

“No other country allows borrowers to lock in fixed-rate 30-year mortgages and then to refinance their loans when rates fall. Nor should the US.”

Source: Financial Times, Editorial, November 20, 2013

The Balance Sheet of Financial Intermediaries

Banks and bank regulation

Other financial intermediaries

Jesper Berg

Member of Executive Board – Nykredit Bank
Regulatory Affairs and Rating

A simplified bank balance sheet

Assets

Liabilities

Loans	Liquid deposits
Liquid assets	Capital

Banking regulation 101

Assets

Liabilities

Loans	Liquid deposits
Liquid assets ↑	Capital ↑

The Balance Sheet of Financial Intermediaries

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Other financial intermediaries

The UK covered Bond Structure

Jesper Berg

Member of Executive Board – Nykredit Bank
Regulatory Affairs and Rating

Christian Sinding Bentzen

Senior Analyst
Regulatory Affairs and Rating

The mutual fund model

Assets

Loans



Liquid assets

Liabilities

Deposits



Capital

The specialized mortgage bank

Assets

Loans

Liquidity

Liabilities

Bonds

Capital

Narrow banking

Assets

Loans

Liabilities

Funding

Capital

Assets

Liquid assets

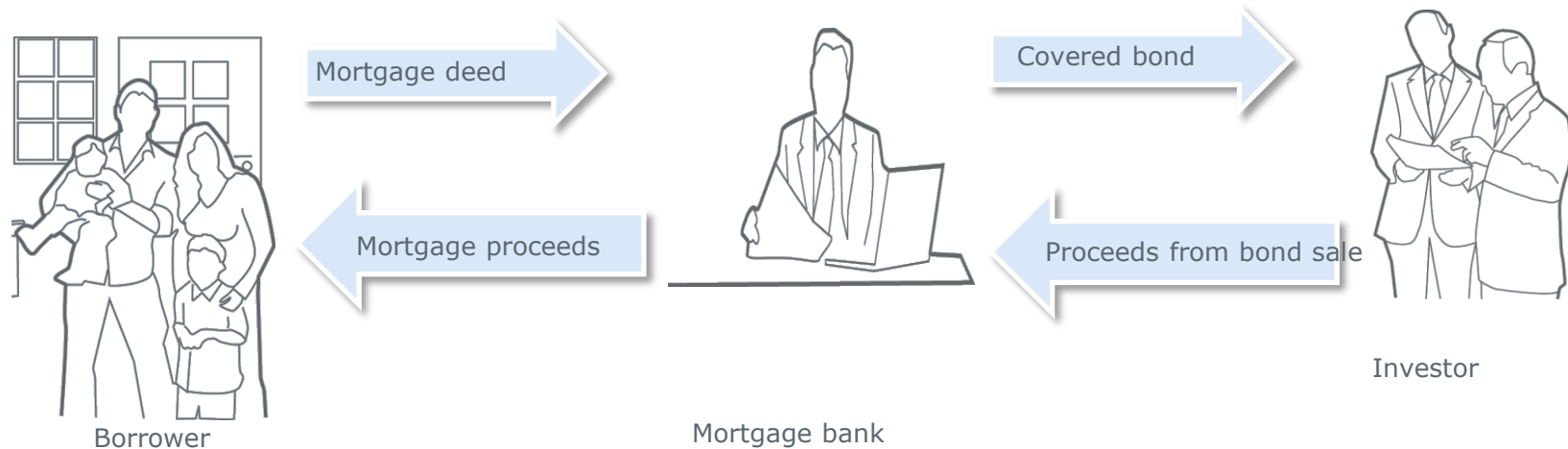
Liabilities

Liquid deposits

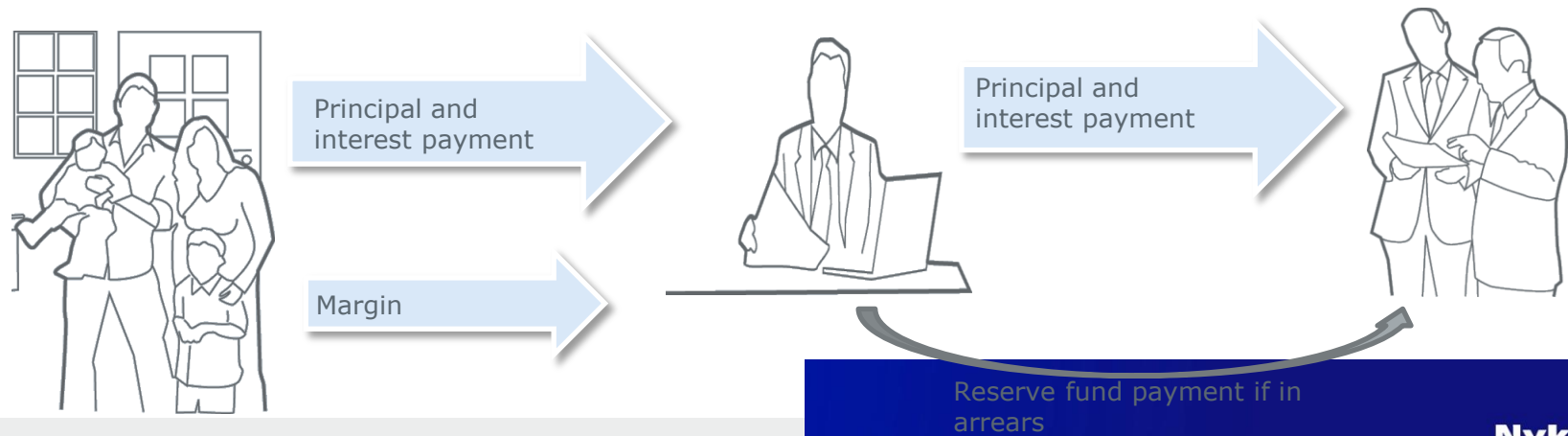
Capital

The basics of the system

Mortgage origination

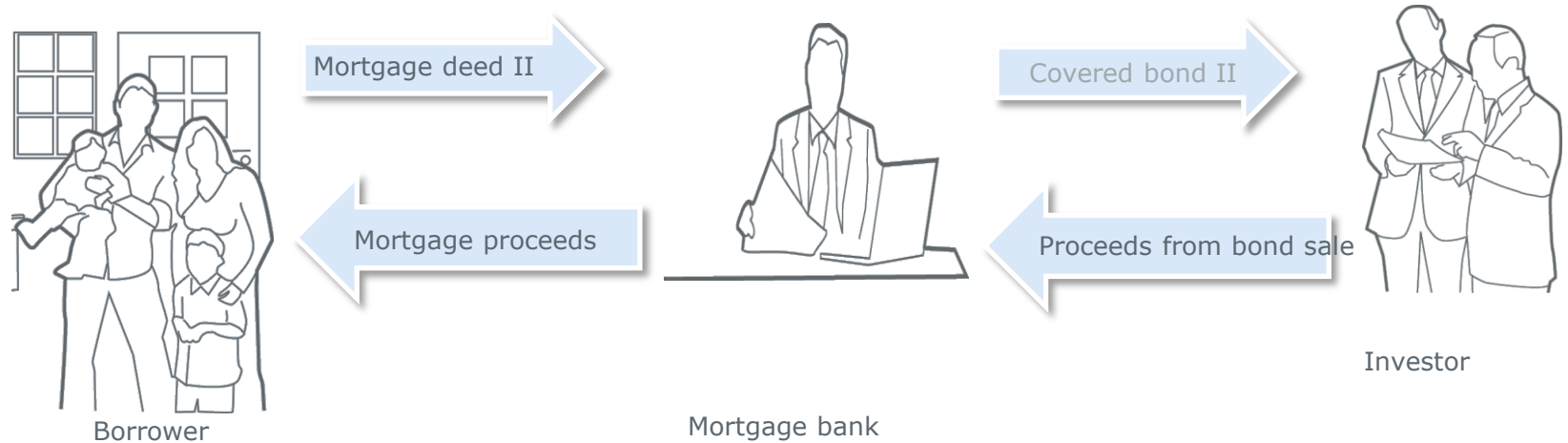


Payments



The basics of the system

Remortgaging
Origination of new mortgage



Prepayment of old mortgage

