Analysis

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Realkredit Danmark A/S

Analysis

Mortgage bonds issued from the general capital centre of Realkredit Danmark A/S are rated Aaa. Moody's does not have any public fundamental rating on Realkredit Danmark (RD). The rating of the mortgage bonds reflect RD's good domestic franchise, solid profitability, capitalisation, asset quality, the strong legal framework for Danish mortgage bonds as well as the challenge of maintaining profitability levels in a highly competitive market.

Approximately 80% of all Realkredit Danmark's bonds are issued in the general capital centre which is also the only capital centre open for new issues.

Franchise And Competitive Position

Danish Mortgage Market Characterised By Limited Growth And Strong Competition

Danish mortgage market institutions operate within a well-penetrated market that offers limited growth and is characterised by a high level of competition, especially in the low-risk residential mortgage sector. Mortgage loans are very much a commoditised product in Denmark, with relatively low margins. As a result of low margins and limited growth opportunities, mortgage credit institutions compete largely on product innovation and distribution capabilities, and focus on issues of cost reduction and efficiency.

Strong Domestic Franchise…

Realkredit Danmark is one of the oldest and largest Danish mortgage banks and merged as part of the RealDanmark holding company in 2001 with Danske Bank. Danske Kredit, Danske Bank's own mortgage credit institution set up in 1993, and BG Kredit, BG Bank's ditto, were both merged into Realkredit Danmark at the time of the merger. In terms of total assets, Realkredit Danmark's exceeded DKK560 billion at the end of H1 2003. Its market share of issued mortgage bonds is 35%, as of H1 2003.

Its biggest competitors are Nykredit-Totalkredit, which has a market share of 40%, and Nordea Kredit with a market share of 10%.

…But Market Share Is Under Pressure

Despite its comfortable market share, RD's market position is under attack as several of its customers are also clients of banks other than Danske Bank and BG Bank, and as these other banks have access to their own mortgage banks they are seeking to "reclaim" their customers as these banks refinance mortgages. Countering these threats, RD continues to be in the forefront of product innovation, including combined banking and mortgage products that some of its main competitors will have difficulties utilising. However, over time we expect that RD's market share may fall to the same level as that of Danske bank (rated Aa2/P-1/B+).

Diversified Distribution Channels

Of Realkredit Danmark's several distribution channels, sales via the group's bank branches continue to be the most successful, followed by its own sales offices, home (a real estate agent chain 100% owned by Realkredit Danmark), a call centre and the Internet. Almost 15% of the loans are distributed via the Internet and around 50% of the rest via bank branches. RD is continuing to integrate its sales efforts within Danske Bank Group.

Financial Fundamentals

Stable Revenue Sources

Danish mortgage banks have two main lines of revenues – the fee income it earns on its mortgage loans and the yield on its investments of excess liquidity and capital.

Fee income accounts for approximately 60% of total revenues. New, less commoditised mortgage products will earn higher fees and are a major incentive to RD's product innovation. These products also contribute to RD's revenue stream as the bank receives a pre-payment fee to cover administrative costs in relation to the pre-payment. In addition, fees on mortgages are agreed on a fixed basis at the start of a mortgage and then remain unchanged throughout the life of the mortgage.

RD's investment criteria is decided within the overall strategies of Danske Bank Group, which stipulate that only limited amounts of up to DKK1 billion are allowed to be invested in equity – which fall well within the permitted limits of the Danish mortgage law. The investment portfolio is conservatively invested and therefore results in limited but stable earnings. Profitability, measured as the pre-provision income and as a percentage of risk-weighted average assets, has been stable at approximately 1.14% and compares well to its domestic peers.

Cost Efficiency Can Still Be Improved

RD's cost-to-income ratio has improved to around 35% from almost 50% in 1999. RD remains focused on cost savings, but will at the same time continue investments for the future, such as the conversion of RD's IT platform that is expected to take place in 2004.

A major factor in the cost savings has been the combination and adjustment of the distribution network – for instance, via integrating some of RD sales offices in Danske Bank's branches. Staffing levels have settled around the 1,000 mark over recent years.

