

ECBC CB Label Transparency Template for Danish Issuers

Overview

Issuer: Nordea Kredit Realkreditaktieselskab

Issuer type: Specialized mortgage bank

Cover pool: Capital centre 1 (general capital centre)

Cover pool setup: Single cover pool

Link to cover pool IR website:

Homepage: www.nordeakredit.dk

Format of transparency template: pdf

Frequency of updates: Quarterly

This transparency template is used with ECBC labelled covered bonds issues by the three issuer categories below. Please note that not all tables are applicable to each issuer type. Information on applicability is given below and where relevant in connection with the tables in the template.

- **Specialised mortgage banks**
 - Tables A, G1.1, G2-4, M1-M11, X1-2
 - **Ship finance institutes**
 - Tables A, G1.1, G2-4, S1-S11, X1-2
 - **Non-specialised bank CBs issuers**
 - Tables G1.2, G2-4, B1-B4, B6, B9-B11, X1-2
-

General issuer information (Group level)

- not relevant for (non-specialised) bank CBs issuers

Table A. General Issuer Detail	
<i>Not all data is updated on a quarterly basis. Data from earlier or different periods must be marked as a note.</i>	
	Q3 2012
Key information regarding issuers' balance sheet (DKKbn – except Tier 1 and Solvency ratio)	
Total Balance Sheet Assets	409.2*)
Total Customer Loans(fair value)	352.2
of which: Used/registered for covered bond collateral pool	352.2
Tier 1 Ratio (%)	16.7*)
Solvency Ratio (%)	16.7*)
Outstanding Covered Bonds (fair value)	345.5*)
Outstanding Senior Unsecured Liabilities	33.9
Junior Covered Bonds / §33e Senior debt	**)
Guarantees (e.g. provided by states, municipalities, banks)	---
Net loan losses (Net loan losses and net loan loss provisions)	-0.2*)
Value of acquired properties / ships (temporary possessions, end of quarter)	0.2*)
Customer loans (mortgage) (DKKbn)	
Total customer loans (market value)	352.2
Composition by	
Maturity	
- 0 <= 1 year	---
- < 1 <= 5 years	---
- over 5 years	---
Currency	
- DKK	---
- EUR	---
- USD	***)
- Other	***)
customer type	
- Residential (owner-occ., private rental, corporate housing, holiday houses)	263.2
- Commercial (office and business, industry, agriculture, manufacture, social and cultural, ships)	89.0
- Subsidised	0
eligibility as covered bond collateral	352.2

Non-performing loans (See definition in table X1)	
Loan loss provisions (sum of total individual and group wise loss provisions, end of quarter)	0.4*)

*) : Figures as per June 30, 2012

**) : Not relevant as Nordea Kredit does not use such debt or capital instruments

***): Nordea Kredit only has loans denominated in Danish kroner (DKK) and euros (EUR)

---: Data are being developed and will be published with the Q1, 2013 edition of Nordea Kredit's covered bond labelling template

General cover pool information

DKKbn / Percentage of nominal outstanding CBs		Q3 2012
Nominal cover pool ¹ (<i>total value</i>)		---
Transmission or liquidation proceeds to CB holders (<i>for redemption of CBs maturing 0-1 day</i>)		---
Overcollateralisation		---
Overcollateralisation ratio	Total	---
	Mandatory (<i>percentage of risk weighted assets, general, by law</i>)	---
Nominal value of outstanding CBs		---
	– hereof amount maturing 0-1 day	---
Senior secured debt ²		---
Senior unsecured debt, DKK bn		4.3
Tier 2 capital		---
Additional tier 1 capital (<i>e.g. hybrid core capital</i>)		---
Core tier 1 capital		---

1) CRD eligible collateral assets for CBs issuance.

2) Senior debt with a secondary claim on the cover pool assets (in markets referred as Junior Covered Bonds).

