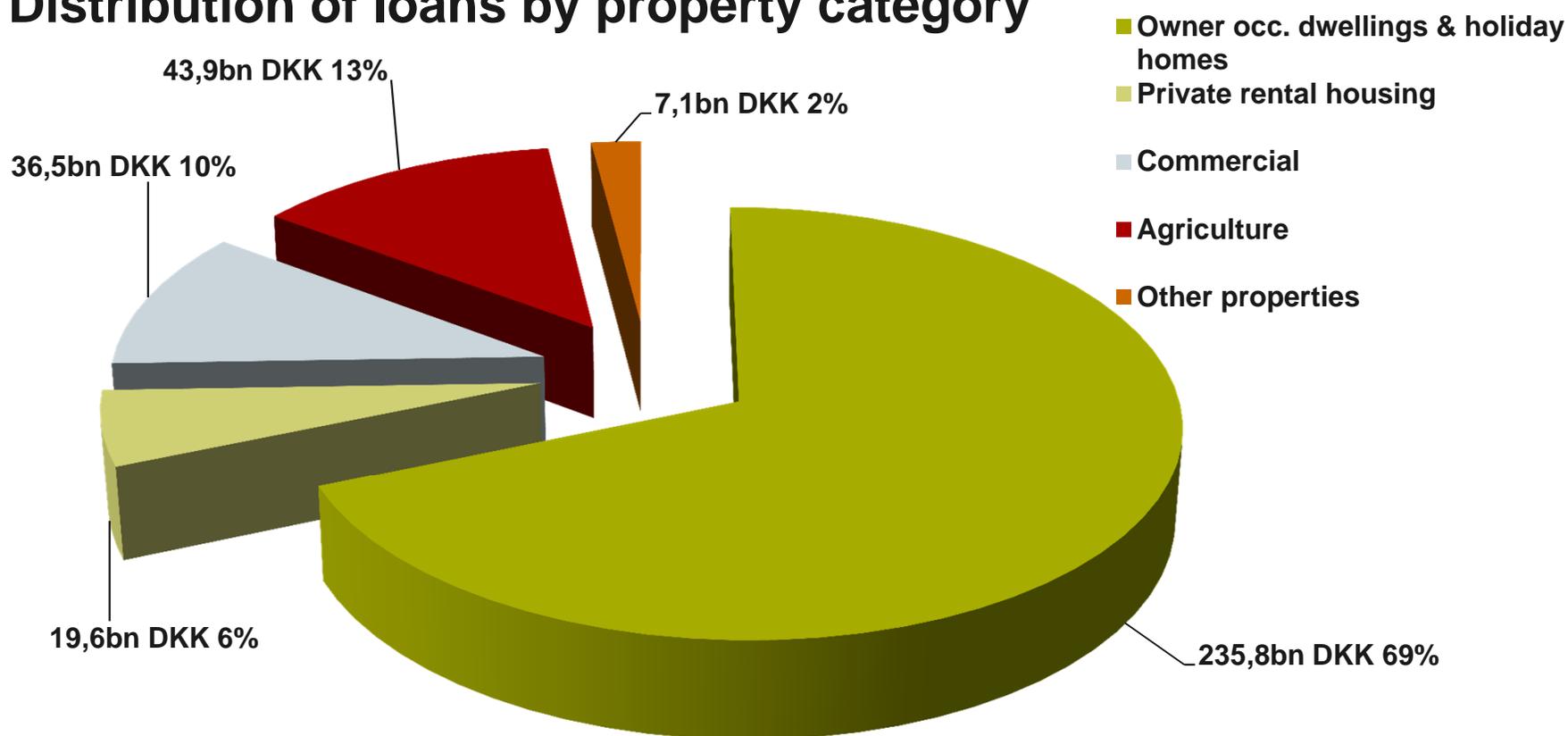
Match funded setup due to the strict Balance Principle



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 and foreign exchange risk.