Ample Capital

Considering RD's low-risk activity – its total capital ratio of 9.8% and Tier-1 at 9.7% at the end of September 2003 (vs. 10.40% and 10.30%, respectively, at the end of 2002) – we believe Realkredit Danmark is well capitalised.

Risk Management

Part Of Danske Bank Group's Risk-management System

Realkredit Danmark is part of the overall prudent risk management system of Danske Bank, and its risk is monitored daily.

Balance Principle

Mortgage bonds generally mirror the terms of the underlying mortgage loans as regards the nominal amount, coupon and other terms. Regulations for asset-liability management and capital are set out in the legal framework for Danish mortgages. Realkredit Danmark has imposed even stricter rules on its asset-liability management.

- **The balance principle (interest rate management)**. Interest rate risk, due to cash-flow differences, may amount to a maximum of 1% of the equity capital. Interest rate risk has to be calculated as the worst-case scenario of six calculations, as specified in the Executive Order issued by the Supervisory Authority.
- **Currency risk**. This is calculated on the basis of total on- and off-balance-sheet items, and may not exceed 0.05% of Tier 1 – the legal requirements are maximum 0.1% equity capital.
- **The balance principle (liquidity management)**. Net present value of incoming and outgoing payments connected with issued bonds, future payments, other securities and financial instruments are calculated on a daily accumulated and discounted basis for different periods in the future. Future liquidity deficits may not exceed 5% of the mortgage credit institutions' equity capital in years one to three (the legal requirement is 25%). For years 4 to 10, these deficits are capped at 10% of the mortgage credit institutions' equity capital (the legal requirement is 50%), and 20% from year 11 (the legal requirement is 100%).

Solid Asset Quality

The composition of Realkredit Danmark's portfolio at the end of September 2003 is as follows:

- 60% Residential mortgages
- 15% Social housing (guaranteed by central government or local government)
- 5% Agriculture
- 3% Industrial
- 6% Private rental
- 6% Office building
- 5% Others

RD has been active in providing the new interest-free mortgage loans to private individuals, which may over the medium-to-long term put some pressure on the asset quality. However, the credit assessment put in place for this type of loan is stricter than normal amortising 30-year loans.

Loan-to-value on the outstanding loan book is around 60% for residential mortgage loans and 50% for agricultural and commercial mortgage loans. Residential rental, which typically carries local government or government guarantees, have higher loan-to-values of about 70%. These levels have been stable for more than the past five years.

Credit risk is low, as evidenced by a 0.05% non-performing loan to total loan ratio, which compares well with its competitors. The loan-loss reserves in relation to non-performing loans is 225%.

Related Research

Analysis

Danske Bank A/S, December 2003 (80674)

Banking Statistical Supplement

Denmark , June 2003 (78596)

Banking System Outlook

Banking System Outlook: Denmark , September 2002 (76155)

Special Comment

Danish Mortgage Bonds (Realkreditobligationer): Highly Secure Financial Instruments , May 2002 (74903)

Summary Opinion

Danske Kredit Realkreditaktieselskab

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Issuer Profile

History

Headquartered in Copenhagen, Realkredit Danmark (RD) has a history dating back to 1851 when the first Danish mortgage institution was established. After the legislative amendments in 1970, this institution later formed Kreditforeningen Danmark, incorporating four existing mortgage credit institutions. Kreditforeningen Danmark was converted into a limited company, Realkredit Danmark A/S, in January 1993.

A group structure was established in which Foreningen RealDanmark owned all the shares in RealDanmark Holding A/S, which in turn held all the shares in Realkredit Danmark A/S.

In 1998 collaboration between Realkredit Danmark and BG Bank resulted in the creation of a mortgage credit company, BG Kredit A/S. Later in the year Realkredit Danmark and BG bank formed the holding company RealDanmark A/S, which became the parent company of both Realkredit Danmark and BG Bank.

On 1 January 2001, as part of the merger between Danske Bank and RealDanmark, Realkredit Danmark merged with the mortgage credit institutions Danske Kredit and BG Kredit. RealDanmark's business is now integrated into the Danske Bank Group, one of the largest financial groups in the Nordic region. Realkredit Danmark remains the mortgage brand within the merged Danske Bank Group.

