

# ECBC Covered Bond Label Transparency Template for Danish Issuers

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## Overview

**Issuer:** DLR Kredit A/S

**Issuer type:** Specialized mortgage bank

**Cover pool:** Capital Centre B

**Cover pool setup:** Single cover pool (covered bonds, SDO)

**Link to cover pool IR website:** [www.dlr.dk/cover-pool-reports](http://www.dlr.dk/cover-pool-reports)

**Homepage:** [www.dlr.dk/welcome-investorpage](http://www.dlr.dk/welcome-investorpage)

**Format of transparency template:** pdf

**Frequency of updates:** Quarterly

**Time of reporting:** 31.12.2012 (4Q 2012)

**Time of publishing:** March 2013

This transparency template is used with ECBC labelled covered bonds issues by the three issuer categories below. Please note that not all tables are applicable to each issuer type. Information on applicability is given below and where relevant in connection with the tables in the template.

- **Specialised mortgage banks**
  - Tables A, G1.1, G2-4, M1-M11, X1-2
    - **Ship finance institutes**
      - Tables A, G1.1, G2-4, S1-S11, X1-2
    - **Non-specialised bank CBs issuers**
      - Tables G1.2, G2-4, B1-B4, B6, B9-B11, X1-2

## General issuer information (Group level)



**Table A. DLR Kredit, General Issuer Detail**

| <b>Key information regarding issuers' balance sheet</b>   | <b>Q4 2012</b> | <b>Q3 2012</b> | <b>Q2 2012</b> | <b>Q1 2012</b> |
|---|----------------|----------------|----------------|----------------|
| <i>(DKKbn – except Tier 1 and solvency ratio)</i>   |                |                |                |                |
| Total Balance Sheet Assets  | 148,9          | 141,5          | 139,7          | 143,1          |
| Total Customer Loans (fair value)   | 135,6          | 134,8          | 134,2          | 133,9          |
| of which: Used/registered for covered bond collateral pool  | 135,6          | 134,8          | 134,2          | 133,9          |
| Tier 1 Ratio (%)  | 13,2           | 12,9           | 12,6           | 12,1           |
| Solvency Ratio (%)  | 13,2           | 12,9           | 12,6           | 12,2           |
| Outstanding Covered Bonds (fair value)  | 193,8          | 149,1          | 135,9          | 146,2          |
| Outstanding Senior Unsecured Liabilities  | 2,4            | 3,4            | 3,5            | 3,4            |
| Outstanding Senior Secured Liabilities (Junior Covered Bonds)                                       | 4,0            | 0,0            | 0,0            | 0,0            |
| Guarantees (e.g. provided by states, municipalities, banks)(DKKm)                                   | 19,3           | 19,1           | 18,8           | 18,7           |
| Net loan losses (Net loan losses and net loan loss provisions)                                      | 0,09           | 0,05           | 0,05           | 0,03           |
| Value of acquired properties / ships (temporary possessions, end quarter)                           | 0,1            | 0,1            | 0,2            | 0,2            |
| <b>Customer loans (mortgage) (DKKbn)</b>  |                |                |                |                |
| Total customer loans (market value)   | 135,8          | 134,9          | 134,5          | 134,1          |
| Composition by:   |                |                |                |                |
| <b>Maturity</b>   |                |                |                |                |
| - 0 <= 1 year   | 8,8            | 6,8            | 6,1            | 6,0            |
| - < 1 <= 5 years  | 28,7           | 31,9           | 33,4           | 34,4           |
| - over 5 years  | 98,3           | 96,2           | 95,0           | 93,7           |
| <b>Currency</b>   |                |                |                |                |
| - DKK   | 98,6           | 94,6           | 93,7           | 92,8           |
| - EUR   | 37,2           | 40,3           | 40,8           | 41,4           |
| - USD   | 0              | 0              | 0              | 0              |
| - Other   | 0              | 0              | 0              | 0              |
| <b>Customer type</b>  |                |                |                |                |
| - Residential (owner-occ., private rental, cooperative housing, holiday houses)                     | 24,2           | 24,1           | 24,2           | 24,0           |
| - Commercial (office & business, manufacturing & manual industries, agriculture, social & cultural) | 110,9          | 110,1          | 109,6          | 109,4          |
| - Subsidised  | 0,7            | 0,8            | 0,8            | 0,8            |
| - eligibility as covered bond collateral  | 135,8          | 134,9          | 134,5          | 134,1          |
| 9 day non-performing loans, DKKbn (see definition in table X1)                                      | 3,4            | 3,4            |                |                |
| Loan loss provisions (sum of total individual and group wise loan loss provisions, end of quarter)  | 0,3            | 0,3            | 0,3            | 0,3            |

