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Outlook On Realkredit Danmark A/S Section 33e Bonds To Positive After Similar Action On Danske Bank A/S

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OVERVIEW

- On Nov. 2, 2012, we revised our outlook on Danske Bank A/S (A-/Positive/A-2) to positive from stable.
- Our ratings on the Section 33e bonds issued by Realkredit Danmark A/S are generally aligned to the senior unsecured debt rating on the issuer's parent Danske Bank.
- Consequently, we have revised our outlook on the Section 33e bonds issued by Realkredit Danmark to reflect the outlook on Danske Bank.
- The positive outlook reflects our expectation that the ratings on the bonds could be raised if we upgrade the issuer's parent senior unsecured debt ratings.

LONDON (Standard & Poor's) Nov. 15, 2012--Standard & Poor's Ratings Services today revised its outlook to positive from stable on its ratings on all Section 33e bonds issued from Realkredit Danmark's Capital Centres S and T (see list below).

The issuer is a "Realkreditinstitut" (Danish MCI; a specialized mortgage credit institution) owned by Danske Bank A/S (A-/Positive/A-2).

On Nov. 2, 2012, we revised our outlook on Danske Bank to positive from stable (see "Danske Bank Outlook Revised To Positive On Announced Recapitalization

Measures; 'A-/A-2' Ratings Affirmed" published on RatingsDirect on the Global Credit Portal).

Our ratings address timely payment of interest and ultimate payment of principal. For Section 33e bonds we consider that, upon an issuer default, interest payments on the bonds would be deferred until the senior covered bondholders can be guaranteed payment in full. Hence, in our opinion, section 33e noteholders are unlikely to receive timely payment of interest. We therefore anticipate that it is very likely that our ratings on the section 33e bonds issued out of Realkredit Danmark's Capital Centres S and T would be lowered if the issuer defaults (see "Ratings Assigned To Realkredit Danmark's Danish Section 33E Bond Issuances," June 19, 2012). Therefore, we generally align our rating on the Danish section 33e covered bond issuances to the senior unsecured debt rating on the issuer.

Realkredit Danmark is not currently a publicly rated entity. However, as we consider it to have "core" status to its parent Danske Bank A/S (A-/Positive/A-2), we generally align our ratings on the section 33e bonds to the senior unsecured debt rating on the issuer's parent Danske Bank.

We consider that our ratings on the section 33e bonds should not be substantially different from that on Danske Bank's senior unsecured debt because:

- The notes rank pari passu with the senior unsecured claims on the issuer if the cover pool is not sufficient to repay the section 33e bonds; and
- We give no benefit to the portion of the cover pool that is not needed to support the prior ranking covered bonds in our analysis of the section 33e bonds.

Consequently, we have today revised our outlook on Realkredit Danmarks's Section 33e bonds issued from Capital Centres S and T in line with the rating on Danske Bank's senior unsecured debt.

RELATED CRITERIA AND RESEARCH

- Danske Bank Outlook Revised To Positive On Announced Recapitalization Measures; 'A-/A-2' Ratings Affirmed, Nov. 2, 2012
- Covered Bond Ratings Framework: Methodology And Assumptions, June 26, 2012
- Ratings Assigned To Realkredit Danmark's Danish Section 33E Bond Issuances , June 19, 2012
- Methodology And Assumptions For Analyzing Mortgage Collateral In Danish Covered Bonds, May 2, 2012
- Ratings Assigned To Nykredit Realkredit's Danish Section 33E Bond Issuances, April 18, 2012
- Principles Of Credit Ratings, Feb. 16, 2011
- Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In Covered Bonds, Dec. 16, 2009
- European Legal Criteria For Structured Finance Transactions, Aug. 28, 2008
- Evolution, Not Revolution--Proposed Changes To The Issuance Of Danish

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Covered Bonds, Jan. 25, 2007

- Understanding Standard & Poor's Rating Definitions, June 3, 2009
- Revised Criteria for Rating Danish Covered Bonds (Realkreditobligationer), July 10, 2003

RATINGS LIST

Program/Rating

Country: Covered bond type

RATING AFFIRMED AND OUTLOOK REVISED

Realkredit Danmark A/S - Capital Centres S and T

Long-term: A-/Positive

Denmark: "Danish Section 33e Bonds" (Legislation-Enabled Junior Ranking Mortgage Bonds)

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