---: Data are being developed and will be published with the Q1, 2013 edition of Nordea Kredit's covered bond labelling template

DKKbn / Percentage of nominal outstanding CBs		Q3 2012
Nominal value of outstanding CBs		55,7
Fair value of outstanding CBs (<i>marked value</i>)		55,5
Maturity of issued CBs	0-1 day	0
	1 day – 1 year	0,1
	1-5 years	5,1
	5-10 years	4,9
	10-20 years	4,3
	> 20 years	41,3
Amortisation profile of issued CBs	Non-callable	9,3
	Callable	46,4
Interest rate profile of issued CBs	Fixed rate (<i>Fixed rate constant for more than 1 year</i>)	48,6
	Floating rate (<i>Floating rate constant for less than 1 year</i>)	3,6
	Capped floating rate	3,5
Currency denomination profile of issued CBs	DKK	52,1
	EUR	3,6
	SEK	*)
	CHF	*)
	NOK	*)
	Other	*)
UCITS compliant		Yes
CRD compliant**)		Yes
Eligible for central bank repo		Yes
Rating	Moody's	Aaa
	S&P	AAA
	Fitch	***)

---: Data are being developed and will be published with the Q1, 2013 edition of Nordea Kredit's covered bond labelling template

*) Nordea Kredit only issues bonds denominated in Danish kroner (DKK) and euros (EUR)

**) All ISINs except one issued in capital centre 1 are CRD-grandfathered and thus CRD compliant. This means that more than 94 per cent of all bonds issued in capital centre 1 are CRD compliant.

***): Nordea Kredit is not rated by Fitch

Table G3 – Legal ALM (balance principle) adherence¹	Issue adherence
General balance principle	No
Specific balance principle	Yes

1) Cf. the Danish Executive Order on bond issuance, balance principle and risk management

Table G4 – Additional characteristics of ALM business model for issued CBs	Issue adherence	
	Yes	No
One-to-one balance between terms of granted loans and bonds issued, i.e. daily tap issuance?	X	
Pass-through cash flow from borrowers to investors?	X	
Asset substitution in cover pool allowed?		X

Tables M1-M11 only relevant for specialised mortgage bank CBs issuers
Tables B1-B4 only relevant for (non-specialised) bank CBs issuers

Property categories are defined according to Danish FSA's AS-reporting form.

Table M1/B1	Number of loans by property category										
	Owner-occupied homes	Holiday houses	Subsidised Housing	Cooperative Housing	Private rental	Manufacturing and Manual Industries	Office and Business	Agriculture	Social and cultural purposes	Other	Total
Total	55133*	---	---	---	923**	---	933***	2621	---	97#	59707

Table M2/ B2	Lending by property category										
	Owner-occupied homes	Holiday houses	Subsidised Housing	Cooperative Housing	Private rental	Manufacturing and Manual Industries	Office and Business	Agriculture	Social and cultural purposes	Other	Total
Total	46459*	---	---	---	2987**	---	2135***	6200	---	227	58008

Table M3/B3	Lending, by loan size							
	DKK 0 - 2m	DKK 2 - 5m	DKK 5 - 20m	DKK 20 - 50m	DKK 50 - 100m	> DKK 100m	Total	
Total	43070	9028	4431	1186	184	109	58008	

Table M4 / B4	Lending, by-loan to-value, current property value (LTV) ---									
	----- per cent -----									
	0 - 19,9	20 - 39,9	40- 59,9	60 - 69,9	70 - 79,9	80 - 84,9	85 - 89,9	90 - 94,9	95 - 100	> 100
Owner-occupied homes										
Holiday houses										
Subsidised Housing										
Cooperative Housing										
Private rental										
Manufacturing and Manual Industries										
Office and Business										
Agricultural properties										
Properties for social and cultural purposes										
Other										
Total										

*Comprises lending to owner occupied homes as well as to holiday houses

**Comprises lending to subsidized and cooperative housing as well as to private rental housing

***Comprises lending to office and business as well as to manufacturing and manual industries

Comprises lending to social and cultural purposes as well as to land for construction

---: Data for table M4 as well as data marked "----" are being developed and will be published with the Q1, 2013 edition of Nordea Kredit's covered bond labelling template. Nordea Kredit has published less detailed data on the LTV-distribution of loans in the LTV Report for Q3, 2012.

Table M5 Lending by region							
	Greater Copenhagen area (Region Hovedstaden)	Remaining Zealand & Bornholm (Region Sjælland)	Northern Jutland (Region Nordjylland)	Eastern Jutland (Region Midtjylland)	Southern Jutland & Funen (Region Syddanmark)	Outside Denmark	Total
Owner-occupied homes*	18586	13406	1226	9050	4190	0	46459
Holiday houses	---	---	---	---	---	0	---
Subsidised Housing	---	---	---	---	---	0	---
Cooperative Housing	---	---	---	---	---	0	---
Private rental**	1372	428	79	735	373	0	2987
Manufacturing and Manual Industries	---	---	---	---	---	0	---
Office and Business***	484	494	89	749	318	0	2135
Agricultural properties	270	1682	247	2558	1444	0	6200
Properties for social and cultural purposes	---	---	---	---	---	0	---
Other#	104	44	14	30	36	0	227
Total	20816	16054	1655	13122	6361	0	58008