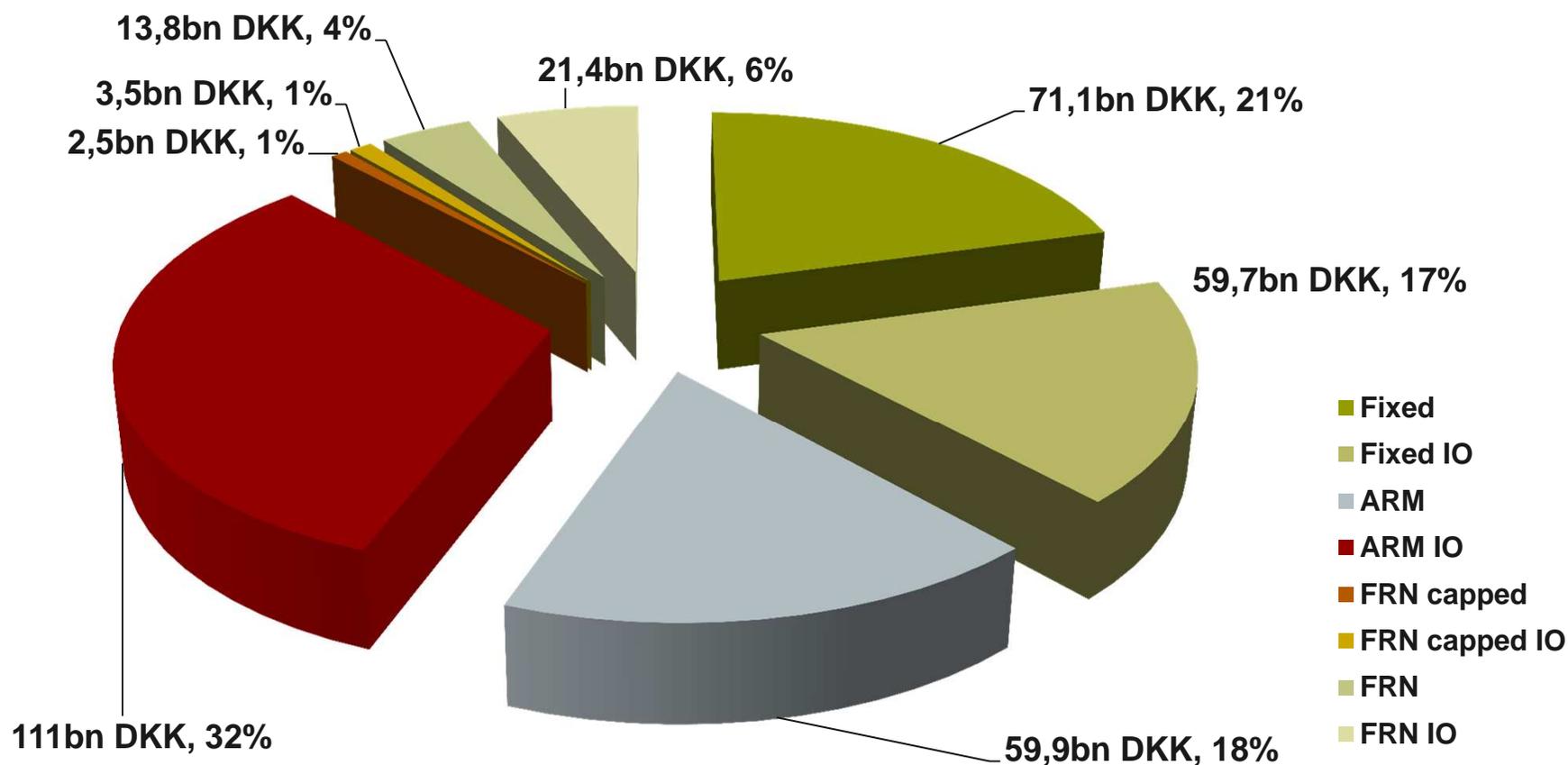
All categories - CCs I & II, 2012, Q1 at fair value: 342.9 bn DKK