Ownership

Realkredit Danmark is wholly owned by Danske Bank, contributing 27.6% to total Danske Bank Group assets at the end of 2002.

Business Activities

Realkredit Danmark specialises in mortgage lending secured by residential (over 60% of total lending), commercial, agricultural or industrial properties, and has a strong domestic franchise in all mortgage-lending segments. All lending is funded solely by the issue of mortgage bonds.

In addition, Realkredit offers additional products and services provided mainly by the Group.

Realkredit Danmark owns the home franchise, which is a leading real-estate agency chain in Denmark. home is an intermediary to about a quarter of property sales in Denmark.

Market Share

With total assets of DKK562 billion (€75.7 billion) after H1 2003, Realkredit Danmark is the second-largest mortgage credit institution in Denmark (Aaa/P-1 for foreign and domestic currency bonds and notes). Its total loan portfolio of DKK477 billion as of January 2003, corresponds to a market share of 36% in Denmark and 11% in Europe. The institution's market share of gross domestic lending is some 32.4%. The market shares are second only to the new entity that was formed via the merger of Nykredit and Totalkredit.

Distribution Capacity

Realkredit Danmark services about 550,000 customers via 20 RD offices, 169 home real-estate agencies as well as the 467 branches of Danske Bank and BG Bank. In addition, the institution is taking advantage of low-cost distribution channels, such as the Internet.

Number Of Employees

At the end of June 2003, Realkredit Danmark employed 983 staff (1,043 at year-end 2002).

International Representation

None.

Subsidiaries Rated By Moody's

None.

Opinion

Credit Strengths

Credit strengths of Danske Kredit are:

- Part of Realkredit Danmark
- Capital Centre is closed for new issuance
- Solid asset quality

Credit Challenges

Credit challenges of the institution are:

- Changes in the legal frame work for Danish mortage bonds

Rating Rationale

Danske Kredit was the mortgage company of Danske Bank (rated Aa2/P-1/B+) until it merged with Realkredit Danmark (RD) in 2001. Mortgage bonds issued from the general capital centre of Realkredit Danmark A/S are rated Aaa. After the merger, Danske Kredit was integrated into Realkredit Danmark. The mortgage bonds issued by Danske Kredit are kept as a separate capital centre, but no new issuance occur in the centre. The size of outstanding issues is currently DKK30 billion (€408 million) plus €1.4 billion in Euro-denominated bonds in November 2003.

Danske Kredit's mortgage loans are covered 100% by residential mortgages.

Moody's does not have any public fundamental rating on Realkredit Danmark. The rating reflects RD's good domestic franchise, solid profitability, capitalisation, asset quality, the strong legal framework for Danish mortgage bonds as well as the challenge of maintaining profitability levels in a highly competitive market.

Realkredit Danmark is one of the leading Danish mortgage loan providers and it is an important and integrated unit of Danske Bank Group, accounting for around 50% of the total loans provided by Danske Bank Group. This equates to 30.4% market share of total Danish mortgage lending and 28% of net new lending as of H1 2003. RD is one of the oldest Danish mortgage banks and has therefore catered to customers from banks other than Danske, when these banks did not have access to a mortgage bank. Therefore, we expect that over time Realkredit Danmark's market share may fall to the same level as that of Danske Bank. In order to retain its customer base and also attract new customers RD has been in the forefront as regards product developments, and has been successful in combined banking and mortgage products as well as the newly permitted bullet loans provided to residential customers.

RD distributes its issues via its own sale organisation, Danske Bank's and BG Bank's 467 branches, home (its real estate offices), a call centre and the Internet.

Financial fundamentals are good and solid. Revenues have been enhanced by increased activity levels in the Danish mortgage market, and cost reductions have started to filter through RD's results.

Rating Outlook – Stable

The outlook for Danske Kredit's rated mortgage bonds is stable, reflecting the good asset quality.

What Could Change the Rating – DOWN

A serious deterioration in its asset quality leading to large-scale write-offs – of which there is no sign at present – might lead to downward rating pressure. Also, changes to the strong Danish mortgage legal system could exert pressure on Danske Kredit's ratings.

