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## Transaction Update: Realkredit Danmark A/S (Capital Center T Covered Bond Program)

Unlimited SDROs ("saerligt daekkede realkreditobligationer")

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## Ratings Detail

|                                |             |   |  |             |   |   |            |   |                            |     |
|--------------------------------|-------------|---|--|-------------|---|---|------------|---|----------------------------|-----|
| <b>Reference Rating Level</b>  | <b>aa-</b>  | + | <b>Jurisdiction-Supported Rating Level</b> | <b>aaa</b>  | + | <b>Maximum Achievable Covered Bond Rating</b> | <b>aaa</b> | = | <b>Covered Bond Rating</b> |     |
| Resolution Regime Uplift       | +2          |   | Assigned Jurisdictional Support            | +3          |   | Collateral Support Uplift                     | +3         |   | <b>AAA/Stable/A-1+</b>     |     |
| Systemic Importance            | Very Strong |   | Jurisdictional Support Assessment          | Very Strong |   | Overcollateralization Adjustment              | -1         |   | Rating Constraints         | aaa |
| Resolution Counterparty Rating | A+          |   | Legal Framework                            | Very Strong |   | Liquidity Adjustment                          | 0          |   | Counterparty Risk          | aaa |
| <b>Issuer Credit Rating</b>    | <b>A</b>    |   | Systemic Importance                        | Very Strong |   | Potential Collateral Based Uplift             | +4         |   | Country Risk               | aaa |
|                                |             |   | Sovereign Credit Capacity                  | Very Strong |   |   |            |   |                            |     |

Note: Under our "Group Rating Methodology," Realkredit Danmark A/S is a core subsidiary of Danske Bank A/S. We therefore raise the ratings on the covered bonds according to the long-term ICR on Danske Bank A/S.

## Major Rating Factors

### Strengths

- Jurisdiction-supported rating level (JRL) of 'aaa', resulting in a low level of overcollateralization required to maintain the 'AAA' long- and 'A-1+' short-term ratings.
- The match-funded structure of the capital center helps to mitigate liquidity risk.

### Weakness

- Aside from the legislative minimum, no other commitment regarding available overcollateralization in the cover pool.

## Outlook

S&P Global Ratings' stable outlook on its ratings on Realkredit Danmark A/S' Capital Center T mortgage covered bonds reflects the fact that we would not automatically lower our ratings on the covered bonds if we were to lower the issuer credit rating (ICR) on Danske Bank A/S, Realkredit Danmark's parent company, up to three notches. This is because the program benefits from three unused notches of uplift (see "Covered Bonds Criteria," published on Dec. 9, 2014).

## Rationale

We are publishing this transaction update as part of our review of Realkredit Danmark's Capital Center T mortgage covered bond program.

Our covered bonds ratings process follows the methodology and assumptions outlined in our "Covered Bonds Criteria," published on Dec. 9, 2014.

From our analysis of the legal and regulatory framework for covered bonds in Denmark, we believe that the assets in Realkredit Danmark Capital Center T's cover pool are isolated from the risk of the issuer's bankruptcy or insolvency. This asset isolation allows us to assign a higher rating to the covered bond program than the long-term ICR on Danske Bank. Although the issuer of the covered bonds is Realkredit Danmark, we use the rating on Danske Bank as the starting point of our analysis. This is because, in accordance with our criteria "Group Rating Methodology," published on July 1, 2019, we consider Realkredit Danmark to be a core entity of Danske Bank.

Danske Bank is domiciled in Denmark, which has implemented the EU's Bank Recovery and Resolution Directive (BRRD). We consider that mortgage covered bonds have a very strong systemic importance in Denmark. These factors increase the likelihood that Danske would continue servicing its covered bonds without accessing the cover pool or receiving jurisdictional support, even following a bail-in of its senior unsecured obligations. Therefore, under our covered bonds criteria, we assess the reference rating level (RRL) as the higher of (i) two notches above the long-term ICR; and (ii) the resolution counterparty rating (RCR). Given that the assigned RCR for Danske Bank is 'A+', the RRL is 'aa-', which reflects the two notches of uplift from the ICR.

