

ECBC Label Template for Danish Issuers 2014

REALKREDIT
Danmark



Issuer: Realkredit Danmark
Issuer type: Specialized mortgage bank
Cover pool: Capital Centre T
Cover pool setup: Single cover pool (SDRO)
Link to cover pool IR website: <http://rd.dk/da-dk/investor/Library/ECBC/Pages/default.aspx>
Homepage: www.rd.dk/investor
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As of **Period Q2 2014**



Specialised finance institutes

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Ship finance institutes

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Key Concepts

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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 and that some information is optional. 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-M12, X1-3

Ship finance institutes

Tables A, G1.1, G2-4, S1-S13, X1-3

Non-specialised bank CBs issuers

Tables G1.1 (except total capital coverage), G2-4, B1-B1, X1-3



Table A. General Issuer Detail

Optional for Banks



Key information regarding issuers' balance sheet

<i>(DKKbn – except Tier 1 and Solvency ratio)</i>	2014Q2	2014Q1	2013Q4	2013Q3
Total Balance Sheet Assets	841,6	836,1	848,1	782,1
Total Customer Loans(fair value)	743,0	739,8	730,9	729,9
of which: Used/registered for covered bond collateral pool	743,0	739,8	730,9	729,9
Tier 1 Ratio (%)	33,8	33,7	33,5	34,6
Solvency Ratio (%)	34,3	34,2	34,0	35,1
Outstanding Covered Bonds (fair value)	765,1	826,2	866,1	738,2
Outstanding Senior Unsecured Liabilities	0,0	0,0	-	-
Senior Secured Bonds	28,6	32,6	32,1	27,1
Guarantees (e.g. provided by states, municipals, banks)	87,8	75,9	81,8	77,0
Net loan losses (Net loan losses and net loan loss provisions)	0,6	0,2	0,3	0,3
Value of acquired properties / ships (temporary possessions, end quarter)	0,2	0,2	1,5	0,2
	0	0	0	0
	T	T	0	0
Customer loans (mortgage) (DKKbn)	0	0	0	0
Total customer loans (market value)	422,3	409,2	385,6	378,8
Composition by	0	0	0	0
Maturity	0	0	0	0
- 0 <= 1 year	0,1	0,1	9,6	8,8
- < 1 <= 5 years	1,7	1,7	1,3	1,1
- over 5 years	420,5	407,4	374,7	368,9
Currency	-	-	-	-
- DKK	377,5	361,5	344,5	310,0
- EUR	27,8	27,7	29,2	26,0
- USD	-	-	-	-
- Other	17	20	12	42
customer type	-	-	-	-
- Residential (owner-occ., private rental, corporate housing, holiday houses)	0,2	0,2	0,2	208,3
- Commercial (office and business, industry, agriculture, manufacture, social and cultural, ships)	0,2	0,2	0,2	157,1
- Subsidised	-	-	-	13,4
eligibility as covered bond collateral	-	-	-	-
Non-performing loans (See definition in table X1)	2,52	2,44	2,31	2,82
Loan loss provisions (sum of total individual and group wise loss provisions, end of quarter)	-	-	-	-

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Table G1.1 – General cover pool information



DKKbn / Percentage of nominal outstanding CBs		2014Q2	2014Q1	2013Q4	2013Q3
Nominal cover pool (total value)		453,1	449,5	442,0	414,3
Transmission or liquidation proceeds to CB holders (for redemption of CBs maturing 0-1 day)		1,1	71,9	116,3	1,0
Overcollateralisation		46,8	46,2	46,3	43,0
Overcollateralisation ratio	Total	0,1	0,1	0,1	0,1
	Mandatory (percentage of risk weighted assets, general, by law)	8,0%	8,0%	8,0%	8,0%
Nominal value of outstanding CBs		406,4	403,3	509,0	382,0
	– hereof amount maturing 0-1 day	0,0	68,0	111,0	0,0
Proceeds from senior secured debt		26,5	26,5	24,5	20,0
Proceeds from senior unsecured debt		0,0	0,0	0,0	0,0
Tier 2 capital		0,0	0,0	0,0	0,0
Additional tier 1 capital (e.g. hybrid core capital)		0	0	0	0
Core tier 1 capital invested in gilt-edged securities		20	20	22	21
Total capital coverage (rating compliant capital)		47	46	0	0
		0	0	0	0
Loan loss provisions (cover pool level - shown i Table A on issuer level) - Optional		-	-	0	0