## General cover pool information



**Table G1.1. DLR Kredit Capital Centre B, General cover pool information**

| <i>DKKbn / Percentage of nominal outstanding CBs</i>  | <b>Q4 2012</b>  | <b>Q3 2012</b> | <b>Q2 2012</b> | <b>Q1 2012</b> |
|---|---|----------------|----------------|----------------|
| Nominal cover pool ( <i>total assets</i> )  | 190,4   | 139,4          | 122,6          | 132,0          |
| Issued bonds, incl. pre-issuance ( <i>fair value</i> )  | 166,4   | 119,8          | 104,9          | 113,4          |
| Transmission or liquidation proceeds to CB holders<br>( <i>for redemption of CBs maturing 0-1 day</i> ) | 2,7   | 2,2            | 1,5            | 2,2            |
| Overcollateralisation ( <i>DKKbn</i> )  | OC, after correction for non-eligible assets<br>20,7                        | 19,1           | 17,7           | 17,2           |
| Overcollateralisation ratio, %  | Percentage of nominal outstanding CBs, excl. pre-issuance<br>18,3%          | 17,8%          | 16,7%          | 16,9%          |
|   | Mandatory ( <i>percentage of weighted assets, general, by law</i> )<br>8,0% | 8,0%           | 8,0%           | 8,0%           |
| Nominal value of outstanding CBs  | 164,7   | 118,6          | 103,5          | 112,1          |
|   | – hereof amount maturing 0-1 day<br>51,2                                    | 11,4           | 0,0            | 10,5           |
|   | Issued bonds ( <i>nominal value</i> )<br>113,5                              | 107,2          | 103,5          | 101,6          |
| Senior secured debt <sup>1</sup>  | 4   | 0,0            | 0,0            | 0,0            |
| Senior unsecured debt <sup>2</sup>  | 3,4   | 3,4            | 3,5            | 3,4            |
| Tier 2 capital  | 0,0   | 0,0            | 0,0            | 0,0            |
| Additional tier 1 capital ( <i>e.g. hybrid core capital</i> )   | 4,8   | 3,8            | 4,1            | 4,1            |
| Core tier 1 capital   | 7,7   | 7,6            | 7,0            | 6,9            |

<sup>1</sup> Senior debt with a secondary claim on the cover pool assets (in markets referred as former Sect. 33e Bonds or Junior Covered Bonds).

