

ECBC CB Label Transparency Template for Danish Issuers

Overview

Issuer: Nordea Kredit Realkreditaktieselskab

Issuer type: Specialized mortgage bank

Cover pool: Capital centre 2

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
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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>	
Key information regarding issuers' balance sheet (DKKbn – except Tier 1 and Solvency ratio)	Q3 2012
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		29.6
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).

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DKKbn / Percentage of nominal outstanding CBs		Q3 2012
Nominal value of outstanding CBs		297,1
Fair value of outstanding CBs (<i>marked value</i>)		302,1
Maturity of issued CBs	0-1 day	0
	1 day – 1 year	124,0
	1-5 years	86,2
	5-10 years	10,7
	10-20 years	4,2
	> 20 years	71,9
Amortisation profile of issued CBs	Non-callable	218,3
	Callable	78,8
Interest rate profile of issued CBs	Fixed rate (<i>Fixed rate constant for more than 1 year</i>)	150,6
	Floating rate (<i>Floating rate constant for less than 1 year</i>)	145,8
	Capped floating rate	0,7
Currency denomination profile of issued CBs	DKK	271,3
	EUR	25,8
	SEK	*)
	CHF	*)
	NOK	*)
	Other	*)
UCITS compliant		Yes
CRD compliant		Yes
Eligible for central bank repo		Yes
Rating	Moody's	Aaa
	S&P	AAA
	Fitch	**)

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

**) 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	156907*	---	---	---	4329**	---	3827***	12167	---	379#	177609

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	195905*	---	---	---	17805**	---	35223***	38350	---	6899	294183

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	147263	75465	35043	13827	7782	14802	294183

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*	76297	39946	9149	43678	26835	0	195905
Holiday houses	---	---	---	---	---	0	---
Subsidised Housing	---	---	---	---	---	0	---
Cooperative Housing	---	---	---	---	---	0	---
Private rental**	8777	2427	550	4160	1892	0	17805
Manufacturing and Manual Industries	---	---	---	---	---	0	---
Office and Business***	16256	4275	2100	6870	5721	0	35222
Agricultural properties	1396	9948	2580	13239	11186	0	38350
Properties for social and cultural purposes	---	---	---	---	---	0	---
Other#	1781	1162	106	1547	2303	0	6899
Total	104507	57759	14485	69495	47937	0	294183

Table M6 Lending by loan type - IO 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	33284	---	---	---	2320	---	662	1192	---	88	37546
Adjustable Rate Mortgages	85877	---	---	---	3987	---	6523	19307	---	191	115885
Money market based loans of which:	2024	---	---	---	5242	---	12021	1347	---	390	21024
Non Capped floaters	42	---	---	---	5219	---	12016	1315	---	390	18982
Capped floaters	1982	---	---	---	23	---	5	32	---	0	2042
Other	0	0	0	0	0	0	0	0	0	0	0
Total	121185	---	---	---	11549	---	19206	21846	---	669	174455

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

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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	37123	---	---	---	3111	---	1541	1682	---	704	44162
Adjustable Rate Mortgages	36369	---	---	---	2532	---	8195	13757	---	770	61622
Money market based loans of which	1228	---	---	---	614	---	6282	1064	---	4756	13944
Non Capped floaters	10	---	---	---	592	---	6265	1031	---	4744	12642
Capped floaters	1218	---	---	---	22	---	17	33	---	12	1302
Other	0	0	0	0	0	0	0	0	0	0	0
Total	74720	---	---	---	6257	---	16018	16503	---	6230	119728

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	70407	---	---	---	5431	---	2203	2874	---	792	81708
Adjustable Rate Mortgages	122246	---	---	---	6519	---	14718	33064	---	961	177508
Money market based loans of which	3252	---	---	---	5856	---	18303	2411	---	5146	34968
Not Capped floaters	52	---	---	---	5811	---	18281	2346	---	5134	31623
Capped floaters	3200	---	---	---	45	---	22	65	---	12	3343
Other	0	0	0	0	0	0	0	0	0	0	0
Total	195905	---	---	---	17805	---	35224	38349	---	6899	294183

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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. The 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.