Table G2 – Outstanding CBs

DKKbn / Percentage of nominal outstanding CBs		2014Q2	2014Q1	2013Q4	2013Q3
Nominal value of outstanding CBs		415	477	509	382
Fair value of outstanding CBs (marked value)		425	487	517	388
Maturity of issued CBs	0-1 day	-	68,0	111,0	-
	1 day – < 1 year	140,0	78,0	68,0	178,0
	1 year	-	-	-	-
	> 1 and ≤ 2 years	113,0	144,0	-	-
	> 2 and ≤ 3 years	96,0	87,0	-	-
	> 3 and ≤ 4 years	43,0	57,0	-	-
	> 4 and ≤ 5 years	16,0	31,0	-	-
	5-10 years	8,0	12,0	16,0	8,0
	10-20 years	-	-	-	-
	> 20 years	-	-	-	-
Amortisation profile of issued CBs	Bullet	79,0%	81,0%	100,0%	100,0%
	Annuity	21,0%	19,0%	0,0%	0,0%
	Serial	0,0%	0,0%	0,0%	0,0%
Interest rate profile of issued CBs	Fixed rate (Fixed rate constant for more than 1 year)	79,0%	81,0%	86,0%	87,0%
	Floating rate (Floating rate constant for less than 1 year)	21,0%	19,0%	14,0%	13,0%
	Capped floating rate	0,0%	0,0%	0,0%	0,0%
Currency denomination profile of issued CBs	DKK	0,9	0,9	0,9	0,9
	EUR	0,1	0,1	0,1	0,1
	SEK	0	0	0	0
	CHF	-	-	-	-
	NOK	-	-	-	-
	USD	-	-	-	-
	Other	-	-	-	-
UCITS compliant		100%	100%	100%	100%
CRD compliant		100%	100%	100%	100%
Eligible for central bank repo		100%	100%	100%	100%
Rating	Moody's	0	0	0	0
	S&P	AAA	AAA	AAA	AAA
	Fitch	AA+	AA+	AA+	AA+

Table G3 – Legal ALM (balance principle) adherence¹

Issue adherence	
General balance principle	
Specific balance principle	X

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

Note: * A few older traditional danish mortgage bonds are not CRD compliant

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Capital Centre T

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

Reporting date 30-06-2014



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	192.139	16.810	2.639	1.054	11.905	1.134	7.514	11.241	434	535	245.405
In %	78,0	7,0	1,0	0,0	5,0	0,0	3,0	5,0	0,0	0,0	99,0

Table M2/B2

Lending by property category, DKKbn

	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	222	12	18	7	34	9	75	40	4	1	422
In %	53,0	2,9	4,2	1,8	8,1	2,1	18,0	9,4	1,0	0,1	100,6

Table M3/B3

Lending, by loan size, DKKbn

	DKK 0 - 2m	DKK 2 - 5m	DKK 5 - 20m	DKK 20 - 50m	DKK 50 - 100m	> DKK 100m	Total
Total	172	96	63	32	17	42	422
In %	40,8	22,8	15,0	7,5	4,1	9,9	100,0

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Table M4a/B4a

Lending, by-loan to-value (LTV), current property value, DKKbn

	Per cent										Avg. LTV
	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	68	61	49	18	13	4	3	2	1	4	52,9
Holiday houses	4	4	3	1	0	0	0	0	0	0	49,4
Subsidised Housing	6	4	3	1	1	0	0	0	0	2	27,6
Cooperative Housing	2	2	1	1	1	0	0	0	0	0	36,4
Private rental	10	9	8	3	2	0	0	0	0	1	53,5
Manufacturing and Manual Industries	3	3	2	0	0	0	0	0	0	0	57,4
Office and Business	29	24	16	3	1	0	0	0	0	1	42,3
Agricultural properties	15	13	9	2	1	0	0	0	0	0	21,0
Properties for social and cultural purposes	2	1	1	0	0	0	0	0	0	0	67,6
Other	0	0	0	0	0	0	0	0	0	0	34,1
Total	140	121	92	28	19	5	4	3	2	8	442,2