<sup>2</sup> Incl. Government-guaranteed senior debt

## General cover pool information



**Table G2 DLR Kredit Capital Centre B, Outstanding covered bonds**

| <i>DKKbn / Percentage of nominal outstanding CBs</i>  |  | <b>Q4 2012</b> | <b>Q3 2012</b> | <b>Q2 2012</b> | <b>Q1 2012</b> |
|---|--|----------------|----------------|----------------|----------------|
| Nominal value of outstanding CBs                      |  | 164,7          | 118.6          | 103.5          | 112.1          |
| Fair value of outstanding CBs ( <i>market value</i> ) |  | 166,4          | 119.8          | 104.9          | 113.4          |
| Maturity of issued CBs ( <i>nominal value</i> )       | 0-1 day  | 55,4           | 11.8           | 0.0            | 11.0           |
|   | 1 day – 1 year   | 29,8           | 69.3           | 79.5           | 67.2           |
|   | 1-5 years  | 66,7           | 26.8           | 14.9           | 25.5           |
|   | 5-10 years   | 3,8            | 3.0            | 2.9            | 2.9            |
|   | 10-20 years  | 1,0            | 1.1            | 1.2            | 1.3            |
|   | > 20 years   | 8,0            | 6.6            | 5.0            | 4.3            |
| Amortisation profile of issued CBs                    | Non-callable   | 92,8%          | 91.1%          | 91.2%          | 92.6%          |
|   | Callable   | 7,2%           | 8.9%           | 8.8%           | 7.4%           |
| Interest rate profile of issued CBs                   | Fixed rate ( <i>Fixed rate constant for more than 1 year</i> )       | 98,3%          | 97.6%          | 97.2%          | 97.5%          |
|   | Floating rate ( <i>Floating rate constant for less than 1 year</i> ) | 1,7%           | 2.4%           | 2.8%           | 2.5%           |
|   | Capped floating rate   | 0%             | 0%             | 0%             | 0%             |
| Currency denomination profile of issued CBs           | DKK  | 69,2%          | 74.4%          | 70.7%          | 67.0%          |
|   | EUR  | 30,8%          | 25.6%          | 29.3%          | 32.9%          |
|   | SEK  | 0%             | 0%             | 0%             | 0%             |
|   | CHF  | 0%             | 0%             | 0%             | 0%             |
|   | NOK  | 0%             | 0%             | 0%             | 0%             |
|   | Other  | 0%             | 0%             | 0%             | 0%             |
| UCITS compliant                                       |  | 100%           | 100%           | 100%           | 100%           |
| CRD compliant   |  | 100%           | 100%           | 100%           | 100%           |
| Eligible for central bank repo <sup>2</sup>           |  | 100%           | 100%           | 100%           | 100%           |
| Rating  | Moody's <sup>1</sup>   | NR             | A2             | Aa1            | Aa1            |
|   | S&P  | AAA            | AAA            | NR             | NR             |
|   | Fitch  | NR             | NR             | NR             | NR             |

<sup>1</sup> DLR Kredit has terminated the relationship with Moody's per 03-12-2012

<sup>2</sup> DLR's EUR denominated SDOs are issued out of VP Luxembourg and are repo eligible with the ECB

## General cover pool information

**Table G3 DLR Kredit Capital Centre B, Legal ALM (balance principle) adherence<sup>1</sup>**

|                            | Issue adherence |   |
|----------------------------|-----------------|---|
| General balance principle  |                 |   |
| Specific balance principle |                 | X |

<sup>1</sup> Cf. the Danish Executive Order on bond issuance, balance principle and risk management

**Table G4 DLR Kredit Capital Centre B, Additional characteristics of ALM business model for issued CBs**

|  | Issue adherence |    |
|--|-----------------|----|
|  | Yes             | No |
| One-to-one balance between terms of granted loans and bonds issued, i.e. daily tap issuance? | X               |    |
| Pass-through cash flow from borrowers to investors?  | X               |    |
| Asset substitution in cover pool allowed?  |                 | X  |

## DLR Kredit Capital Centre B (SDO)



Property categories are defined according to Danish FSA's AS-reporting form.

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**Table M1** Number of loans by property category

|       | Owner-occupied homes | Holiday houses | Subsidised Housing | Co-operative Housing | Private rental | Manufacturing and Manual Industries | Office and Business | Agriculture | Social and cultural purposes | Other | Total  |
|-------|----------------------|----------------|--------------------|----------------------|----------------|-------------------------------------|---------------------|-------------|------------------------------|-------|--------|
| Total | 4.780                | -              | 101                | 431                  | 4.832          | 174                                 | 7.443               | 25.536      | 15                           | 12    | 43.324 |

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**Table M2** Lending by property category, DKKbn

|       | Owner-occupied homes | Holiday houses | Subsidised Housing | Co-operative Housing | Private rental | Manufacturing and Manual Industries | Office and Business | Agriculture | Social and cultural purposes | Other | Total |
|-------|----------------------|----------------|--------------------|----------------------|----------------|-------------------------------------|---------------------|-------------|------------------------------|-------|-------|
| Total | 5,5                  | -              | 0,7                | 2,4                  | 12,4           | 1,0                                 | 19,5                | 67,2        | 0,0                          | 0,0   | 108,8 |

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**Table M3** Lending, by loan size, DKKbn

|       | DKK 0 - 2m | DKK 2 - 5m | DKK 5 - 20m | DKK 20 - 50m | DKK 50 - 100m | > DKK 100m | Total |
|-------|------------|------------|-------------|--------------|---------------|------------|-------|
| Total | 27,4       | 33,5       | 37,0        | 7,9          | 2,3           | 0,6        | 108,8 |

## DLR Kredit Capital Centre B (SDO)



Property categories are defined according to Danish FSA's AS-reporting form.