Recent Results

In H1 2003, Realkredit Danmark reported a pre-tax profit of DKK1.1 billion (€144 million) (DKK1.4 billion) vs. DKK1.0 billion (DKK 1.2 billion) H1 2002). Increased refinancing activity and growing lending volumes enhanced the core income, outweighing costs arising from the transfer to Danske's IT platform, as well as loan-loss provisions. The total capitalisation ratio stood at 9.8% and Tier-1 at 9.7% at the end of June 2003 (vs. 10.4% and 10.3%, respectively, at the end of 2002).

Realkredit Danmark A/S (Consolidated)

	31/12/02	31/12/01	31/12/00	31/12/99	31/12/98
Summary Balance Sheet (DKK million)					
Cash & central bank	4,218	6	215	103	5
Due from banks	28,956	35,780	8,316	19,389	19,238
Securities	132,461	106,708	70,062	33,444	36,353
Gross loans	469,940	449,068	342,625	334,757	318,859
Loan loss reserves (LLR)	-526	-521	-556	-679	-788
Insurance assets	0	0	0	0	0
Fixed assets	711	717	705	792	843
Other assets	6,821	6,885	2,153	1,948	1,991
Total assets	642,581	598,643	423,519	389,753	376,501
Total assets (USD million) [1]	90,707	70,969	53,427	52,617	58,953
Total assets (EUR million)	86,543	80,164	56,709	52,402	50,477
Demand deposits	0	0	0	0	0
Savings deposits [2]	0	0	0	0	0
Due to banks	31,259	22,222	6,222	1,668	6,548
Market funds	567,912	536,352	388,125	359,682	338,890
Insurance liabilities	0	0	0	0	0
Other liabilities	18,162	16,815	8,853	9,183	12,018
Total liabilities	617,333	575,389	403,199	370,534	357,456
Subordinated debt	0	0	3,000	3,000	3,368
Shareholders' equity	25,248	23,254	17,320	16,219	15,309
Total capital funds	25,248	23,254	20,320	19,219	19,044
Total liabilities & capital funds	642,581	598,643	423,519	389,753	376,501
Derivatives - notional amount	150,284	123,328	83,644	--	5,283
Derivatives - replacement value	392	133	--	--	--
Contingent liabilities	1,151	123	413	426	564
Risk weighted assets (RWA)	243,937	232,771	182,133	178,936	169,700
Assets under management (EUR million) [3]	--	--	--	--	--
Number of employees	1,043	933	1,034	1,089	1,396

Summary Income Statement

	31/12/02	31/12/01	31/12/00	31/12/99	31/12/98
+Interest income	26,469	27,712	21,359	21,060	22,490
-Interest expense	25,209	26,390	20,346	19,835	21,145
=Net interest income	1,260	1,322	1,013	1,226	1,345
+Trading income	349	316	145	-333	205
+Fees & commissions	2,396	2,105	1,659	1,690	1,687
+Insurance income (net)	0	0	0	0	0
+Other operating income	139	183	137	157	131
=Operating income	4,144	3,926	2,953	2,739	3,369
-Personnel expenses	601	623	521	508	609
-Other operating expenses	816	790	751	808	570
= Operating funds flow	2,727	2,513	1,682	1,423	2,190
-Amortisation/depreciation	18	21	111	49	151
(Total operating expenses)	1,435	1,434	1,382	1,365	1,330
=Preprovision income (PPI)	2,709	2,492	1,571	1,374	2,039
-Loan loss provisions	-74	-33	-62	-79	-99
+Other non operating adjustments [4]	29	23	12	149	17
+Extraordinary profit / loss	0	0	0	0	0
=Pretax income	2,812	2,548	1,645	1,601	2,154
-Taxes	822	621	508	427	662
=Net income	1,990	1,927	1,138	1,174	1,492
-Minority interests	0	0	0	3	0
=Net income (group share)	1,990	1,927	1,138	1,171	1,492

Growth Rates (%)

