

ECBC CB Label Transparency Template for Danish Issuers

Overview

Issuer: Nordea Kredit Realkreditaktieselskab

Issuer type: Specialized mortgage bank

Cover pool: General capital centre (capital centre 1)

Cover pool setup: Single cover pool

Link to cover pool IR website: [Nordea Kredit IR website](https://www.nordeakredit.dk)

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>	
Key information regarding issuers' balance sheet (DKKbn – except Tier 1 and Solvency ratio)	Q4 2013
Total Balance Sheet Assets	417.0
Total Customer Loans (fair value)	364.0
of which: Used/registered for covered bond collateral pool	364.0
Tier 1 Ratio (%)	16.4
Solvency Ratio (%)	16.4
Outstanding Covered Bonds (fair value)	382.8
Outstanding Senior Unsecured Liabilities	22.2
Junior Covered Bonds / §33e Senior debt	*)
Guarantees (e.g. provided by states, municipalities, banks)	97.3
Net loan losses (Net loan losses and net loan loss provisions)	0.4**)
Value of acquired properties / ships (temporary possessions, end of quarter)	0.04
Customer loans (mortgage) (DKKbn)	
Total customer loans (market value)	364.0
Composition by	
Maturity	
- 0 ≤ 1 year	0.3
- < 1 ≤ 5 years	12.1
- over 5 years	351.6
Currency	
- DKK	341.1
- EUR	22.9
- USD	***)
- Other	***)
customer type	
- Residential (owner-occ., private rental, corporate housing, holiday houses)	271.6
- Commercial (office and business, industry, agriculture, manufacture, social and cultural, ships)	92.2
- Subsidised	0.2
eligibility as covered bond collateral	364.0
Non-performing loans (arrears/scheduled payments in per cent) (See definition in table X1)	0.53
Loan loss provisions (sum of total individual and group wise loan loss provisions, end of quarter)	0.5

*) Nordea Kredit does not issue junior covered bonds

**) Data are for the full year 2013

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

General cover pool information – Table G1.1

DKKbn / Percentage of nominal outstanding CBs		Q4 2013
Nominal cover pool ¹ (<i>total value</i>)		42.5
Transmission or liquidation proceeds to CB holders (<i>for redemption of CBs maturing 0-1 day</i>)		2.5
Overcollateralisation, DKK bn		3.4
Overcollateralisation ratio, per cent	Total	8.6
	Mandatory (<i>percentage of risk weighted assets, general, by law</i>)	8.0
Nominal value of outstanding CBs		39.1
	– hereof amount maturing 0-1 day	0.4
Senior secured debt ²		*)
Senior unsecured debt, DKK bn		1.7
Tier 2 capital		*)
Additional tier 1 capital (<i>e.g. hybrid core capital</i>)		*)
Core tier 1 capital		1.0

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).

*) Nordea Kredit does not issue such debt or capital instruments

General cover pool information – Table G2

DKKbn / Percentage of nominal outstanding CBs		Q4 2013
Nominal value of outstanding CBs, DKK bn		39.1
Fair value of outstanding CBs (<i>marked value</i>) DKK bn		41.3
Maturity of issued CBs – shares in per cent	0-1 day	1.1
	1 day – 1 year	0.9
	1-5 years	20.9
	5-10 years	1.5
	10-20 years	7.1
	> 20 years	68.5
Amortisation profile of issued CBs – shares in per cent	Non-callable	13.8
	Callable	86.2
Interest rate profile of issued CBs – shares in per cent	Fixed rate (<i>Fixed rate constant for more than 1 year</i>)	84.0
	Floating rate (<i>Floating rate constant for less than 1 year</i>)	8.7
	Capped floating rate	7.3
Currency denomination profile of issued CBs – shares in per cent	DKK	91.2
	EUR	8.8
	SEK	*)
	CHF	*)
	NOK	*)
	Other	*)
UCITS compliant		Yes
CRD compliant**)		Yes
Eligible for central bank repo		Yes
Rating	Moody's	Aaa
	S&P	AAA
	Fitch	***)

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

**): All ISINs issued in the general capital centre except one are CRD-grandfathered and thus CRD compliant. This means that 91.3 per cent of the volume of bonds issued in capital centre 1 is CRD compliant.