Table M4b/B4b

Lending, by-loan to-value (LTV), current property value, per cent

	Per cent										Avg. LTV
	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	30,6	27,5	22,1	8,2	5,7	1,6	1,2	0,8	0,6	1,7	
Holiday houses	35,6	31,3	23,0	5,6	2,3	0,6	0,4	0,3	0,2	0,7	
Subsidised Housing	32,4	23,9	17,3	6,1	4,7	2,1	1,8	1,5	1,3	8,6	
Cooperative Housing	32,0	22,7	19,7	8,3	6,7	2,3	1,7	1,5	1,1	4,1	
Private rental	30,7	27,2	22,7	8,0	4,8	1,3	0,9	0,7	0,5	3,1	
Manufacturing and Manual Industries	38,5	29,1	20,8	3,8	2,4	0,9	0,7	0,6	0,4	2,8	
Office and Business	38,4	31,7	21,7	3,5	1,6	0,5	0,4	0,3	0,2	1,6	
Agricultural properties	36,6	32,0	21,5	5,2	2,8	0,7	0,5	0,2	0,1	0,4	
Properties for social and cultural purposes	42,9	31,2	21,0	2,9	1,0	0,2	0,0	0,0	0,0	1,0	
Other	68,0	30,0	2,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Total	33,2	28,6	21,8	6,7	4,4	1,3	0,9	0,7	0,5	1,9	

Table M4c/B4c

Lending, by-loan to-value (LTV), current property value, DKKbn ("Sidste krone")

	Per cent										Avg. LTV
	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	6	24	45	32	43	21	12	10	8	22	
Holiday houses	0	2	4	4	2	0	0	0	0	0	
Subsidised Housing	2	2	5	2	1	1	1	1	0	3	
Cooperative Housing	1	1	1	1	1	1	0	0	0	1	
Private rental	2	4	8	5	6	2	1	1	1	4	
Manufacturing and Manual Industries	1	2	3	1	1	0	0	0	0	1	
Office and Business	7	15	33	9	4	1	1	1	0	3	
Agricultural properties	6	11	13	5	3	1	1	0	0	1	
Properties for social and cultural purposes	1	1	2	0	0	0	0	0	0	0	
Other	0	0	0	0	0	0	0	0	0	0	
Total	26	62	114	59	61	27	16	13	9	35	

Table M4d/B4d

Lending, by-loan to-value (LTV), current property value, PER CENT ("Sidste krone")

	Per cent										Avg. LTV
	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	2,7	10,8	20,3	14,4	19,4	9,5	5,4	4,5	3,6	9,9	
Holiday houses	0,0	16,7	33,3	33,3	16,7	0,0	0,0	0,0	0,0	0,0	
Subsidised Housing	11,1	11,1	27,8	11,1	5,6	5,6	5,6	5,6	0,0	16,7	
Cooperative Housing	14,3	14,3	14,3	14,3	14,3	14,3	0,0	0,0	0,0	14,3	
Private rental	5,9	11,8	23,5	14,7	17,6	5,9	2,9	2,9	2,9	11,8	
Manufacturing and Manual Industries	11,1	22,2	33,3	11,1	11,1	0,0	0,0	0,0	0,0	11,1	
Office and Business	9,3	20,0	44,0	12,0	5,3	1,3	1,3	1,3	0,0	4,0	
Agricultural properties	15,0	27,5	32,5	12,5	7,5	2,5	2,5	0,0	0,0	2,5	
Properties for social and cultural purposes	25,0	25,0	50,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Other	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Total	6,2	14,7	27,0	14,0	14,5	6,4	3,8	3,1	2,1	8,3	



Table M5/B5 - Total

Lending by region, DKKbn

	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	101	41	11	38	32		222
Holiday houses	1	5	2	2	2		12
Subsidised Housing	4	3	3	5	3		18
Cooperative Housing	4	1	0	2	1		7
Private rental	12	2	3	9	7	1	34
Manufacturing and Manual Industries	1	1	1	3	3	0	9
Office and Business	30	5	3	11	15	11	75
Agricultural properties	3	11	6	8	13		40
Properties for social and cultural purposes	1	1	0	1	1	0	4
Other	0	0	0	0	0		1
Total	158	70	28	76	78	12	422