Distribution of loans by property category



All categories - CCs I & II, 2012, Q1 at fair value: 342.9 bn DKK

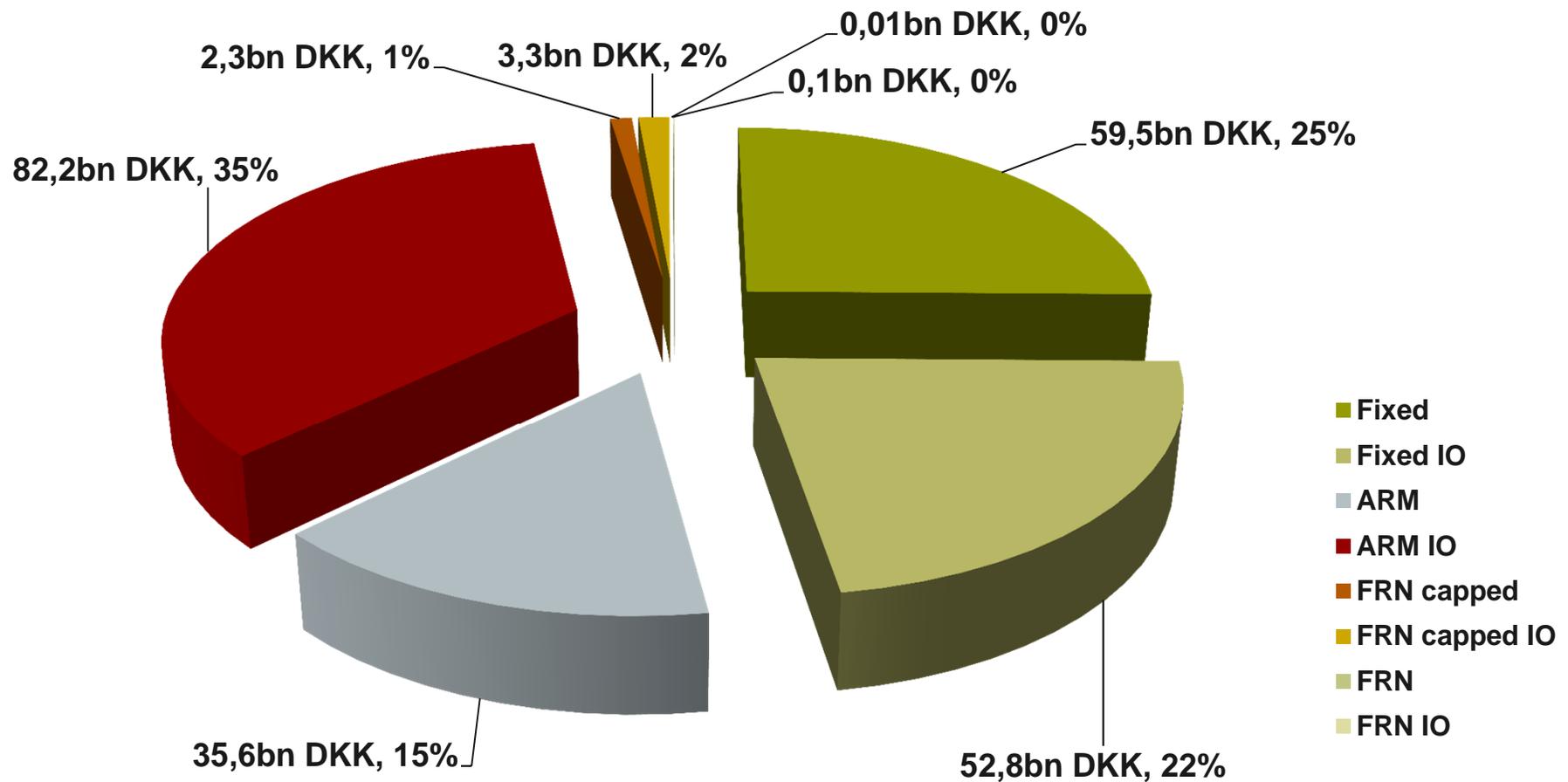
Distribution of loans by type



Residential properties and holiday homes

CCs I & II, 2012, Q1 at fair value: DKK 235.8 bn distribution of loans by type