We consider the likelihood for the provision of jurisdictional support. Based on very strong jurisdictional support assessment for mortgage programs in Denmark, we assign three notches of uplift from the RRL. We assess the jurisdiction-supported rating level (JRL) as 'aaa'.

We determine the total collateral-based uplift by analyzing the cover pool's asset credit quality, payment structure, and cash flow mechanics. As of Dec. 31, 2019, the cover pool amounts to Danish krone (DKK) 482.7 billion, made up of residential and commercial mortgages and substitute assets (commonly called a "reserve fund" in traditional Danish covered bonds).

We generally analyze the cover pool's mortgage credit quality with the help of two key indicators:

- The weighted-average foreclosure frequency (WAFF), which reflects the expected default rate; and
- The weighted-average loss severity (WALS), which describes the expected loss given default.

Our analysis, as of Dec. 31, 2019, shows that the available credit enhancement is 7.44%. This is greater than the 3.92% credit enhancement commensurate with a 'AAA' rating, a level which is driven by an out-of-model test to address potential concentration risk among commercial loans.

As part of our analysis, we reviewed Realkredit Danmark's origination, underwriting, collection, and default management procedures. We believe satisfactory policies are in place to support our ratings on the covered bonds.

As of Dec. 31, 2019, there were no section 15 covered bonds outstanding from Capital Center T. However, if there were any section 15 bonds to be issued out of this Capital Center, the ratings would reflect the RRL of the senior covered bonds. This is because, according to our criteria interpretation, we consider the section 15 bonds to have the same protection as senior covered bonds if there is a bank resolution. This also reflects that section 15 bonds are not subject to a payment deferral if the issuer becomes insolvent.

In our view, the purpose of section 15 bonds does not warrant the assignment of any jurisdictional support uplift as typically contemplated for traditional covered bonds under our criteria. 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 we typically expect for covered bonds (see "Ratings Raised On Danish Section 15 Bonds From Six Capital Centers Following Clarification On Bank Resolution," published on Dec. 11, 2015).

## Program Description

**Table 1**

| Program Overview*                               |                                      |
|---|--------------------------------------|
| Jurisdiction                                    | Denmark                              |
| Year of first issuance                          | 2011                                 |
| Covered bond type                               | Legislation-enabled                  |
| Outstanding covered bonds (bil. DKK)            | 449.10                               |
| Redemption profile                              | Mixed                                |
| Underlying assets                               | Residential and commercial mortgages |
| Jurisdictional support uplift                   | 3                                    |
| Unused notches for jurisdictional support       | 0                                    |
| Target credit enhancement (%)                   | 3.92                                 |
| Credit enhancement commensurate with rating (%) | 3.92                                 |
| Available credit enhancement (%)                | 7.44                                 |
| Collateral support uplift                       | 3                                    |
| Unused notches for collateral support           | 3                                    |
| Total unused notches                            | 3                                    |

\*Based on data as December 2019.

Realkredit Danmark is a wholly owned subsidiary of Danske Bank and is a specialist mortgage bank in Denmark,

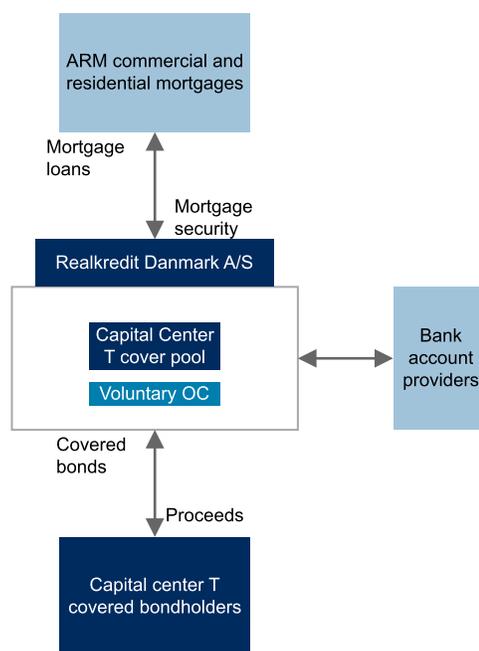
second in size to Nykredit Realkredit A/S. Realkredit Danmark is an established issuer of Danish mortgage covered bonds, "realkreditobligationer" (ROs), and "saerligt daekkede realkreditobligationer" (SDROs).