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**Table M4** Lending, by-loan to-value, current property value (LTV), per cent

|   | per cent     |              |              |             |             |             |             |             |             |             |
|---|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | 0 - 19,9     | 20 - 39,9    | 40 - 59,9    | 60 - 69,9   | 70 - 79,9   | 80 - 84,9   | 85 - 89,9   | 90 - 94,9   | 95 - 100    | > 100       |
| Owner-occupied homes                        | 28,3%        | 27,6%        | 24,7%        | 9,3%        | 5,7%        | 1,1%        | 0,6%        | 0,4%        | 0,2%        | 2,1%        |
| Holiday houses                              | -            | -            | -            | -           | -           | -           | -           | -           | -           | -           |
| Subsidised Housing                          | 20,6%        | 22,2%        | 21,9%        | 10,9%       | 10,5%       | 3,6%        | 2,1%        | 2,0%        | 1,5%        | 4,8%        |
| Cooperative Housing                         | 23,2%        | 21,3%        | 20,2%        | 10,0%       | 9,3%        | 4,0%        | 3,2%        | 2,5%        | 1,9%        | 4,6%        |
| Private rental                              | 23,5%        | 23,7%        | 23,0%        | 10,8%       | 9,3%        | 2,7%        | 1,9%        | 1,3%        | 0,8%        | 2,9%        |
| Manufacturing and Manual Industries         | 31,0%        | 30,6%        | 27,6%        | 9,5%        | 0,7%        | 0,1%        | 0,1%        | 0,1%        | 0,1%        | 0,2%        |
| Office and Business                         | 28,0%        | 28,1%        | 25,9%        | 9,5%        | 4,4%        | 1,1%        | 0,7%        | 0,4%        | 0,3%        | 1,6%        |
| Agricultural properties                     | 34,0%        | 32,2%        | 23,3%        | 6,1%        | 2,6%        | 0,7%        | 0,4%        | 0,2%        | 0,1%        | 0,4%        |
| Properties for social and cultural purposes | 28,7%        | 29,5%        | 21,6%        | 10,1%       | 7,1%        | 1,9%        | 0,7%        | 0,4%        | 0,0%        | 0,0%        |
| Other                                       | 39,3%        | 36,7%        | 13,0%        | 4,8%        | 2,3%        | 1,1%        | 1,1%        | 1,1%        | 0,7%        | 0,0%        |
| <b>Total</b>                                | <b>31,1%</b> | <b>30,0%</b> | <b>23,8%</b> | <b>7,5%</b> | <b>4,0%</b> | <b>1,1%</b> | <b>0,7%</b> | <b>0,5%</b> | <b>0,3%</b> | <b>1,1%</b> |

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**Table M5** Lending by region, DKKbn