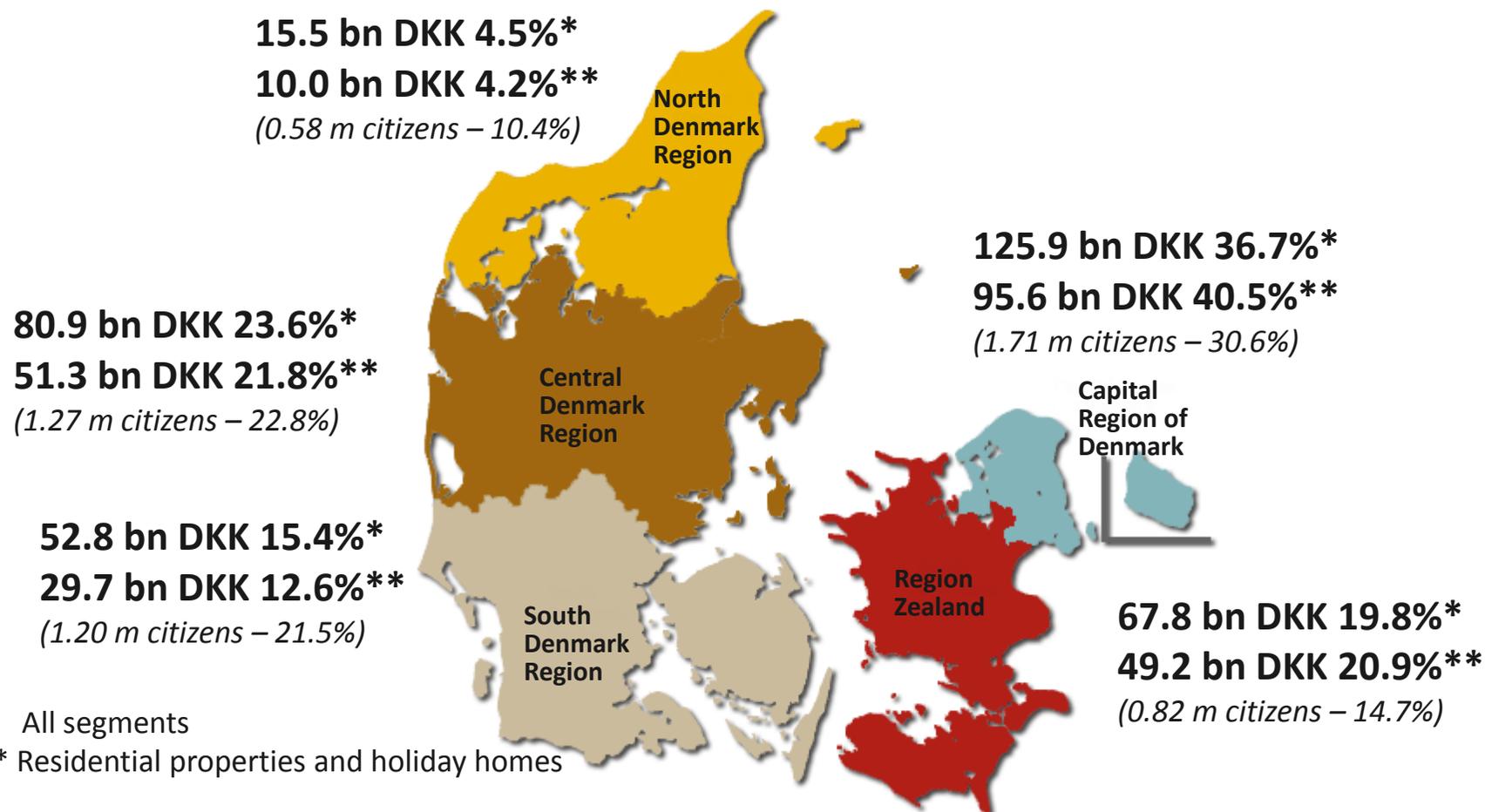
Distribution of loans by type



Nordea Kredit – geographical distribution of loans, 2012 Q1

Fair value, all segments: 342.9 bn DKK

- residential properties & holiday homes: 235.8 bn DKK



* All segments

** Residential properties and holiday homes

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:

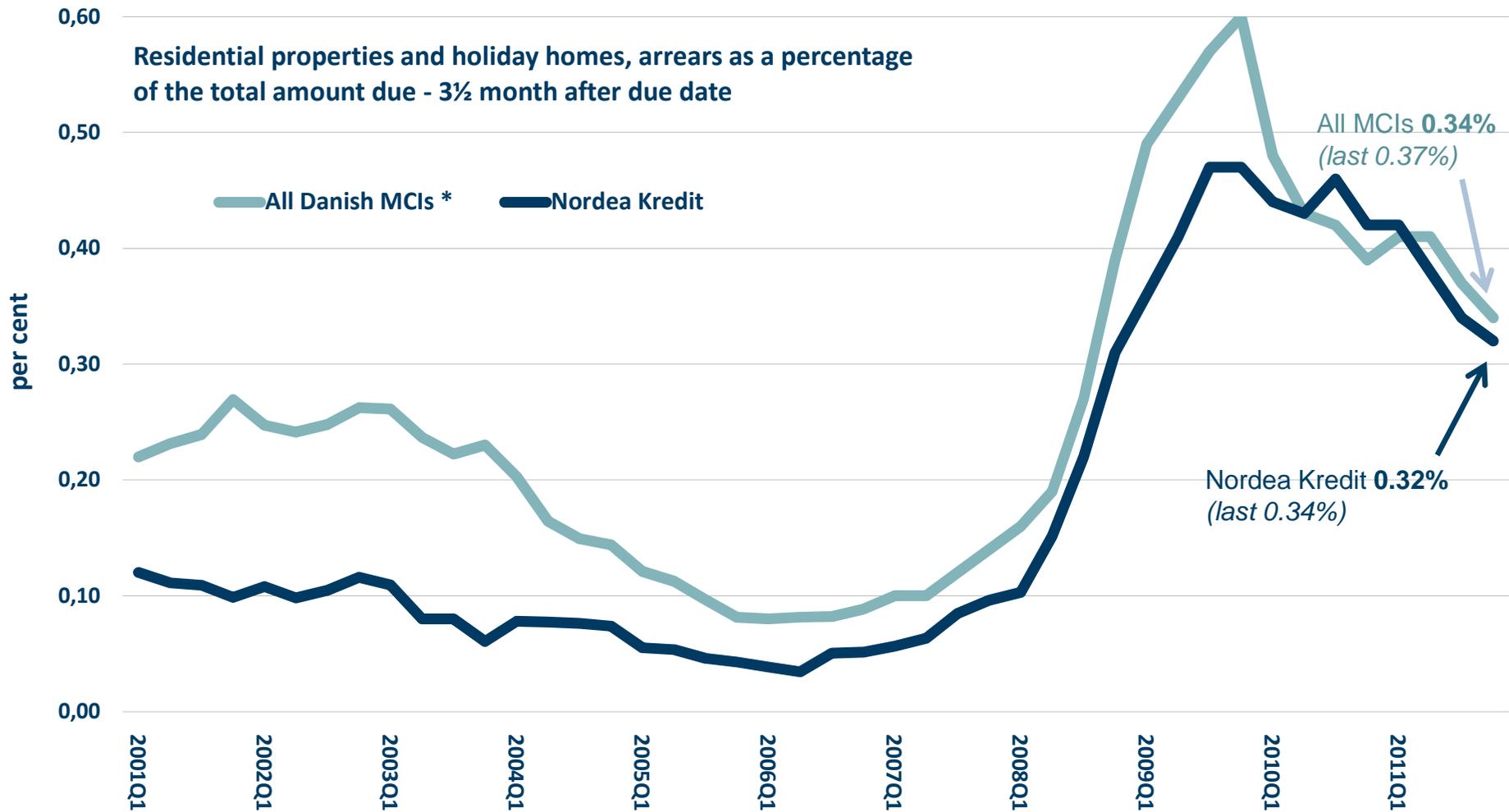
Property type	Guarantee period *	Guarantee level **
Owner occupied dwellings	5 years	25 per cent
Holiday homes	5 years	25 per cent
Subsidized property	10 years	10 per cent
Housing for youth/elderly	10 years	10 per cent
Agricultural property	10 years	25 per cent
Commercial property	10 years	25 per cent