Capital Center T is currently actively issuing bonds, which includes mortgage assets--backed by both residential and commercial properties in Denmark--as well as a reserve fund consisting primarily of Danish covered bonds. The majority of the residential and commercial mortgages are fixed-reset loan products.

Danske Bank acts as the main bank account provider. To mitigate counterparty risk, the issuer has replacement language in place, which is in line with our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on March 8, 2019).

The cover pool assets would be ring-fenced if Realkredit Danmark were to become insolvent under the respective Danish legislative framework. SDRO covered bondholders have a primary secured claim against all assets in the cover pool.

### Realkredit Danmark A/S Capital Center T Mortgage Covered Bond Program Program Structure



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**Table 2**

| Program Participants |                        |              |                   |
|----------------------|------------------------|--------------|-------------------|
| Role                 | Name                   | Rating       | Rating dependency |
| Issuer               | Realkredit Danmark A/S | NR*          | Yes               |
| Originator           | Danske Bank A/S        | A/Stable/A-1 | No                |
| Arranger             | Danske Bank A/S        | A/Stable/A-1 | No                |
| Servicer             | Danske Bank A/S        | A/Stable/A-1 | No                |

**Table 2**

| Program Participants (cont.) |                 |                   |                   |
|------------------------------|-----------------|-------------------|-------------------|
| Role                         | Name            | Rating            | Rating dependency |
| Bank account provider        | Danske Bank A/S | A/Stable/A-1      | Yes               |
| Bank account provider        | Jyske Bank A/S  | A/Stable/A-1      | Yes               |
| Bank account provider        | Nordea Bank Abp | AA-/Negative/A-1+ | Yes               |

\*In our analysis, we uplift the rating from the long-term issuer credit rating on the parent Danske Bank A/S.

## Rating Analysis

### Legal and regulatory risks

We analyzed legal risk by applying our legal criteria and our criteria for rating covered bonds (see "Structured Finance: Asset Isolation And Special-Purpose Entity Methodology," published on March 29, 2017).

In our view, the Danish covered bond framework sufficiently addresses the relevant legal aspects of our covered bond and legal criteria. This enables us to rate the covered bonds above our long-term ICR on the issuer's parent bank. The Danish Covered Bond Act provides the legal framework for the issuance of the Danish covered bonds.

SDRO covered bond investors have a primary secured claim against all assets in the cover pool. The ratings on the covered bonds issued from Capital Center T rely on the issuer's active management of the overcollateralization to support the current ratings.

To become eligible as collateral, mortgage loans must be entered in the Danish land register. The registration is legally binding and will form the basis of any bankruptcy proceedings. If bankruptcy proceedings have been initiated, a trustee appointed by the bankruptcy court will administer the cover assets. The trustee is ordered by law to meet all payment obligations as they fall due. If payments from the cover assets are insufficient to meet the payment obligations, the trustee has the authority to raise additional loans.

The issuer must maintain an overcollateralization of at least 8% of risk-weighted assets. Banking supervision is carried out by the Danish Financial Supervisory Authority (DFSA, or Finanstilsynet). The DFSA has the authority to issue an order with which the issuer must comply. In case of severe or multiple breaches, the DFSA may revoke the license.

### Operational and administrative risks

In June 2020, we conducted a review of Realkredit Danmark's origination, underwriting, collection, and default management procedures for the capital center's cover pool assets. We also reviewed the cover pool's management and administration. Overall, we consider the bank's systems and procedures, origination, and underwriting policy as prudent. Realkredit Danmark actively manages the cover pool and has strict underwriting and loan management policies. In addition to an annual meeting, we have ongoing regular contact with the issuer.

We analyzed operational and administrative risk by applying our covered bonds criteria.

### Resolution regime analysis

Danske Bank is domiciled in Denmark, which is subject to the EU's BRRD. We assess the systemic importance for Danish mortgage programs as very strong. Under our covered bonds criteria, this means the RRL can be two notches

above the long-term ICR. This uplift recognizes that resolution regimes such as the BRRD increase the probability that an issuer could service its covered bonds, even following a default on its senior unsecured obligations because the law exempts covered bonds from bail-in risk if there is a bank resolution. We consider this as an internal form of support, because the bail-in of certain creditors of the issuer does not require direct government support.