|   | Greater Copenhagen area (Region Hovedstaden) | Remaining Zealand & Bornholm (Region Sjælland) | Northern Jutland (Region Nordjylland) | Eastern Jutland (Region Midtjylland) | Southern Jutland & Funen (Region Syddanmark) | Outside Denmark (Greenland & Faroe Islands) | Total        |
|---|--|--|---------------------------------------|--------------------------------------|--|---|--------------|
| Owner-occupied homes                        | 0,4  | 0,7  | 0,8                                   | 1,3                                  | 1,3  | 1,1   | 5,5          |
| Holiday houses                              | 0,0  | 0,0  | 0,0                                   | 0,0                                  | 0,0  | 0,0   | 0,0          |
| Subsidised Housing                          | 0,0  | 0,0  | 0,0                                   | 0,0                                  | 0,0  | 0,0   | 0,0          |
| Cooperative Housing                         | 0,3  | 0,5  | 0,3                                   | 0,8                                  | 0,4  | 0,0   | 2,4          |
| Private rental                              | 2,1  | 1,9  | 1,2                                   | 3,6                                  | 3,6  | 0,1   | 12,4         |
| Manufacturing and Manual Industries         | 0,0  | 0,1  | 0,1                                   | 0,7                                  | 0,2  | 0,0   | 1,0          |
| Office and Business                         | 4,0  | 2,7  | 2,0                                   | 6,1                                  | 4,6  | 0,1   | 19,5         |
| Agricultural properties                     | 1,1  | 8,3  | 13,3                                  | 24,1                                 | 20,4   | 0,0   | 67,2         |
| Properties for social and cultural purposes | 0,0  | 0,0  | 0,0                                   | 0,0                                  | 0,0  | 0,0   | 0,0          |
| Other                                       | 0,0  | 0,0  | 0,0                                   | 0,0                                  | 0,0  | 0,0   | 0,0          |
| <b>Total</b>                                | <b>8,0</b>                                   | <b>14,3</b>                                    | <b>18,1</b>                           | <b>36,7</b>                          | <b>30,5</b>                                  | <b>1,2</b>                                  | <b>108,8</b> |

## DLR Kredit Capital Centre B (SDO)



Property categories are defined according to Danish FSA's AS-reporting form.

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**Table M6 Lending by loan type - IO Loans, DKKbn**

|                           | Owner-occupied homes | Holiday houses | Subsidi-dised Housing | Co-operative Housing | Private rental | Manufacturing and Manual Industries | Office and Business | Agriculture | Social and cultural purposes | Other      | Total       |
|---------------------------|----------------------|----------------|-----------------------|----------------------|----------------|-------------------------------------|---------------------|-------------|------------------------------|------------|-------------|
| Index Loans               | 0                    | 0              | 0                     | 0                    | 0              | 0                                   | 0                   | 0           | 0                            | 0          | 0           |
| Fixed-rate loans          | 0,2                  | 0              | 0,4                   | 0,1                  | 0,2            | 0,0                                 | 0,2                 | 1,2         | 0,0                          | 0,0        | 1,9         |
| Adjustable Rate Mortgages | 2,3                  | 0              | 0,4                   | 1,6                  | 8,7            | 0,1                                 | 9,1                 | 37,4        | 0,0                          | 0,0        | 59,7        |
| Money market based loans  | 0,0                  | 0              | 0,0                   | 0,1                  | 0,4            | 0,0                                 | 0,6                 | 1,3         | 0,0                          | 0,0        | 2,3         |
| -Non Capped floaters      | 0,0                  | 0              | 0,0                   | 0,1                  | 0,4            | 0,0                                 | 0,6                 | 1,3         | 0,0                          | 0,0        | 2,3         |
| -Capped floaters          | 0,0                  | 0              | 0,0                   | 0,0                  | 0,0            | 0,0                                 | 0,0                 | 0,0         | 0,0                          | 0,0        | 0,0         |
| Other                     | 0,0                  | 0              | 0,0                   | 0,0                  | 0,0            | 0,0                                 | 0,0                 | 0,0         | 0,0                          | 0,0        | 0,0         |
| <b>Total</b>              | <b>2,6</b>           | <b>0</b>       | <b>0,8</b>            | <b>1,8</b>           | <b>9,2</b>     | <b>0,1</b>                          | <b>9,9</b>          | <b>39,9</b> | <b>0,0</b>                   | <b>0,0</b> | <b>63,9</b> |

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**Table M7 Lending by loan type - Repayment loans/amortizing loans, DKKbn**