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

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

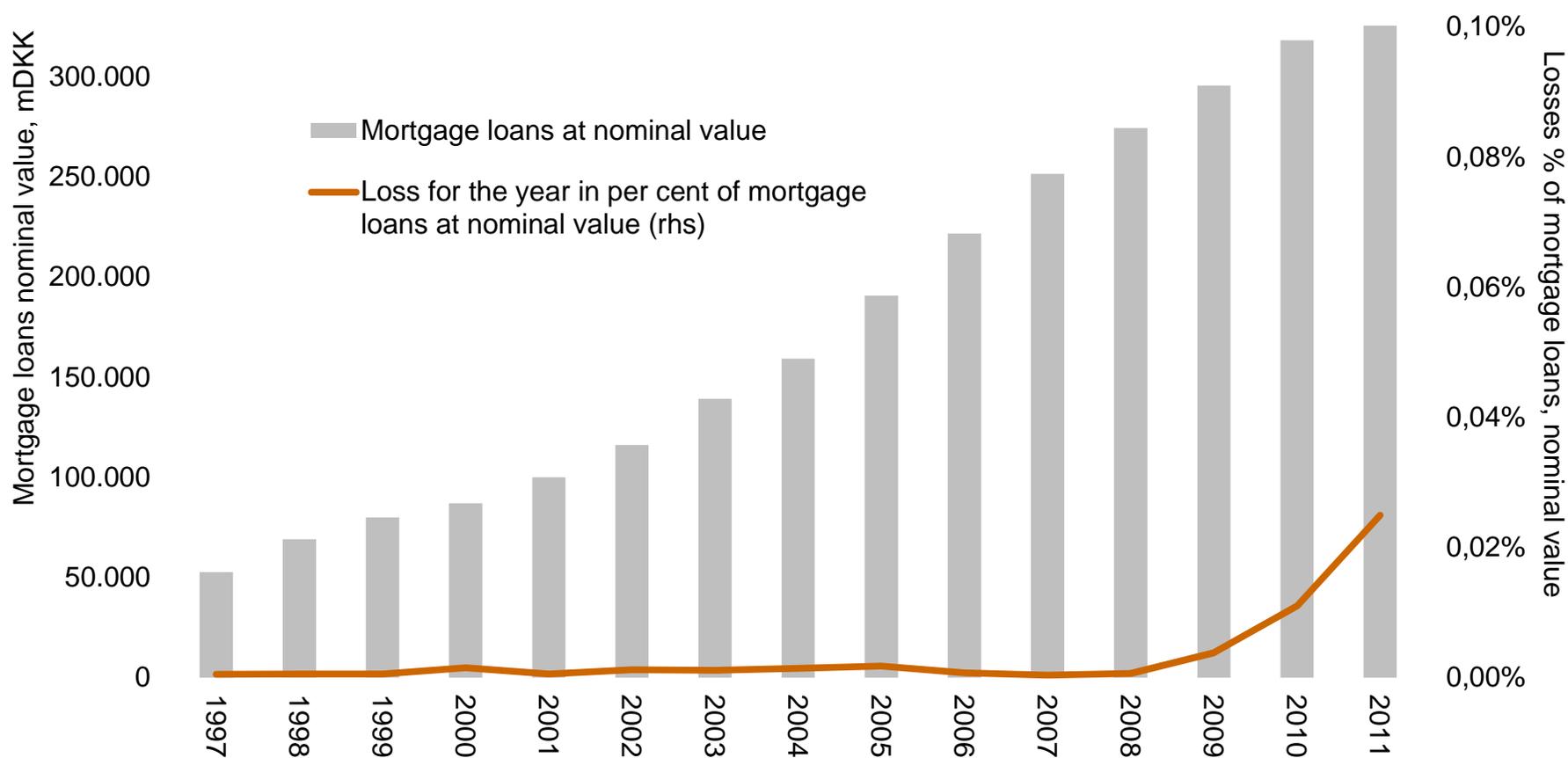
The guarantee amount is not reduced during the guarantee period, but cannot exceed the debt outstanding. A new guarantee period starts when the loan is changed e.g. due to remortgaging.

