

Outlook Revised To Positive On Realkredit Danmark's Capital Center S And T Section 15 Bonds; Ratings Affirmed At 'AA-'

Primary Credit Analyst:

Tristan Gueranger, London + (44)2071763628; tristan.gueranger@spglobal.com

Secondary Contact:

Casper R Andersen, London (44) 20-7176-6757; casper.andersen@spglobal.com

OVERVIEW

- Our ratings on Realkredit Danmark's section 15 bonds issued from capital centers S and T reflect the reference rating level for the issuer and the outlook on the senior unsecured debt ratings on the issuer.
- We previously revised our outlook on Realkredit Danmark's parent Danske Bank to positive from stable and affirmed our 'A/A-1' long- and short-term issuer credit ratings on the parent.
- Consequently, we have affirmed our 'AA-' ratings on the section 15 bonds from capital centers S and T and revised our outlook on these ratings to positive.
- Due to an error, we did not previously revise our outlook to positive and affirm the 'AA-' ratings on these section 15 bonds. Today's actions correct this error.

LONDON (S&P Global Ratings) July 30, 2018--S&P Global Ratings today affirmed its 'AA-' credit ratings on all Danish section 15 bonds issued from Realkredit Danmark A/S' capital centers S and T. At the same time, we revised to positive from stable our outlook on the ratings.

In December 2015, we revised our approach to analyzing section 15 bonds and aligned our ratings on the section 15 bonds to the reference rating level

(RRL) of the senior covered bonds (see "Ratings Raised On Danish Section 15 Bonds From Six Capital Centers Following Clarification On Bank Resolution," published on Dec. 11, 2015). This was because we considered the section 15 bonds would have the same protection as senior covered bonds if there is a bank resolution. In particular, it also reflected the clarification that section 15 bonds will not be subject to a payment deferral if the issuer enters a resolution procedure.

We do not assign any jurisdictional support uplift to section 15 bonds, as we do not consider its volume to be systemically important enough to warrant jurisdictional intervention. Furthermore, we do not consider any collateral-based uplift because we do not believe that the issuers of section 15 bonds will manage their overcollateralization levels in the same way as we typically expect for covered bonds.

On April 5, 2018, we revised our outlook on Realkredit Danmark's parent Danske Bank to positive from stable and affirmed our 'A/A-1' long- and short-term issuer credit ratings on the parent (see "Danske Bank And Jyske Bank Outlooks Revised To Positive On Requirements To Issue Bail-In-Able Debt"). As our ratings on Realkredit Danmark's section 15 bonds issued from capital centers S and T reflect the RRL for the issuer and the outlooks on its senior unsecured debt ratings, we have consequently affirmed our 'AA-' ratings on the section 15 bonds and revised our outlook on these ratings to positive from stable. Due to an error, we did not affirm these ratings and revise our outlook following the revision of our outlook on Danske Bank. Today's actions correct this error.

POTENTIAL EFFECTS OF PROPOSED CRITERIA CHANGES

Our ratings are based on our applicable criteria, including our "Covered Bonds Criteria," published on Dec. 9, 2014. However, the resolution regime analysis section of these criteria is under review (see "Methodology For Assigning Financial Institution Resolution Counterparty Ratings," published on April 19, 2018 and "Request For Comment: Methodology For Incorporating The Effect Of Resolution Regimes Into Covered Bond Ratings," published on Jan. 31, 2017).

As a result of this review, we may amend certain paragraphs of our covered bonds criteria. This change may affect the ratings on the outstanding covered bonds issued under this covered bond program. Until such change, we will continue to rate and surveil these covered bonds using our existing criteria (see "Related Criteria").

RELATED CRITERIA

- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016

- Criteria - Structured Finance - Covered Bonds: Covered Bond Ratings Framework: Methodology And Assumptions, June 30, 2015
- Criteria - Structured Finance - Covered Bonds: Covered Bonds Criteria, Dec. 9, 2014
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

RELATED RESEARCH

- Various Rating Actions Taken On Danish Banks On Signs Of Reducing Economic Risks; Outlooks Positive, July 13, 2018
- Global Covered Bond Characteristics And Rating Summary Q2 2018, June 13, 2018
- Glossary Of Covered Bond Terms, April 27, 2018
- Danske Bank And Jyske Bank Outlooks Revised To Positive On Requirements To Issue Bail-In-Able Debt, April 5, 2018
- Assessments For Jurisdictional Support According To Our Covered Bonds Criteria, Nov. 3, 2017

Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.