	31/12/02	31/12/01	31/12/00	31/12/99	31/12/98
Gross loans	4.65	31.07	2.35	4.99	4.20
Total assets	7.34	41.35	8.66	3.52	6.98
Customer deposits (demand and savings)	--	--	--	--	--
Net interest income	-4.69	30.54	-17.36	-8.89	23.39
Fee and commission income	13.82	26.88	-1.83	0.15	4.86
Operating expenses	0.07	3.74	1.25	2.66	19.01
Preprovision income	8.71	58.65	14.34	-32.61	-8.34
Net Income	3.27	69.39	-2.87	-21.51	-4.54

Realkredit Danmark A/S (Consolidated)

	31/12/02	31/12/01	31/12/00	31/12/99	31/12/98
Income Statement in % Average Risk Weighted Assets					
Net interest income	0.53	0.64	0.56	0.70	0.81
Trading income	0.15	0.15	0.08	-0.19	0.12
Fees income	1.01	1.01	0.92	0.97	1.01
Insurance income	0.00	0.00	0.00	0.00	0.00
Operating income	1.74	1.89	1.64	1.57	2.02
Operating expenses	0.60	0.69	0.77	0.78	0.80
Preprovision income	1.14	1.20	0.87	0.79	1.23
Loan loss provisions	-0.03	-0.02	-0.03	-0.05	-0.06
Extraordinary profit	0.00	0.00	0.00	0.00	0.00
Net income	0.83	0.93	0.63	0.67	0.90
Liquidity, Funding (including sub debt) & Balance Sheet Composition					
Avg. liquid assets % avg. total assets	24.82	21.63	16.17	14.16	13.80
Avg. gross loans % avg. total assets	74.04	77.45	83.29	85.30	85.78
Avg. customer deposits % avg. total funding	0.00	0.00	0.00	0.00	0.00
Avg. interbank funds % avg. total funding	4.62	2.98	1.04	1.15	1.15
Avg. market funds (excl. interbank) % avg. total funding	95.38	96.71	98.18	97.96	97.90
Avg. sub debt % total funding	0.00	0.31	0.79	0.89	0.94
Avg. liquid assets % avg. customer deposits	--	--	--	--	--
Avg. gross loans % avg. customer deposits	--	--	--	--	--
Avg. market funds reliance [5]	86.99	88.96	90.86	90.07	89.58
Avg. RWA % avg. total assets	38.41	40.59	44.40	45.50	45.68
Breakdown of Operating Income in %					
Net interest income % operating income	30.41	33.67	34.29	44.74	39.93
Trading income % operating income	8.42	8.05	4.90	-12.15	6.09
Fees & commissions % operating income	57.82	53.62	56.18	61.70	50.09
Insurance income % operating income	0.00	0.00	0.00	0.00	0.00
Other operating income % operating income	3.35	4.66	4.63	5.72	3.89
Profitability					
Yield on avg. earning assets (%)	4.33	5.47	5.28	5.52	6.20
Cost of interest bearing liabilities (%)	4.35	5.52	5.34	5.56	6.27
Net interest margin (%)	0.21	0.26	0.25	0.33	0.37
Recurring earning power (PPI % avg. assets)	0.44	0.49	0.39	0.36	0.56
Risk-weighted recurring earning power (PPI % avg. RWA)	1.14	1.20	0.87	0.79	1.23
Return on average assets (%)	0.32	0.38	0.28	0.31	0.41
Return on avg. RWA (%)	0.83	0.93	0.63	0.67	0.90
Return on equity (period end) (%)	7.88	8.29	6.57	7.22	9.75
Net interest income coverage of loan loss provisions	-17.03	-40.06	-16.26	-15.61	-13.60
Loan loss provisions % preprovision income	-2.73	-1.32	-3.97	-5.71	-4.85
Internal capital growth (%)	8.56	11.13	7.01	6.02	9.14
Dividend payout ratio (%)	0.00	0.00	0.00	21.35	0.00
Efficiency					
Cost/income ratio (operating expenses % operating income)	34.63	36.53	46.81	49.84	39.48
Operating expenses % average assets	0.23	0.28	0.34	0.36	0.37
Operating income / employee (DKK thousand)	3,973.15	4,207.93	2,856.00	2,515.24	2,412.97
Operating expenses / employee (DKK thousand)	1,375.84	1,536.98	1,336.85	1,253.72	952.65
PPI / employee (DKK thousand)	2,597.32	2,670.95	1,519.15	1,261.52	1,460.32
Total assets / employee (DKK million)	616.09	641.63	409.59	357.90	269.70
Asset Quality and Risk Measurement					
Problem loans % gross loans	0.05	0.06	0.12	0.17	0.22
LLR % problem loans	224.79	186.74	136.37	116.60	111.61
LLR % gross loans	0.11	0.12	0.16	0.20	0.25
Loan loss provisions % gross loans	-0.02	-0.01	-0.02	-0.02	-0.03
Problem loans % (shareholders' equity + LLR)	0.91	1.17	2.28	3.45	4.39
Replacement value % shareholder's equity	1.55	0.57	--	--	--
Capital Adequacy (Period End)					
Tier 1 ratio (%)	10.30	9.91	9.40	9.00	9.23
Total capital ratio (%)	10.40	10.10	11.30	11.10	11.95
Shareholders' equity % total assets	3.93	3.88	4.09	4.16	4.07
Equity participations % shareholders' equity	0.97	1.15	3.06	4.58	3.94