|                           | Owner-occupied homes | Holiday houses | Subsidi-dised Housing | Co-operative Housing | Private rental | Manufacturing and Manual Industries | Office and Business | Agriculture | Social and cultural purposes | Other      | Total       |
|---------------------------|----------------------|----------------|-----------------------|----------------------|----------------|-------------------------------------|---------------------|-------------|------------------------------|------------|-------------|
| Index Loans               | 0                    | 0              | 0                     | 0                    | 0              | 0                                   | 0                   | 0           | 0                            | 0          | 0           |
| Fixed-rate loans          | 1,0                  | 0,0            | 0,0                   | 0,3                  | 0,6            | 0,1                                 | 2,0                 | 3,3         | 0,0                          | 0,0        | 7,2         |
| Adjustable Rate Mortgages | 2,0                  | 0,0            | 0,2                   | 0,3                  | 2,6            | 0,9                                 | 7,4                 | 23,7        | 0,0                          | 0,0        | 37,1        |
| Money market based loans  | 0,0                  | 0,0            | 0,0                   | 0,0                  | 0,0            | 0,0                                 | 0,2                 | 0,3         | 0,0                          | 0,0        | 0,5         |
| -Non Capped floaters      | 0,0                  | 0,0            | 0,0                   | 0,0                  | 0,0            | 0,0                                 | 0,2                 | 0,3         | 0,0                          | 0,0        | 0,5         |
| -Capped floaters          | 0,0                  | 0,0            | 0,0                   | 0,0                  | 0,0            | 0,0                                 | 0,0                 | 0,0         | 0,0                          | 0,0        | 0,0         |
| Other                     | 0,0                  | 0,0            | 0,0                   | 0,0                  | 0,0            | 0,0                                 | 0,0                 | 0,0         | 0,0                          | 0,0        | 0,0         |
| <b>Total</b>              | <b>2,9</b>           | <b>0,0</b>     | <b>0,2</b>            | <b>0,6</b>           | <b>3,2</b>     | <b>1,0</b>                          | <b>9,6</b>          | <b>27,3</b> | <b>0,0</b>                   | <b>0,0</b> | <b>44,9</b> |

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**Table M8 Lending by loan type - All loans, DKKbn**

|                           | Owner-occupied homes | Holiday houses | Subsidi-dised Housing | Co-operative Housing | Private rental | Manufacturing and Manual Industries | Office and Business | Agriculture | Social and cultural purposes | Other      | Total        |
|---------------------------|----------------------|----------------|-----------------------|----------------------|----------------|-------------------------------------|---------------------|-------------|------------------------------|------------|--------------|
| Index Loans               | 0                    | 0              | 0                     | 0                    | 0              | 0                                   | 0                   | 0           | 0                            | 0          | 0            |
| Fixed-rate loans          | 1,2                  | 0,0            | 0,0                   | 0,4                  | 0,7            | 0,1                                 | 2,2                 | 4,6         | 0,0                          | 0,0        | 9,2          |
| Adjustable Rate Mortgages | 4,3                  | 0,0            | 0,7                   | 2,0                  | 11,3           | 0,9                                 | 16,5                | 61,1        | 0,0                          | 0,0        | 96,8         |
| Money market based loans  | 0,0                  | 0,0            | 0,0                   | 0,1                  | 0,4            | 0,0                                 | 0,7                 | 1,6         | 0,0                          | 0,0        | 2,8          |
| -Non Capped floaters      | 0,0                  | 0,0            | 0,0                   | 0,1                  | 0,4            | 0,0                                 | 0,7                 | 1,6         | 0,0                          | 0,0        | 2,8          |
| -Capped floaters          | 0,0                  | 0,0            | 0,0                   | 0,0                  | 0,0            | 0,0                                 | 0,0                 | 0,0         | 0,0                          | 0,0        | 0,0          |
| Other                     | 0,0                  | 0,0            | 0,0                   | 0,0                  | 0,0            | 0,0                                 | 0,0                 | 0,0         | 0,0                          | 0,0        | 0,0          |
| <b>Total</b>              | <b>5,5</b>           | <b>0,0</b>     | <b>0,7</b>            | <b>2,4</b>           | <b>12,4</b>    | <b>1,0</b>                          | <b>19,5</b>         | <b>67,2</b> | <b>0,0</b>                   | <b>0,0</b> | <b>108,8</b> |



Property categories are defined according to Danish FSA's AS-reporting form.