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Table M6/B6

Lending by loan type - 10 Loans, DKKbn

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	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	
Index Loans	0	0	0	0	0	0	0	0	0	0	0	-
Fixed-rate to maturity	0	0	0	0	0	0	0	0	0	0	0	0
Fixed-rate shorter period than maturity (ARM's etc.)												
- rate fixed ≤ 1 year	41	3	0	1	6	0	5	12	0	0	0	67
- rate fixed > 1 and ≤ 3 years	56	3	0	1	4	1	6	5	0	0	0	75
- rate fixed > 3 and ≤ 5 years	37	2	0	1	4	0	7	2	0	0	0	53
- rate fixed > 5 years	3	0	0	2	1	0	3	0	0	0	0	8
Money market based loans	0	0	0	2	7	3	22	5	1	0	0	40
Non Capped floaters	0	0	0	0	0	0	0	0	0	0	0	0
Capped floaters	6	0	0	0	2	0	1	5	0	0	0	14
Other	0	0	0	0	1	0	9	0	0	0	0	9
Total	143	8	0	6	24	4	53	30	1	0	0	268

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

Table M7/B7

Lending by loan type - Repayment Loans / Amortizing Loans, DKKbn

	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	
Index Loans	0	0	0	0	0	0	0	0	0	0	0	0
Fixed-rate to maturity	0	0	0	0	0	0	0	0	0	0	0	0
Fixed-rate shorter period than maturity (ARM's etc.)												
- rate fixed ≤ 1 year	23	1	1	1	3	1	4	5	1	0	0	37
- rate fixed > 1 and ≤ 3 years	30	2	0	0	2	1	3	2	1	0	0	41
- rate fixed > 3 and ≤ 5 years	23	1	16	1	2	1	3	1	0	0	0	48
- rate fixed > 5 years	1	0	0	0	1	0	1	0	0	0	0	4
Money market based loans	0	0	0	0	2	2	9	1	1	0	0	17
Non Capped floaters	0	0	0	0	0	0	0	0	0	0	0	0
Capped floaters	3	0	0	0	1	0	1	1	0	0	0	6
Other	0	0	0	0	0	0	1	0	0	0	0	1
Total	80	4	18	2	10	5	22	10	3	0	0	154

Table M8/B8

Lending by loan type - All loans, DKKbn

	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	
Index Loans	0	0	0	0	0	0	0	0	0	0	0	0
Fixed-rate to maturity	0	0	0	0	0	0	0	0	0	0	0	0
Fixed-rate shorter period than maturity (ARM's etc.)												
- rate fixed ≤ 1 year	64	4	1	1	8	1	8	17	1	0	0	105
- rate fixed > 1 and ≤ 3 years	86	4	0	1	6	2	9	7	1	0	0	116
- rate fixed > 3 and ≤ 5 years	60	3	16	2	6	1	10	3	0	0	0	101
- rate fixed > 5 years	4	0	0	2	1	0	4	0	0	0	0	13
Money market based loans	0	0	0	2	9	5	32	7	2	0	0	57
Non Capped floaters	0	0	0	0	0	0	0	0	0	0	0	0
Capped floaters	9	1	0	0	2	0	2	6	0	0	0	20
Other	0	0	0	0	1	0	10	0	0	0	0	10
Total	222	12	18	7	34	9	75	40	4	1	0	422

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Lending by Seasoning, DKKbn (Seasoning defined by duration of customer relationship)

Table M10/B10

Lending by remaining maturity, DKKbn

Table M11/B11

90 day Non-performing loans by property type, as percentage of total payments, %

Note: 90-days arrear as of Q1 2013 (See definition in table X1)

Table M11a/B11a

90 day Non-performing loans by property type, as percentage of lending, %

Note: 90-days arrear as of Q1 2013 (See definition in table X1)

Table M11b/B11b

90 day Non-performing loans by property type, as percentage of lending, by continous LTV bracket, %

Table M12/B12 (The figures are for all Capital center and will therefor be shown in %)