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

Table G3 – Legal ALM (balance principle) adherence ¹	Issue adherence
General balance principle	
Specific balance principle	X

1) Please 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	34,302	3,586	22	201	422	79	568	1,848	36	38	41,102

Table M2/ B2	Lending by property category, DKK m										
	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	28,502.6	1,844.7	35.0	1,443.4	470.1	431.8	1,005.9	4,715.6	140.9	17.0	38,607.0

Table M3/B3	Lending by loan size, DKK m						
	DKK 0 - 2m	DKK 2 - 5m	DKK 5 - 20m	DKK 20 - 50m	DKK 50 - 100m	> DKK 100m	Total
Total	28,372.2	5,715.7	3,340.7	941.3	130.2	106.8	38,607.0

Table M4a / B4a		Lending, by-loan to-value, current property value (LTV), DKK m										
		----- 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	Total
Owner-occupied homes	Owner-occupied	7,535.8	8,095.8	6,316.8	2,214.7	1,596.8	597.5	478.5	377.8	302.7	986.2	28,502.6
	Holiday houses	618.4	557.6	402.4	122.6	77.5	25.4	17.7	11.5	6.4	5.2	1,844.7
	Subsidised Housing	24.7	9.9		0.2	0.1						35.0
	Cooperative Housing	418.0	310.8	253.4	117.2	110.0	47.6	43.4	38.0	26.7	78.1	1,443.4
	Private rental	166.1	141.0	101.3	31.2	17.5	4.2	2.8	1.4	1.2	3.4	470.1
	Manufacturing and manual Industries	126.7	126.0	81.8	23.3	16.4	8.0	8.0	9.0	8.5	24.1	431.8
	Office and Business	458.8	335.0	144.5	28.8	19.0	8.8	2.2	1.5	1.1	6.1	1,005.9
	Agricultural properties	1,815.6	1,483.4	908.9	286.5	129.4	37.0	19.7	14.5	8.1	12.5	4,715.6
	Properties for social and cultural purposes	74.1	47.7	11.7	3.1	1.9	0.3	0.2	0.2	0.2	1.5	140.9
	Other	9.7	5.8	1.0	0.2	0.1	0.1	0.1	0.1	0.1	0.1	17.0
Total		11,247.9	11,113.0	8,221.8	2,827.8	1,968.7	728.9	572.6	454.0	355.0	1,117.2	38,607.0
Table M4b / B4b		Lending, by-loan to-value, current property value (LTV), percentage shares of lending per property category										
		----- 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	Total
Owner-occupied homes	Owner-occupied	26.4	28.4	22.2	7.8	5.6	2.1	1.7	1.3	1.1	3.5	100.0
	Holiday houses	33.5	30.2	21.8	6.6	4.2	1.4	1.0	0.6	0.3	0.3	100.0
	Subsidised Housing	70.6	28.4		0.6	0.4						100.0
	Cooperative Housing	29.0	21.5	17.6	8.1	7.6	3.3	3.0	2.6	1.8	5.4	100.0
	Private rental	35.3	30.0	21.6	6.6	3.7	0.9	0.6	0.3	0.3	0.7	100.0
	Manufacturing and manual Industries	29.3	29.2	18.9	5.4	3.8	1.9	1.9	2.1	2.0	5.6	100.0
	Office and Business	45.6	33.3	14.4	2.9	1.9	0.9	0.2	0.2	0.1	0.6	100.0
	Agricultural properties	38.5	31.5	19.3	6.1	2.7	0.8	0.4	0.3	0.2	0.3	100.0
	Properties for social and cultural purposes	52.6	33.8	8.3	2.2	1.4	0.2	0.2	0.1	0.1	1.1	100.0
	Other	56.7	33.9	5.9	1.0	0.7	0.4	0.4	0.4	0.3	0.4	100.0

Table M5	Lending by region, DKK m						
	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	12,213.4	7,921.0	707.9	5,084.2	2,576.1		28,502.6
Holiday houses	667.4	666.0	108.6	273.8	128.9		1,844.7
Subsidised Housing	28.4				6.6		35.0
Cooperative Housing	526.1	169.5	59.1	504.5	184.1		1,443.4
Private rental	141.6	133.4	14.9	97.4	82.8		470.1
Manufacturing and manual Industries	13.7	37.6	22.8	331.2	26.5		431.8
Office and Business	313.8	259.3	27.8	214.0	191.0		1,005.9
Agricultural properties	275.1	1,205.9	190.6	1,908.7	1,135.4		4,715.6
Properties for social and cultural purposes	69.1	22.6	13.1	12.1	23.9		140.9
Other	7.3	6.4	0.6	1.7	1.0		17.0
Total	14,255.9	10,421.7	1,145.4	8,427.6	4,356.3		38,607.0

Table M6	Lending by loan type - IO Loans* DKK m										
	Owner-occupied homes	Holiday houses	Subsidised housing	Coop. housing	Private rental	Manufacturing and manual Industries	Office and Business	Agriculture	Social and cultural purposes	Other	Total
Index Loans											
Fixed-rate loans	10,580.6	820.0		1,117.7	139.3		264.8	420.4		6.4	13,349.2
Adjustable Rate Mortgages											
Money market based loans of which:	1,498.0	100.7		47.7	42.2		68.4	2,105.8		0.9	3,866.7
Non Capped floaters	12.3	5.1		2.9	37.8		63.9	2,034.5			2,156.5
Capped floaters	1,485.7	95.6		44.8	7.4		4.5	71.3		0.9	1,710.2
Other											
Total	12,078.6	920.7		1,165.4	184.5		333.2	2,526.2		7.3	17,215.9

* Interest-only loans at time of compilation. Interest-only is limited to a maximum of 10 years in CC1.