Table M6 Lending by loan type - IO Loans											
	Owner- occupied homes*	Holiday houses	Subsidis ed Housing	Cooperativ e Housing	Private rental**	Manufactur ing and Manual Industries	Office and Business ***	Agricultura l properties	Social and cultural purposes	Other #	Total
Index Loans	0	0	0	0	0	0	0	0	0	0	0
Fixed-rate loans	17976	---	---	---	1520	---	298	681	---	7	20482
Adjustable Rate Mortgages	0	---	---	---	0	---	0	0	---	0	0
Money market based loans of which:	1729	---	---	---	126	---	68	2166	---	1	4092
Non Capped floaters	18	---	---	---	41	---	64	2094	---	0	2218
Capped floaters	1711	---	---	---	85	---	4	72	---	1	1874
Other	0	0	0	0	0	0	0	0	0	0	0
Total	19705	---	---	---	1646	---	366	2847	---	8	24574

* Interest-only loans at time of compilation. Interest-only is typically limited to a maximum of 10 years.

**Comprises lending to owner occupied homes as well as to holiday houses

***Comprises lending to subsidized and cooperative housing as well as to private rental housing

Comprises lending to office and business as well as to manufacturing and manual industries

Comprises lending to social and cultural purposes as well as to land for construction

---: Data are being developed and will be published with the Q1, 2013 edition of Nordea Kredit's covered bond labelling template

Table M7 Lending by loan type - Repayment Loans/Amortizing Loans											
	Owner-occupied homes*	Holiday houses	Subsidised Housing	Cooperative Housing	Private rental**	Manufacturing and Manual Industries	Office and Business ***	Agricultural properties	Social and cultural purposes	Other #	Total
Index Loans	0	0	0	0	0	0	0	0	0	0	0
Fixed-rate loans	25447	---	---	---	1196	---	1350	2318	---	194	30505
Adjustable Rate Mortgages	74	---	---	---	72	---	49	5	---	0	199
Money market based loans of which	1233	---	---	---	74	---	368	1030	---	25	2730
Non Capped floaters	3	---	---	---	6	---	346	973	---	0	1328
Capped floaters	1230	---	---	---	68	---	22	57	---	25	1402
Other	0	0	0	0	0	0	0	0	0	0	0
Total	26754	---	---	---	1342	---	1767	3353	---	219	33434

Table M8 Lending by loan type – all loans											
	Owner-occupied homes*	Holiday houses	Subsidised Housing	Cooperative Housing	Private rental**	Manufacturing and Manual Industries	Office and Business ***	Agricultural properties	Social and cultural purposes	Other#	Total
Index Loans	0	0	0	0	0	0	0	0	0	0	0
Fixed-rate loans	43423	---	---	---	2716	---	1648	2999	---	201	50986
Adjustable Rate Mortgages	74	---	---	---	72	---	49	5	---	0	199
Money market based loans of which	2962	---	---	---	200	---	436	3196	---	26	6823
Not Capped floaters	21	---	---	---	153	---	410	129	---	1	3547
Capped floaters	2941	---	---	---	47	---	26	3067	---	25	3276
Other	0	0	0	0	0	0	0	0	0	0	0
Total	46459	---	---	---	2988	---	2133	6200	---	227	58008

*Comprises lending to owner occupied homes as well as to holiday houses

**Comprises lending to subsidized and cooperative housing as well as to private rental housing

***Comprises lending to office and business as well as to manufacturing and manual industries

Comprises lending to social and cultural purposes as well as to land for construction

---: Data are being developed and will be published with the Q1, 2013 edition of Nordea Kredit's covered bond labelling template

Table M9	Lending by Seasoning (<i>Seasoning defined by duration of customer relationship</i>) ---										
	Owner-occupied homes	Holiday houses	Subsidised Housing	Cooperative Housing	Private rental	Manufacturing and Manual Industries	Office and Business	Agricultural properties	Social and cultural purposes	Other	Total
< 12 months											
≥ 12 - ≤ 24 months											
≥ 24 - ≤ 36 months											
≥ 36 - ≤ 60 months											
≥ 60 months											
Total											