Realised losses (%)

Table M12a/B12a (The figures are for all Capital center and will therefor be shown in %)

Realised losses (%)

Procent of Lending



Table X1

Key Concepts	Explanation	General practice in Danish market	If issuers Key Concepts Explanation differs from general practice: State and explain in this column.
Residential versus commercial mortgages			
Description of the difference made between residential/owner occupied and commercial properties		The Danish FSA sets guidelines for the grouping of property in categories. Property type is determined by its primary use.	
Describe when you classify a property as commercial?		Property which primary purpose is owner occupation is characterised as residential. Whereas properties primarily used for commercial purposes are classified as commercial (cf. below). The Danish FSA sets guidelines for the grouping of property in categories. Examples of application of which classifies property as commercial are:	
E.g.: Private rental, Manufacturing and Manual Industries, Offices and Business, Agriculture.		<ul style="list-style-type: none"> · Office · Retail/shop · Warehouse · 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 	
NPL (Non-performing loans)			
		A loan is categorised as non-performing when a borrower neglects a payment failing to pay instalments and / or interests.	
Describe how you define NPLs		The NPL rate is calculated at different time periods after the original payment date. Standard in Table A is 90 day arrear.	
		Commercial bank CB issuers adhere to the Basel definition of NPL.	
Explain how you distinguish between performing and nonperforming loans in the cover pool?		No distinction made. Asset substitution i not allowed for specialised mortgage banks.	
Are NPLs parts of eligible assets in cover pool? Are NPL parts of non eligible assets in cover pool?		The Basel definition of NPL's is applied for commercial bank CB issuers Asset substitution i 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?		For commercial bank CB issuers NPL's are eligible assets in the cover pool. Asset substitution i not allowed for specialised mortgage banks, hence loans in foreclosure 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?		For commercial bank CB issuers loans in foreclosure procedure are eligible assets 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.	

Table X2																															
Key Concepts Explanation	Issuer specific (N/A for some issuers)																														
Guaranteed loans (if part of the cover pool)																															
How are the loans guaranteed? Please provide details of guarantors																															
Loan-to-Value (LTV)	Legal framework for valuation and LTV-calculation follow the rules of the Danish FSA - Bekendtgørelse nr. 687 af 20. juni 2007																														
Describe the method on which your LTV calculation is based	<p>LTV is calculated on each property on a loan-by-loan basis, and takes into account prior-ranking loans at fair values relative to the estimated property value based on the most recent valuation or market value.</p> <p>Fair value of the loan distributed are shown utilising LTV bracket intervals. The intervals become smaller as the percentage approaches par. This publication distributes the loan continuously from the lower LTV bracket to the upper brackets relative to fair value of the collateral. For loans where a part of the loan is covered by a guarantee from public authorities (non-profit housing) the guaranteed part is placed in the lower LTV bracket.</p> <p><u>Example on continuously distribution into LTV brackets for a loan with fair value of 75 per cent</u> This example loan will be distributed with 20 per cent of the value into the lower three brackets; 10 per cent in the fourth bracket and the remaining 5 per cent of the value in the last bracket.</p> <table><tr><th colspan="10">Loan-to-value (distributed continuously)</th></tr><tr><td>0-19.9</td><td>20-39.9</td><td>40-59.9</td><td>60-69.9</td><td>70-79.9</td><td>80-84.9</td><td>85-89.9</td><td>90-94.9</td><td>95-100</td><td>>100</td></tr><tr><td>20</td><td>20</td><td>20</td><td>10</td><td>5</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>	Loan-to-value (distributed continuously)										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	20	20	20	10	5	0	0	0	0	0
Loan-to-value (distributed continuously)																															
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																						
20	20	20	10	5	0	0	0	0	0																						
Frequency of collateral valuation for the purpose of calculating the LTV																															