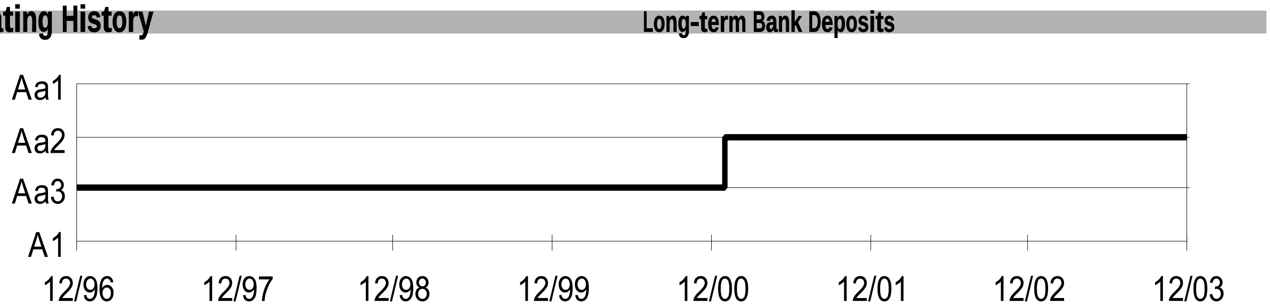
[1] USD figure uses historical exchange rate against the DKK.
[2] Full disclosure may not be available for all years. The amount is then included in "demand deposits".