The RRL is equal to the greater of (i) the issuing bank's ICR, plus up to two notches for programs in jurisdictions with effective resolution regimes that exempt covered bonds from bail-in, and (ii) the RCR on the issuing bank, where applicable. As the assigned RCR for Danske Bank is 'A+', the resulting RRL is 'aa-', two notches of uplift from the ICR.

### **Jurisdictional support analysis**

In analyzing jurisdictional support, we assess the likelihood of a covered bond under stress receiving support from a government-sponsored initiative instead of from the liquidation of collateral assets in the open market. Our assessment of jurisdictional support for mortgage programs in Denmark is very strong (see "Assessments For Jurisdictional Support According To Our Covered Bonds Criteria," published on March 3, 2020). The very strong assessment means that the program can receive up to three notches of jurisdictional uplift. The JRL is therefore 'aaa'. This is the rating the program can achieve by covering the legal minimum overcollateralization requirement, according to our covered bonds criteria.

### **Collateral support analysis**

We have reviewed the mortgage asset and substitute collateral information as of Dec. 31, 2019. We have analyzed the mortgage loan-by-loan data from the issuer and applied stresses commensurate with a 'AAA' rating scenario to estimate the WAFF and WALs. The cover pool primarily comprises Danish residential and commercial loans (90.4%), public housing loans (2.7%), and substitute assets and cash (6.9%).

The WAFF is slightly lower at 16.18% compared to 17.19% in December 2018. The WALs decreased to 31.55% from 33.80% during the same period. Both the decrease in WAFF and in WALs are mostly driven by a lower LTV ratio on both the residential and commercial side.

Our credit analysis of the substitute pool includes an asset-by-asset review of underlying securities to estimate the credit risk of each individual exposure. To determine the default and loss on the reserve fund, we apply our "Methodology And Assumptions For Assessing Portfolios Of International Public Sector And Other Debt Obligations Backing Covered Bonds And Structured Finance Securities," published on Dec. 9, 2014.

We consider the pool of substitute assets to exhibit low granularity as the 10 largest obligors account for over 99% of total substitute assets. For low granularity pools, in a 'AAA' stress scenario, we assume that assets with an S&P Global Ratings' rating of 'AAA' will not default, save for covered bonds that are issued by other Realkredit Danmark capital centers (we assume these default as our analysis presumes the issuer has already defaulted). For the assets that default, we determine the recovery by applying the aforementioned criteria. As all of the bonds that we assume to default are structurally match-funded covered bonds, we are able to apply higher recoveries. The analysis results in an assumed default rate of the reserve fund of 0.19% (0.25% in 2018) and a recovery rate of 30.0% (the same as of December 2018).

When analyzing public housing loans we have used our public sector criteria (see "S&P Global Ratings Clarifies Its

Approach To Analyzing Danish Subsidized Housing," published on Jan. 16, 2019).

**Table 3**

| <b>Cover Pool Composition</b> |                     |                              |                     |                              |  |
|-------------------------------|---------------------|------------------------------|---------------------|------------------------------|--|
| Asset type                    | As of Dec. 31, 2019 |                              | As of Dec. 31, 2018 |                              |  |
|                               | DKK                 | Percentage of cover pool (%) | DKK                 | Percentage of cover pool (%) |  |
| Residential mortgages         | 251,626,804,706     | 52.13                        | 262,144,162,416     | 50.93                        |  |
| Commercial mortgages          | 184,687,177,440     | 38.26                        | 189,327,715,119     | 36.79                        |  |
| Subsidized housing            | 12,999,840,355      | 2.69                         | 27,948,546,754      | 5.43                         |  |
| Substitute assets and cash    | 33,346,838,677      | 6.91                         | 35,247,560,841      | 6.85                         |  |
| Total                         | 482,660,661,178     |                              | 514,667,985,130     |                              |  |

**Table 4**

| <b>Key Credit Metrics</b>                  |                     |                     |  |
|--|---------------------|---------------------|--|
|  | As of Dec. 31, 2019 | As of Dec. 31, 2018 |  |
| Average loan (DKK)                         | 1,860,081           | 1,866,342           |  |
| Weighted-average LTV ratio (%)             | 49.47               | 53.45               |  |
| Weighted-average loan seasoning (months)*  | 62.23               | 60.45               |  |
| Balance of loans in arrears (%)            | 0.42                | 0.53                |  |
| <b>Credit analysis results:</b>            |                     |                     |  |
| Weighted-average foreclosure frequency (%) | 16.18               | 17.19               |  |
| Weighted-average loss severity (%)         | 31.55               | 33.8                |  |
| AAA credit risk (%)                        | 3.92                | 3.29                |  |

\*Seasoning refers to the elapsed loan term.

