

Translation by Realkredit Danmark of a statement dated 21 December 2012 from the Danish Financial Supervisory Authority. In case of discrepancies, the Danish version prevails.

## **Report on inspection at Realkredit Danmark A/S**

### **1. Introduction**

In September 2012, the Danish Financial Supervisory Authority (FSA) conducted an inspection at Realkredit Danmark A/S.

The inspection was a functional inspection of Realkredit Danmark A/S's securities and funding area. The Danish FSA focused, among other things, on the calculation and management of risk, including asset management agreements with Danske Bank A/S.

### **2. Summary and risk assessment**

Realkredit Danmark A/S has outsourced a substantial portion of its securities and funding activities.

Consequently, the inspection concerned a limited area that, to a significant extent, is regulated by the balance principle. This principle sets tight limits for the risks, including interest rate risk, foreign exchange risk, options risk and liquidity imbalances, that mortgage credit institutions may incur.

The securities and funding risks inspected were no different from the risks found at comparable mortgage credit institutions.

Consequently, the inspection did not give rise to material conclusions.

The Danish FSA did not find any material violations of the financial legislation governing mortgage credit institutions in the area inspected either.