Table M7**Lending by loan type - Repayment Loans/Amortizing Loans, DKK m**

	Owner-occupied homes	Holiday houses	Subsidised housing	Coop. housing	Private rental	Manufacturing and manual Industries	Office and Business	Agriculture	Social and cultural purposes	Other	Total
Index Loans											
Fixed-rate loans	15,330.4	878.8	30.4	186.2	258.6	190.5	541.6	1,314.5	117.1	9.6	18,857.7
Adjustable Rate Mortgages	33.9	1.7		50.1	7.8		44.4	4.2			142.1
Money market based loans of which	1,059.8	43.6	4.6	41.6	19.3	241.3	86.7	870.7	23.8	0.1	2,391.5
Non Capped floaters	2.4				5.9	241.3	66.2	823.0		0.1	1,138.9
Capped floaters	1,057.4	43.6	4.6	41.6	13.4		20.5	47.7	23.8		1,252.6
Other											
Total	16,424.1	924.1	35.0	277.9	285.7	431.8	672.7	2,189.4	140.9	9.7	21,391.3

Table M8**Lending by loan type – all loans, DKK m**

	Owner-occupied homes	Holiday houses	Subsidised housing	Coop. housing	Private rental	Manufacturing and manual Industries	Office and Business	Agriculture	Social and cultural purposes	Other	Total
Index Loans											
Fixed-rate loans	25,910.9	1,698.8	30.4	1,303.9	397.9	190.5	806.4	1,734.9	117.1	16.0	32,206.8
Adjustable Rate Mortgages	33.9	1.7		50.1	7.8		44.4	4.2			142.1
Money market based loans of which	2,557.8	144.2	4.6	89.3	64.4	241.3	155.1	2,976.5	23.8	1.0	6,258.0
Non Capped floaters	14.7	5.1		2.9	43.6	241.3	130.1	2,857.5		0.1	3,295.3
Capped floaters	2,543.1	139.1	4.6	86.4	20.8		25.0	119.0	23.8	0.9	2,962.7
Other											
Total	28,502.6	1,844.7	35.0	1,443.4	470.1	431.8	1,005.9	4,715.6	140.9	17.0	38,607.0

Table M9 Lending by Seasoning, DKK m <i>(Seasoning defined by duration of customer relationship)</i>											
	Owner-occupied homes	Holiday houses	Subsidi- sised hou- sing	Coop. housing	Private rental	Manufactur ing and manual Industries	Office and Business	Agriculture	Social and cultural purposes	Other	Total
< 12 months											
≥ 12 - ≤ 24 months											
≥ 24 - ≤ 36 months						5.9					5.9
≥ 36 - ≤ 60 months				2.9		5.0					7.9
≥ 60 months	28,502.6	1,844.7	35.0	1,440.4	470.1	420.9	1,005.9	4,715.6	140.9	17.0	38,593.1
Total	28,502.6	1,844.7	35.0	1,443.4	470.1	431.8	1,005.9	4,715.6	140.9	17.0	38,607.0

Table M10 Lending by remaining maturity, DKK m											
	Owner-occupied homes	Holiday houses	Subsidi- sised hou- sing	Coop. housing	Private rental	Manufactur ing and manual Industries	Office and Business	Agriculture	Social and cultural purposes	Other	Total
< 1 Years	252.0	21.7		14.2	4.7		30.3	15.3	0.3		338.5
≥ 1 - ≤ 3 Years	2,836.6	200.3	5.2	968.7	62.0	3.3	84.9	118.9	4.0	1.0	4,284.9
≥ 3 - ≤ 5 Years	743.1	39.9	3.3	109.0	2.7	46.5	10.1	48.6	0.5	1.5	1,005.2
≥ 5 - ≤ 10 Years	543.3	72.7	11.2	11.3	24.4	43.6	84.1	92.7	25.2	0.4	908.9
≥ 10 - ≤ 20 Years	3,669.0	207.7	3.3	33.1	107.4	336.2	559.5	581.1	45.4	3.6	5,546.3
> 20 Years	20,458.6	1,302.4	12.0	306.9	268.8	2.2	237.1	3,858.9	65.5	10.4	26,522.8
Total	28,502.6	1,844.7	35.0	1,443.4	470.1	431.8	1,005.9	4,715.6	140.9	17.0	38,607.0

Table M11 90 day Non-performing loans by property type, per cent											
	Owner-occupied homes	Holiday houses	Subsidi- sised housing	Coop. housing	Private rental	Manufactur ing and manual Industries	Office and Business	Agriculture	Social and cultural purposes	Other	Total
90 day NPL	0.66	0.32	0.00	0.00	0.45	0.31	2.04	1.91	0.00	0.00	0.77

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.