**Table X3**

General explanation	General practice in Danish market
Table A	
Total Balance Sheet Assets	Total balance sheet assets as reported in the interim or annual reports of the issuer, fair value
Total Customer Loans(fair value)	All mortgage credit loans funded by the issue of covered mortgage bonds or mortgage bonds measured at fair value
Tier 1 Ratio (%)	The tier 1 capital ratio as stipulated in DFSA regulations
Solvency Ratio (%)	The solvency ratio as stipulated in DFSA regulations
Outstanding Covered Bonds (fair value)	The circulating amount of covered bonds (including covered mortgage bonds and mortgage bonds)
Outstanding Senior Unsecured Liabilities	All outstanding senior unsecured liabilities including any intra-group senior unsecured liabilities to finance OC- and LTV-ratio requirements
Senior Secured Bonds	Senior secured bonds - formerly known as JCB (§ 15)
Guarantees (e.g. provided by states, municipals, banks)	All guarantees backing the granted loans provided by e.g. states, municipalities or banks
Net loan losses (Net loan losses and net loan loss provisions)	The item taken from the issuer's profit & loss account
Value of acquired properties / ships (temporary possessions, end quarter)	Value as entered in interim and annual reports and as reported to the DFSA; The lower of the carrying amount at the time of classification and the fair value less selling costs.
Total customer loans (market value)	All mortgage credit loans funded by the issue of covered mortgage bonds or mortgage bonds measured at market value
Maturity	Maturity distribution of all mortgage credit loans
Non-performing loans (See definition in table X1)	Please see definition of Non-performing loans in table X1
Loan loss provisions (sum of total individual and group wise loss provisions, end of quarter)	All individual and group wise loan loss provisions as stated in the issuer's interim and annual accounts

General explanation	General practice in Danish market
Table G1.1	
Nominal cover pool (total value)	Sum of nominal value of covered bonds + Senior secured debt + capital. Capital is: Additional tier 1 capital (e.g. hybrid core capital) and Core tier 1 capital
Transmission or liquidation proceeds to CB holders (for redemption of CBs maturing 0-1 day)	Liquidity due to be paid out next day in connection with refinancing
Overcollateralisation	Total value of cover pool - nominal value of covered bonds
Senior secured debt	Total nominal value of senior secured debt
Senior unsecured debt	Issuers senior unsecured liabilities targeted to finance OC- and LTV-ratio requirements in cover pool
Tier 2 capital	Subordinated debt
Additional tier 1 capital (e.g. hybrid core capital)	Hybrid Tier 1 capital (perpetual debt instruments).
Core tier 1 capital	Equity capital and retained earnings.

General explanation	General practice in Danish market
Table G3	
General balance principle	The general balance principle does not require a one-to-one balance between the loan and the bonds issued. This gives the credit institution a wider scope for taking liquidity risk than the more strict specific balance principle.
Specific balance principle	<p>The specific balance principle ensures a one-to-one balance between loans and bonds issued, and is used for the issuance of SDRO, SDO and RO bonds.</p> <p>The specific balance principle de facto implies full cash flow pass through from borrowers to investors. Under this principle daily loan origination is continuously tapped into the market, and the individual borrower loan rate is determined directly by the bond sales price for the corresponding financing amount of bonds. All borrower payments of interest and principal match the interest and principal payments to investors exactly (borrower payments fall due one day prior to the payments to investors). Redemptions take place by borrowers' buy back of the financing bond in the market at market price, or (for callable bonds) by calling the bond at par. In the latter case the borrower prepayment match the bond draw down.</p> <p>Market risks are thus eliminated under this issuance model (i.e. interest rate risk, prepayment risks, liquidity risks and funding risks). Further, asset substitution is not possible under this issuance model.</p>

General explanation	General practice in Danish market
Table G4	
One-to-one balance between terms of granted loans and bonds issued, i.e. daily tap issuance?	Mortgage banks issue and sell bonds to investors, who then fund the loans. During the loan terms, borrowers make principal and interest payments to mortgage banks which transfer the amounts to investors. Mortgage banks charge a margin from the borrower to cover daily operating costs, potential losses, and to make a profit. The margin is a percentage of the outstanding debt which the borrower pays throughout the loan term. The margin rate corresponds to the interest margin of a bank but is generally lower. The issuance is made on a daily basis.
Pass-through cash flow from borrowers to investors?	Yes, the mortgage bank is an intermediary between persons requiring loans for the purchase of real properties and investors funding the loans by purchasing bonds.
Asset substitution in cover pool allowed?	No, (due to Danish legislation) asset substitution is not allowed/possible.