Description	Coupon (%)	Currency	Face Amount (mil)	Maturity	Moody's Rating
Danske Bank A/S					
Issuer Rating	—	—	—	—	Aa2
Euro Medium Term Notes	1.120	JPY	35,000	2004	Aa2
Flt Rt Euro Medium Term Notes	—	USD	150	2004	Aa2
Flt Rt Euro Medium Term Notes	—	GBP	125	2004	Aa2
Flt Rt Euro Medium Term Notes	—	USD	200	2004	Aa2
Flt Rt Euro Medium Term Notes	—	GBP	15	2004	Aa2
Flt Rt Euro Medium Term Notes	—	CAD	10	2004	Aa2
Flt Rt Euro Medium Term Notes	—	EUR	250	2005	Aa2
Flt Rt Euro Medium Term Notes	—	EUR	250	2005	Aa2
Euro Medium Term Notes	2.635	EUR	100	2005	Aa2
Flt Rt Euro Medium Term Notes	—	EUR	500	2005	Aa2
Equity Linked Euro Medium Term Notes	—	EUR	10	2005	Aa2
Euro Medium Term Notes	5.540	HKD	161	2006	Aa2
Flt Rt Euro Medium Term Notes	—	EUR	100	2006	Aa2
Flt Rt Euro Medium Term Notes	—	GBP	300	2006	Aa2
Zero Cpn Euro Medium Term Notes	0.000	SGD	46	2006	Aa2
Euro Medium Term Notes	3.290	JPY	10,000	2007	Aa2
Euro Medium Term Notes	6.750	NOK	400	2007	Aa2
Flt Rt Euro Medium Term Notes	—	HKD	390	2008	Aa2
Flt./Fix. Rt. Euro Medium Term Notes	8.000	USD	10	2010	Aa2
Flt./Fix. Rt. Euro Medium Term Notes	7.750	USD	10	2010	Aa2
Flt./Fix. Rt. Euro Medium Term Notes	—	USD	10	2012	Aa2
Fixed/Flt. Rt. Euro MTNs	7.100	EUR	50	2013	Aa2
Deposit Note Program	—	USD	200	—	Aa2
Deposit Note Program	—	USD	250	—	Aa2
Sub. Notes	7.250	USD	200	2005	Aa3
Sub. Flt. Rt. Euronotes	—	USD	100	2005	Aa3
Sub. Flt Rt Euro Medium Term Notes	—	GBP	100	2005	Aa3
Sub. Flt. Rt. Euronotes	—	GBP	125	2007	Aa3
Sub. Flt. Rt. Euronotes	—	GBP	75	2007	Aa3
Sub. Step Up Notes	6.375	USD	300	2008	Aa3
Sub. Flt Rt Euro Medium Term Notes	—	USD	300	2009	Aa3
Sub. Step Up Notes	7.400	USD	500	2010	Aa3
Sub. Fix/Flt Rt. Euro Medium Term Notes	5.750	EUR	700	2011	Aa3
Sub. Fix/Flt Rt. Euro Medium Term Notes	5.125	EUR	500	2012	Aa3
Sub. Flt Rt Euro Medium Term Notes	—	GBP	150	2014	Aa3
Sub. Fix/Flt Rt. Euro Medium Term Notes	5.875	EUR	400	2015	Aa3
Sub. Fix/Flt Rt. Euro Medium Term Notes	4.250	EUR	500	2016	Aa3
Sub. Fix/Flt Rt. Euro Medium Term Notes	5.375	GBP	350	2021	Aa3
Commercial Paper	—	—	—	—	P-1
Deposit Program	—	—	—	—	P-1
Euro MTN Program	—	USD	4,000	—	Aa2/Aa3/P-1
Long-Term Bank Deposit Rating	—	—	—	—	Aa2
Bank Financial Strength Rating	—	—	—	—	B+
Short-Term Bank Deposit Rating	—	—	—	—	P-1
.BG Bank A/S					
Sub. Flt Rt Euro Medium Term Notes [1]	—	USD	150	2005	Aa3
Sub. Flt Rt Euro Medium Term Notes [1]	—	EUR	150	2007	Aa3
.Danske Corporation					
Commercial Paper [1]	—	—	—	—	P-1
.Danske Kredit Realkreditaktieselskab					
Danish Mortgage Bonds	7.000	DKK	7	2004	Aaa
Danish Mortgage Bonds	7.000	DKK	12	2004	Aaa
Danish Mortgage Bonds	9.000	DKK	1	2005	Aaa
Danish Mortgage Bonds	5.000	DKK	29	2006	Aaa
Danish Mortgage Bonds	6.000	DKK	25	2006	Aaa
Danish Mortgage Bonds	6.000	DKK	828	2006	Aaa
Danish Mortgage Bonds	8.000	DKK	52	2006	Aaa
Danish Mortgage Bonds	7.000	DKK	227	2006	Aaa
Danish Mortgage Bonds	7.000	DKK	—	2009	Aaa
Danish Mortgage Bonds	6.000	DKK	—	2009	Aaa