Asset quality - late payments by borrowers



*) 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 in Nordea Kredit since 1997: **145.5** m DKK

Nordea Kredit – LTV, loan-to-value 2012 Q1 (2011 Q4)

	LTV CC I & II		LTV CC I		LTV CC II	
	2012Q1	2011Q4	2012Q1	2011Q4	2012Q1	2011Q4
Owner occupied dwellings	79	77	74	72	81	79
Private rental housing	66	65	59	57	67	67
Commercial	61	61	44	44	63	62
Agriculture	50	49	45	44	51	50
Other properties	43	38	42	43	43	38
Total	72	70	69	67	73	71

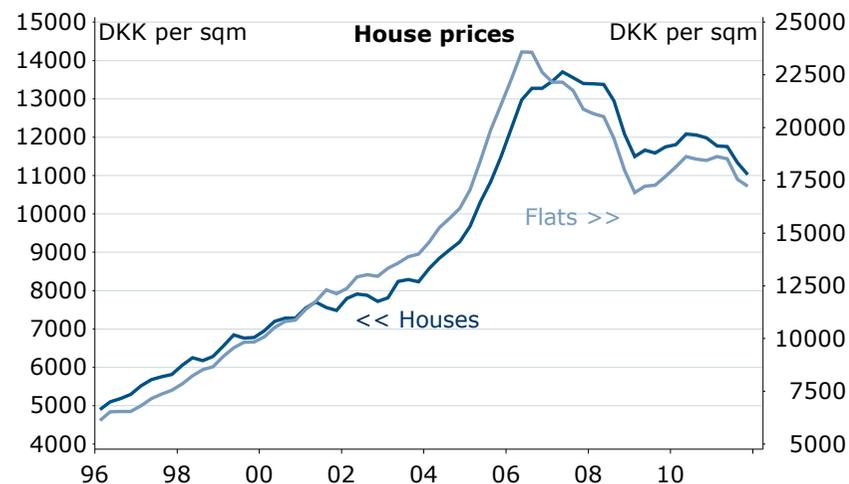
For more detailed information on LTV – please refer to “LTV Report 2012 Q1”

Legislation

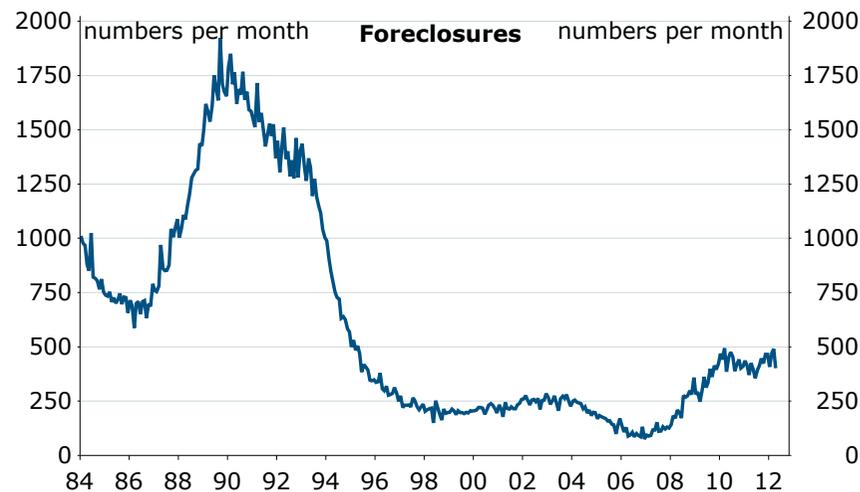
- Danish mortgage financing is regulated and supervised by the DFSA (Finanstilsynet): www.ftnet.dk
- Some legislation can be found in English at the DFSA's English website: <http://www.finanstilsynet.dk/en/Regler-og-praksis/Translated-regulations.aspx>
- All relevant legislation can be found in Danish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