**Table 5**

| <b>LTV Ratios</b>            |                              |                     |  |
|------------------------------|------------------------------|---------------------|--|
| Residential assets (%)*      | Percentage of cover pool (%) |                     |  |
|                              | As of Dec. 31, 2019          | As of Dec. 31, 2018 |  |
| 0-60                         | 70.04                        | 59.94               |  |
| 60-70                        | 16.60                        | 22.39               |  |
| 70-80                        | 13.07                        | 17.42               |  |
| 80-90                        | 0.19                         | 0.13                |  |
| 90-100                       | 0.03                         | 0.04                |  |
| Above 100                    | 0.07                         | 0.08                |  |
| <b>Commercial assets (%)</b> |                              |                     |  |
| 0-60                         | 74.57                        | 69.94               |  |
| 60-70                        | 15.21                        | 16.69               |  |
| 70-80                        | 5.54                         | 7.79                |  |
| 80-90                        | 2.44                         | 2.22                |  |
| 90-100                       | 0.83                         | 1.66                |  |
| Above 100                    | 1.41                         | 1.71                |  |
| Weighted-average LTV ratio   | 49.47                        | 53.45               |  |

**Table 5****LTV Ratios (cont.)**

\*Excluding public housing loans in both 2019 and 2018 figures. LTV--Loan to value.

**Table 6****Loan Seasoning Distribution\***

|  | Percentage of cover pool (%) |                     |
|--|------------------------------|---------------------|
|  | As of Dec. 31, 2019          | As of Dec. 31, 2018 |
| Residential mortgages                    |                              |                     |
| Less than 18 months                      | 17.88                        | 22.48               |
| 18-24 months                             | 7.59                         | 7.54                |
| 24-36 months                             | 13.83                        | 9.58                |
| 36-48 months                             | 9.82                         | 7.79                |
| 48-60 months                             | 6.87                         | 7.96                |
| More than 60 months                      | 44.01                        | 44.3                |
| Weighted-average loan seasoning (months) | 62.23                        | 60.45               |

\*Seasoning refers to the elapsed loan term.

**Table 7****Geographic Distribution Of Loan Assets**

| Regional concentrations | Percentage of cover pool (%) |                     |
|-------------------------|------------------------------|---------------------|
|                         | As of Dec. 31, 2019          | As of Dec. 31, 2018 |
| Residential assets      |                              |                     |
| Hovedstaden*            | 51.4                         | 50.8                |
| Midtjylland             | 15.4                         | 15.7                |
| Nordjylland             | 4.5                          | 4.6                 |
| Sjælland                | 14.5                         | 14.7                |
| Southern Denmark        | 14.2                         | 14.2                |
| Total                   | 100                          | 100                 |
| Commercial assets       |                              |                     |
| Hovedstaden*            | 46.2                         | 45.95               |
| Midtjylland             | 17.1                         | 17.09               |
| Nordjylland             | 5.9                          | 5.7                 |
| Sjælland                | 10.5                         | 10.83               |
| Southern Denmark        | 20.4                         | 20.43               |
| Total                   | 100.0                        | 100                 |

\*Central Copenhagen.

Our analysis of the covered bonds' payment structure shows that cash flows from the cover pool assets would be sufficient, at the existing rating level, to make timely payments of interest and principal to the covered bondholders.

As there is an active secondary market for mortgages in Denmark, the program can benefit from up to four notches of collateral-based uplift according to our covered bonds criteria. Before determining the number of collateral-based notches needed to reach a 'AAA' rating, we consider the following adjustments:

- A one-notch reduction applies if the program does not benefit from at least six months of liquidity. Due to the

match-funded nature of the Realkredit Danmark Capital Center T, we consider that liquidity coverage is met. Each covered bond is matched to a specific mortgage loan, and any payments from the loan will be used to make payments on the bond.