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**Table M9 Lending by seasoning (duration of customer relationship), DKK bn**

|                | Owner-occupied homes | Holiday houses | Subsi-dised Housing | Co-operative Housing | Private rental | Manufacturing and Manual Industries | Office and Business | Agriculture | Social and cultural purposes | Other      | Total        |
|----------------|----------------------|----------------|---------------------|----------------------|----------------|-------------------------------------|---------------------|-------------|------------------------------|------------|--------------|
| < 12 month     | 0,7                  | 0,0            | 0,0                 | 0,1                  | 1,8            | 0,7                                 | 2,3                 | 2,8         | 0,0                          | 0,0        | 8,3          |
| 12 - 24 months | 0,5                  | 0,0            | 0,0                 | 0,1                  | 1,1            | 0,0                                 | 1,6                 | 1,9         | 0,0                          | 0,0        | 5,2          |
| 24 - 36 months | 0,7                  | 0,0            | 0,0                 | 0,2                  | 1,3            | 0,0                                 | 2,8                 | 2,1         | 0,0                          | 0,0        | 7,1          |
| 36 - 60 months | 1,0                  | 0,0            | 0,3                 | 0,3                  | 2,7            | 0,1                                 | 4,5                 | 5,9         | 0,0                          | 0,0        | 14,8         |
| > 60 months    | 2,7                  | 0,0            | 0,3                 | 1,7                  | 5,5            | 0,2                                 | 8,3                 | 54,5        | 0,0                          | 0,0        | 73,3         |
| <b>Total</b>   | <b>5,5</b>           | <b>0,0</b>     | <b>0,7</b>          | <b>2,4</b>           | <b>12,4</b>    | <b>1,0</b>                          | <b>19,5</b>         | <b>67,2</b> | <b>0,0</b>                   | <b>0,0</b> | <b>108,8</b> |

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**Table M10 Lending by remaining maturity, DKK bn**

|                   | Owner-occupied homes | Holiday houses | Subsi-dised Housing | Co-operative Housing | Private rental | Manufacturing and Manual Industries | Office and Business | Agriculture | Social and cultural purposes | Other      | Total        |
|-------------------|----------------------|----------------|---------------------|----------------------|----------------|-------------------------------------|---------------------|-------------|------------------------------|------------|--------------|
| < 1 Year          | 0,0                  | 0,0            | 0,0                 | 0,0                  | 0,0            | 0,0                                 | 0,0                 | 0,0         | 0,0                          | 0,0        | 0,0          |
| > 1 - < 3 Years   | 0,0                  | 0,0            | 0,0                 | 0,0                  | 0,0            | 0,0                                 | 0,0                 | 0,0         | 0,0                          | 0,0        | 0,0          |
| > 3 - < 5 Years   | 0,0                  | 0,0            | 0,0                 | 0,0                  | 0,0            | 0,0                                 | 0,0                 | 0,0         | 0,0                          | 0,0        | 0,0          |
| > 5 - < 10 Years  | 0,0                  | 0,0            | 0,0                 | 0,0                  | 0,1            | 0,0                                 | 0,2                 | 0,6         | 0,0                          | 0,0        | 0,9          |
| < 10 - < 20 Years | 0,7                  | 0,0            | 0,0                 | 0,1                  | 0,5            | 1,0                                 | 10,6                | 6,8         | 0,0                          | 0,0        | 19,7         |
| > 20 Years        | 4,8                  | 0,0            | 0,7                 | 2,3                  | 11,7           | 0,0                                 | 8,7                 | 59,8        | 0,0                          | 0,0        | 88,1         |
| <b>Total</b>      | <b>5,5</b>           | <b>0,0</b>     | <b>0,7</b>          | <b>2,4</b>           | <b>12,4</b>    | <b>1,0</b>                          | <b>19,5</b>         | <b>67,2</b> | <b>0,0</b>                   | <b>0,0</b> | <b>108,8</b> |

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**Table M11 90 day Non-performing loans by property type, %**

|              | Owner-occupied homes | Holiday houses | Subsi-dised Housing | Co-operative Housing | Private rental | Manufacturing and Manual Industries | Office and Business | Agriculture | Social and cultural purposes | Other      | Total      |
|--------------|----------------------|----------------|---------------------|----------------------|----------------|-------------------------------------|---------------------|-------------|------------------------------|------------|------------|
| <b>Total</b> | <b>1,1</b>           | <b>0,0</b>     | <b>24,6</b>         | <b>0,1</b>           | <b>2,1</b>     | <b>0,9</b>                          | <b>2,8</b>          | <b>2,6</b>  | <b>14,6</b>                  | <b>0,0</b> | <b>2,5</b> |

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**X1. Key Concepts Explanation****General practice in Danish market**

If issuer's Key Concepts Explanation differs from general practice: State and explain in this column.