The Danish economy - house prices and foreclosures



Source: Nordea Markets and Reuters Ecowin



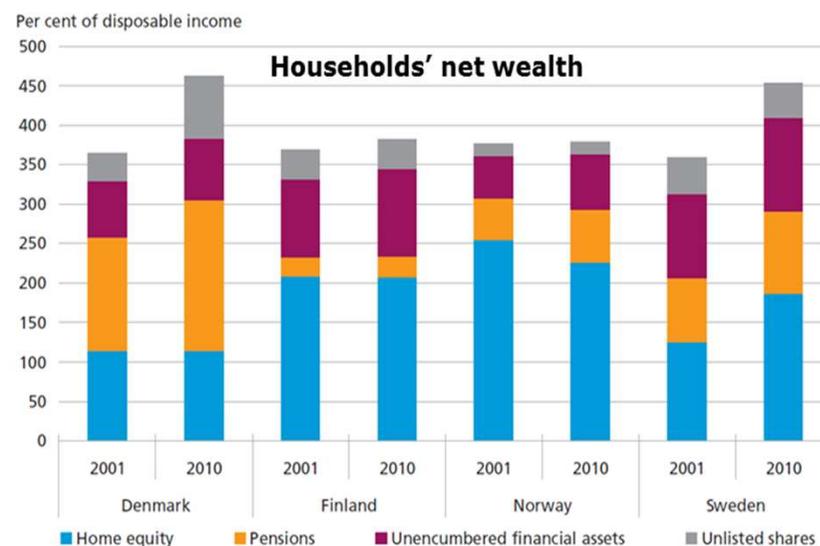
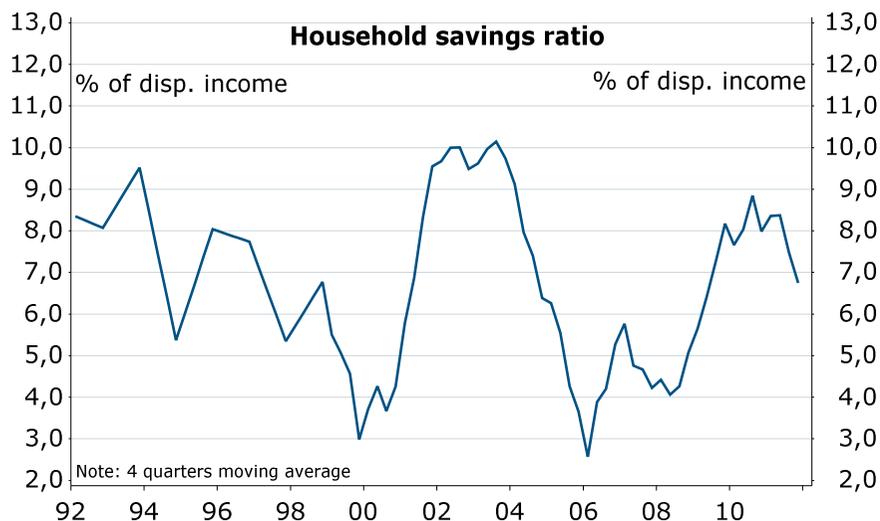
Source: Nordea Markets and Reuters Ecowin

Measured relative to the absolute peak in 2007, house prices have now declined more than 20%. Prices of flats are down almost 27%.

The short-term indicators point to a continued fall in housing prices. However viewed in a historical perspective, house prices are back at the long-term equilibrium level. Coupled with the prospect of gradually rising employment and a historically low interest rate this suggests that house prices will begin to stabilise towards the end of the year.

For more information on macroeconomics please refer to the current issue of "[**Economic Outlook**](#)" published by Nordea Markets, Economic Research.

Large household net wealth



Source: Danmarks Nationalbank

After reaching a historical low in 2006, households have taken advantage of recent years' gains in disposable incomes to boost their savings.

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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