Table M10	Lending by remaining maturity ---										
	Owner-occupied homes	Holiday houses	Subsidised Housing	Cooperative Housing	Private rental	Manufacturing and Manual Industries	Office and Business	Agricultural properties	Social and cultural purposes	Other	Total
< 1 Years											
≥ 1 - ≤ 3 Years											
≥ 3 - ≤ 5 Years											
≥ 5 - ≤ 10 Years											
≥ 10 - ≤ 20 Years											
> 20 Years											
Total											

Table M11	90 day Non-performing loans by property type % ---										
	Owner-occupied homes	Holiday houses	Subsidised Housing	Cooperative Housing	Private rental	Manufacturing and Manual Industries	Office and Business	Agricultural properties	Social and cultural purposes	Other	Total
90 day NPL											

---: Data for tables M9-M11 are being developed and will be published with the Q1, 2013 edition of Nordea Kredit's covered bond labelling template

X1. Key Concepts Explanation	General practice in Danish market	If issuers Key Concepts Explanation differs from general practice: State and explain in this column.
2. Residential versus commercial mortgages		
Description of the difference made between residential/owner occupied and commercial properties	<p>The Danish FSA sets guidelines for the grouping of properties in categories. The property type is determined by the primary use of the property.</p> <p>Property whose primary purpose is owner occupation is characterised as residential. Whereas properties primarily used for commercial purposes are classified as commercial (cf. below).</p>	
<p>Describe when you classify a property as commercial?</p> <p>E.g.: Private rental, Manufacturing and Manual Industries, Offices and Business, Agriculture.</p>	<p>The Danish FSA sets guidelines for the grouping of properties in categories. Below are some examples of properties classified as commercial by the Danish FSA:</p> <ul style="list-style-type: none"> • Offices • Retail/shops • Warehouses • Restaurants, inns etc. • Hotels and resorts • Congress and conference centres. • Campsites. • Traffic terminals, service stations, fire stations, auction and export houses. • Agriculture • Forestry • Nurseries • Ships 	
3. NPL (Non-performing loans)		
Describe how you define NPLs	<p>A loan is categorised as non-performing when a borrower neglects a payment failing to pay instalments and / or interests.</p> <p>The NPL rate is calculated at different time periods after the original payment date. Standard in Table A is 90 day arrear.</p>	
Explain how you distinguish between performing and nonperforming loans in the cover pool?	No distinctions are made. Asset substitution is not allowed for specialised mortgage banks.	
<p>Are NPLs parts of eligible assets in cover pool?</p> <p>Are NPL parts of non eligible assets in cover pool?</p>	Asset substitution is not allowed for specialised mortgage banks, hence NPLs are part of the cover pool.	
Are loans in foreclosure procedure part of eligible assets in cover pool?	Asset substitution is not allowed for specialised mortgage banks, hence loans in foreclosure procedure are part of the cover pool.	
If NPL and/or loans in foreclosure procedure are part of the covered pool which provisions are made in respect of the value of these loans in the cover pool?	The Danish FSA set rules for loss provisioning. In case of objective evidence of impairment provisioning for loss must be made.	

X2. Key Concepts Explanation	Issuer specific (N/A for some issuers)
4. Guaranteed loans (if part of the cover pool)	
How are the loans guaranteed?	Loans to customers are covered by a "first loss" guarantee amounting to 10 or 25 per cent of original loan amount and a duration of either 5 or 10 years depending on the property category. All loans to owner occupied homes are backed by a 25 per cent guarantee during the first 5 years.
Please provide details of guarantors	All loan guarantees are provided by Nordea Bank Danmark A/S
5. Loan-to-Value (LTV)	
Describe the method on which your LTV calculation is based	LTVs are calculated as: (Prior deeds plus Nordea Kredit loans at fair value)/the market value of the property. LTVs are calculated for each loan.
Frequency of real estate valuation for the purpose of calculating the LTV	Property values are updated on an on-going basis to take most recent market developments into account
Describe your valuation techniques	Nordea Kredit observes valuation guidelines laid down in an executive order of the Danish FSA. For the purpose of LTV monitoring Nordea Kredit uses statistical models approved by the Danish FSA.
6. Rating	
Describe your current stand-alone ratings and recent rating history on <u>issuer level</u>	Nordea Kredit does not have a public stand alone rating. For the past almost 10 years all covered bonds issued by Nordea Kredit have received an Aaa and an AAA rating from Moody's and Standard & Poor's, respectively.