Description	Coupon (%)	Currency	Face Amount (mil)	Maturity	Moody's Rating
Danish Mortgage Bonds	6.000	DKK	—	2009	Aaa
Danish Mortgage Bonds	7.000	DKK	17	2009	Aaa
Danish Mortgage Bonds	7.000	DKK	8	2009	Aaa
Danish Mortgage Bonds	5.000	DKK	65	2011	Aaa
Danish Mortgage Bonds	6.000	DKK	1,235	2011	Aaa
Danish Mortgage Bonds	6.000	DKK	92	2011	Aaa
Danish Mortgage Bonds	7.000	DKK	458	2011	Aaa
Danish Mortgage Bonds	8.000	DKK	118	2011	Aaa
Danish Mortgage Bonds	9.000	DKK	76	2011	Aaa
Danish Mortgage Bonds	8.000	DKK	—	2014	Aaa
Danish Mortgage Bonds	7.000	DKK	—	2014	Aaa
Danish Mortgage Bonds	6.000	DKK	—	2014	Aaa
Danish Mortgage Bonds	6.000	DKK	—	2014	Aaa
Danish Mortgage Bonds	7.000	DKK	91	2014	Aaa
Danish Mortgage Bonds	7.000	DKK	13	2014	Aaa
Danish Mortgage Bonds	5.000	DKK	7	2016	Aaa
Danish Mortgage Bonds	5.000	DKK	51	2016	Aaa
Danish Mortgage Bonds	6.000	DKK	2,676	2016	Aaa
Danish Mortgage Bonds	6.000	DKK	182	2016	Aaa
Danish Mortgage Bonds	7.000	DKK	1,474	2016	Aaa
Danish Mortgage Bonds	7.000	DKK	7	2016	Aaa
Danish Mortgage Bonds	8.000	DKK	1,937	2016	Aaa
Danish Mortgage Bonds	8.000	DKK	15	2016	Aaa
Danish Mortgage Bonds	9.000	DKK	749	2016	Aaa
Danish Mortgage Bonds	9.000	DKK	10	2016	Aaa
Danish Mortgage Bonds	10.000	DKK	59	2016	Aaa
Danish Mortgage Bonds	9.000	DKK	—	2019	Aaa
Danish Mortgage Bonds	8.000	DKK	—	2019	Aaa
Danish Mortgage Bonds	7.000	DKK	—	2019	Aaa
Danish Mortgage Bonds	6.000	DKK	—	2019	Aaa
Danish Mortgage Bonds	6.000	DKK	—	2019	Aaa
Danish Mortgage Bonds	7.000	DKK	341	2024	Aaa
Danish Mortgage Bonds	7.000	DKK	14	2024	Aaa
Danish Mortgage Bonds	5.000	DKK	9	2026	Aaa
Danish Mortgage Bonds	5.000	DKK	127	2026	Aaa
Danish Mortgage Bonds	6.000	DKK	7,686	2026	Aaa
Danish Mortgage Bonds	6.000	DKK	200	2026	Aaa
Danish Mortgage Bonds	7.000	DKK	3,182	2026	Aaa
Danish Mortgage Bonds	7.000	DKK	5	2026	Aaa
Danish Mortgage Bonds	8.000	DKK	6,273	2026	Aaa
Danish Mortgage Bonds	8.000	DKK	13	2026	Aaa
Danish Mortgage Bonds	9.000	DKK	5,500	2026	Aaa
Danish Mortgage Bonds	9.000	DKK	20	2026	Aaa
Danish Mortgage Bonds	10.000	DKK	335	2026	Aaa
Danish Mortgage Bonds	9.000	DKK	—	2029	Aaa
Danish Mortgage Bonds	8.000	DKK	—	2029	Aaa
Danish Mortgage Bonds	7.000	DKK	—	2029	Aaa
Danish Mortgage Bonds	6.000	DKK	—	2029	Aaa
Danish Mortgage Bonds	6.000	DKK	—	2029	Aaa
.Fokus Bank ASA					
Flt. Rate Euronotes	—	DEM	250	2004	Aa3
Euro Medium Term Notes	6.500	GBP	12	2004	Aa3
Flt Rt Euro Medium Term Notes	—	USD	250	2005	Aa3
Sub. Flt Rt Euro Medium Term Notes	—	USD	75	2009	A1
Sub. Flt Rt Euro Medium Term Notes	—	USD	50	2011	A1
Perp. Sub. Flt. Rt. Euronotes	—	USD	100	—	A1
Euro MTN Program	—	USD	2,000	—	Aa3/A1
Long-Term Bank Deposit Rating	—	—	—	—	Aa3
Bank Financial Strength Rating	—	—	—	—	C-
Short-Term Bank Deposit Rating	—	—	—	—	P-1

Notes:
[1] Backed rating.

Rating History



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