General explanation	General practice in Danish market
Table M1-M5	
Owner-occupied homes	Private owned residentials used by the owner. Max LTV are 80 % (legislation).
Holiday houses	Holiday houses for owners own use or for renting. Max LTV are 60 % (legislation).
Subsidised Housing	Residential renting subsidised by the government. Max LTV 80 %. LTVs above 80 % can be granted against full governmental guarantee.
Cooperative Housing	Residential property owned and administered by the cooperative and used by the members of the cooperative. Max LTV 80 % (legislation).
Private rental	Residential property rented out to private tenants. Max LTV 80 % (legislation).
Manufacturing and Manual Industries	Industrial and manufacture buildings and warehouse for own use or for rent. Max LTV are 60 % (legislation).
Office and Business	Office property and retail buildings for own use or for rent. Max LTV are 60 % (legislation).
Agriculture	Property and land for agricultural use. Max LTV 70 % (legislation).
Social and cultural purposes	Property used for education, kindergardens, museum and other buildings for public use. Max LTV are 70 % (legislation).
Other	Property, that can not be placed in the categories above. Max LTV are 70 % (legislation).

General explanation	General practice in Danish market
Table M6-M8	
Index Loans	These are loans where instalments and outstanding debt are adjusted with the development of an index which typically reflects trends in consumer prices. The loan type was introduced in Denmark in 1982. All Danish index loans have index semi-annual payment dates (January 1st and July 1st). Index loans are offered as cash loans. The maturity depends on the loan type. Especially the maturity for subsidized housing depends on the size of the future inflation rate.
Fixed-rate loans	The long-term – typically 30-year – fixed-rate, callable loan is considered the most traditional mortgage loan. With this loan, the borrower knows in advance the fixed repayments throughout the term of the loan. The long-term fixed-rate mortgage loan has a prepayment option which may be exercised in two ways, i.e. the borrowers may prepay their outstanding debt at a price of 100 (par) or the borrowers may purchase the underlying bonds in the financial markets and deliver them to the mortgage bank. This loan type is also offered with interest-only periods.
Adjustable Rate Mortgages	Adjustable-rate mortgages (ARMs) were introduced in 1996 and the main advantage of ARMs is that interest rates are generally lower than those of fixed-rate loans when raised. The interest rate is generally reset at a frequency of 1, 3, 5 or 10 years and the underlying bonds are replaced by new bonds. The yield of the new bonds determines the loan rate for the period until the next interest rate reset. The lower initial loan rate should therefore be weighed against the risk that it will increase during the loan term. An ARM may be prepaid at a price of 100 in connection with each interest rate reset. Alternatively, the borrower may prepay the loan by purchasing the bonds on market terms – as with all mortgage loans. This loan type is also offered with interest-only periods.
Money market based loans	The loan rate changes at generally three or six months. In addition, this loan type differs from ARMs as this interest rate depends on a reference rate, ie an interest rate determined in another market. The reference rate of DKK-denominated loans is CIBOR (Copenhagen Interbank Offered Rate) or CITA (Copenhagen Interbank Tomorrow/Next Average), an interest rate which is quoted daily by OMX NASDAQ. This loan type is also offered with interest-only periods.
Non Capped floaters	These are loans where the rate changes at generally three or six months. The reference rate of DKK-denominated loans is CIBOR (Copenhagen Interbank Offered Rate) or CITA (Copenhagen Interbank Tomorrow/Next Average), an interest rate which is quoted daily by OMX NASDAQ.
Capped floaters	It is possible to get a loan with a floating interest rate which cannot exceed a certain level (cap). In this way, the borrower hedges against major interest rate increases. If a loan has a cap of 6%, then the interest rate can never be higher than 6%. The loan rate will track CIBor (or Euribor / Cita), as long as it does not exceed 6%. A floating-rate loan may be prepaid in two ways: either at an agreed price – typically 100 or 105 – or the borrower may buy the underlying bonds at market price.
Other	Any other loan types, which not comply with the above mentioned.

General explanation	General practice in Danish market
Table M9-10	
Seasoning	Seasoning defined by duration of customer relationship, calculated from the first disbursement of a mortgage loan.