- A further one-notch reduction applies if the program does not benefit from any form of commitment on overcollateralization. As Realkredit Danmark's Capital Center T only has voluntary overcollateralization without any commitment, this results in a one-notch reduction to the potential collateral-based uplift.

Given the JRL of 'aaa', the program needs to cover 'AAA' credit risk to reach a 'AAA' rating from a cash flow standpoint. However, in this instance, the credit enhancement required for a 'AAA' rating is floored by the commercial real estate supplemental test we carry out to address borrower concentration in the commercial book.

Under this supplemental test, the assumed number of defaulted obligors is a function of the applicable stress scenario ('AAA', in our case) and the obligors' credit quality. Since mortgage assets in this pool are not rated, we assume an obligor rating in the 'B' to 'CCC-' range, so the credit enhancement commensurate for the cover pool is at least equal to the loss related to the 10 largest obligors, as defined by the gross outstanding balance of the largest loans in the cover pool. This represents 3.92% of overcollateralization. In order to cover a 'AAA' credit stress scenario, the available credit enhancement must exceed the higher of this net loss result, and our measure of 'AAA' credit stress. Therefore, the minimum level of overcollateralization to maintain 'AAA' ratings on the covered bonds is 3.92%, i.e. the largest obligor test (LOT).

We analyzed the cash flows under 'AAA' credit stresses, as well as liquidity, interest rate, and currency stresses to reflect the fact that the pool does not have recourse to derivatives but relies on "natural hedging." The terms of the issued bonds match those of the underlying mortgages due to the balancing principle. We also ran different default timing and prepayment patterns.

We have used the most recent asset and liability profile (as of December 2019) for our cash flow analysis.

The lower WAFF and WALs of the residential and commercial mortgages as well as our updated view on the creditworthiness of the public housing loans has a positive effect on the target credit enhancement, which decreased to 3.04% from 4.59% and is now floored by the LOT of 3.92%.

**Table 8**

| Collateral Uplift Metrics   |                     |                     |
|---|---------------------|---------------------|
|   | As of Dec. 31, 2019 | As of Dec. 31, 2018 |
| Asset WAM (years)   | 14.19               | 13.89               |
| Liability WAM (years)   | 15.22               | 14.91               |
| Available credit enhancement (%)                                      | 7.44                | 7.35                |
| AAA credit risk (%)   | 3.92                | 3.29                |
| Required credit enhancement for first notch of collateral uplift (%)  | 3.92                | 3.29                |
| Required credit enhancement for second notch of collateral uplift (%) | 3.92                | 3.55                |
| Required credit enhancement for third notch Collateral Uplift (%)     | 3.92                | 4.07                |
| Target credit enhancement for maximum uplift (%)                      | 3.92                | 4.59                |
| Largest obligor test (%)  | 3.92                | 3.29                |
| Potential collateral-based uplift (notches)                           | 4                   | 4                   |

Table 8

| Collateral Uplift Metrics (cont.)                    |                     |                     |
|--|---------------------|---------------------|
|  | As of Dec. 31, 2019 | As of Dec. 31, 2018 |
| Adjustment for liquidity (Y/N)                       | N                   | N                   |
| Adjustment for committed overcollateralization (Y/N) | Y                   | Y                   |
| Collateral support uplift (notches)                  | 3                   | 3                   |

WAM--Weighted-average maturity.

### Counterparty risk

We have identified several counterparty risks to which the covered bonds could be exposed. However, these are mitigated through either structural mechanisms, or by applying the Danish Covered Bond Act. Therefore, we consider them not to constrain our ratings on the covered bonds.

**Commingling risk.** The collection accounts are not held in Capital Center T's name, but under Realkredit Danmark's name. This introduces potential commingling risk. The funds in the accounts are commingled with the funds collected for the other Realkredit Danmark capital centers, as well as with Realkredit Danmark's funds. However, under the Danish covered bond legislation, we understand that covered bondholders have the right to these funds. Therefore, we do not consider cash to be lost, but that it could be temporarily unavailable for a period of time. Therefore, commingling risk amounts not to a credit loss but to a liquidity stress.

Due to the balance principle in Danish covered bond law, mortgage banks in practice do not hold large cash balances but reinvest payments received before the bond due date in securities whose maturity matches the remaining maturity and interest of such bonds. Given the replacement language in place for bank accounts (please see below) and the limited time--less than a working day--that funds stay in bank accounts, we do not apply a liquidity stress in our cash flow calculations.

**Bank account providers.** Several banks provide accounts for the program. Incoming cash is invested in a defined group of high-quality assets intraday. As a result, the cash balance on any collection accounts is managed to be as close to zero as practically possible. To mitigate counterparty risk, the issuer has replacement language in place, which is in line with our counterparty criteria. The issuer commits to keep its cash holding to below 5% of outstanding balance and to hold monies in institutions that are rated at least 'BBB/A-2' or above. If the ICR on the bank account provider falls below 'BBB/A-2', Realkredit Danmark will make commercially reasonable efforts to replace the account holding bank with a bank that meets our criteria within 30 calendar days. Should the holdings exceed the 5% threshold, the issuer would only deposit them in institutions rated 'A' or above, which is in line with our current counterparty criteria.

**Derivatives.** There are no swap counterparties in the program.

### Sovereign risk

We analyze sovereign risk by applying our criteria "Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions," published on Jan. 30, 2019. Given our unsolicited long-term 'AAA' sovereign credit rating on Denmark, this risk does not constrain our rating on Realkredit Danmark Capital Center T' mortgage covered bonds.

S&P Global Ratings acknowledges a high degree of uncertainty about the evolution of the coronavirus pandemic. The consensus among health experts is that the pandemic may now be at, or near, its peak in some regions, but will remain

a threat until a vaccine or effective treatment is widely available, which may not occur until the second half of 2021. We are using this assumption in assessing the economic and credit implications associated with the pandemic (see our research here: [www.spglobal.com/ratings](http://www.spglobal.com/ratings)). As the situation evolves, we will update our assumptions and estimates accordingly.

## Related Criteria

- Group Rating Methodology, July 1, 2019
- Counterparty Risk Framework Methodology And Assumptions, March 8, 2019
- Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Methodology And Assumptions: Assessing Pools Of European Residential Loans, Aug. 4, 2017
- Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Covered Bond Ratings Framework: Methodology And Assumptions, June 30, 2015
- Methodology And Assumptions: Analyzing European Commercial Real Estate Collateral In European Covered Bonds, March 31, 2015
- Covered Bonds Criteria, Dec. 9, 2014
- Methodology And Assumptions For Assessing Portfolios Of International Public Sector And Other Debt Obligations Backing Covered Bonds And Structured Finance Securities, Dec. 9, 2014
- Methodology: Credit Stability Criteria, May 3, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009

## Related Research

- Global Covered Bond Characteristics And Rating Summary Q2 2020, June 30, 2020
- Global Covered Bond Insights Q2 2020, June 30, 2020
- Global Covered Bonds: Assessing The Credit Effects Of COVID-19, March 25, 2020
- Assessments For Target Asset Spreads According To Our Covered Bonds Criteria, March 3, 2020
- Assessments For Jurisdictional Support According To Our Covered Bonds Criteria, March 3, 2020
- S&P Global Ratings Definitions, Sept. 18, 2019
- Danske Bank Outlook Revised To Stable On Increasing Loss Absorption Capacity; 'A/A-1' Ratings Affirmed, Oct. 23, 2019
- Danish Covered Bond Market Insights 2019, July 12, 2019
- Denmark Ratings Affirmed At 'AAA/A-1+'; Outlook Stable, March 8, 2019
- S&P Global Ratings Clarifies Its Approach To Analyzing Danish Subsidized Housing, Jan. 16, 2019

*Transaction Update: Realkredit Danmark A/S (Capital Center T Covered Bond Program)*

- Banking Industry Country Risk Assessment: Denmark, March 7, 2018
- Ratings Raised On Danish Section 15 Bonds From Six Capital Centers Following Clarification On Bank Resolution, Dec. 11, 2015
- Credit FAQ: The Danish Covered Bond Market Explained, July 15, 2014

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