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**2. Residential versus commercial mortgages**

Description of the difference made between residential/owner occupied and commercial properties

The Danish FSA sets guidelines for the grouping of property in categories. Property type is determined by its primary use.

Property which primary purpose is owner occupation is characterised as residential. Whereas properties primarily used for commercial purposes are classified as commercial (cf. below).

Describe when you classify a property as commercial?

The Danish FSA sets guidelines for the grouping of property in categories. Examples of application of which classifies property as commercial are:

E.g.: Private rental, Manufacturing and Manual Industries, Offices and Business, Agriculture.

- Office
- Retail/shop
- Warehouse
- Restaurants, inns etc.
- Hotels and resorts
- Congress and conference centres.
- Campsites.
- Traffic terminals, service stations, fire stations, auction and export houses.
- Agriculture
- Forestry
- Nurseries
- Ships

**3. NPL (Non-performing loans)**

Describe how you define NPLs

A loan is categorised as non-performing when a borrower neglects a payment failing to pay instalments and / or interests.

The NPL rate is calculated at different time periods after the original payment date. Standard in Table A is 90 days arrears.

Explain how you distinguish between performing and nonperforming loans in the cover pool?

No distinction made. Asset substitution is not allowed for specialised mortgage banks.

Are NPLs parts of eligible assets in cover pool?  
Are NPL parts of non eligible assets in cover pool?

Asset substitution is not allowed for specialised mortgage banks, hence NPLs are part of the cover pool.

Are loans in foreclosure procedure part of eligible assets in cover pool?

Asset substitution is not allowed for specialised mortgage banks, hence loans in foreclosure are part of the cover pool.

If NPL and/or loans in foreclosure procedure are part of the covered pool which provisions are made in respect of the value of these loans in the cover pool?

The Danish FSA sets rules for loan loss provisioning. In case of objective evidence of impairment ('OIV') provisioning for loss must be made.

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X2. Key Concepts Explanation

(N/A for some issuers)

4. Guaranteed loans (if part of the cover pool)

How are the loans guaranteed?

Loans to agricultural properties are covered by a collective, pro-rata loan loss guarantee arrangement with the local and regional banks (DLR's shareholders). In 2012, the guarantee frame was DKK 80bn.

Loans to urban trade properties are covered by individual bank guarantees on LTVs from 60-80% (private rental and cooperative housing) and 35-70% (office & business properties), respectively.

Please provide details of guarantors

DLR's loans are distributed through approx. 80 local and regional banks in Denmark that are shareholders in DLR. The shareholding banks are required to provide loan loss guarantees on the DLR mortgage loans they distribute to their customers, and receive distribution and guarantee commissions from DLR in return.

5. Loan-to-Value (LTV)

Describe the method on which your LTV calculation is based

Mortgage loan (fair value)

Property value (latest valuation/most recent market value)

Frequency of real estate valuation for the purpose of calculating the LTV

SDO loans require on-going monitoring of the market value of the properties. As a minimum, desk valuations of all proper commercial (including agricultural) properties should be done annually, and every third year for properties used for residential purposes (including private rental properties and cooperative dwellings).

For the purpose of calculating the LTV, the most recent property value, i.e. either the latest valuation or the most recent market value is used.

Describe your valuation techniques

On-site valuation of the collateral is made by DLR's own valuation officers. Property valuations have to comply with the strict rules laid down in the Mortgage Credit Act – Executive Order on Valuation ("Værdiansættelses-bekendtgørelsen"), in order to be used for loan calculation.

As a general rule, the valuation of agricultural properties must reflect the actual trading level in the area for the property type in question. The valuation must take the location, level of maintenance and production capacity of the property into consideration, as well as the environmental conditions and the proportion between a possible animal production and the area of land.

The starting points of the valuation of office and business properties, private rental housing and co-operative dwellings is the market value of the collateral which is based on a cost accounting of the property. The cost accounting is based on calculations of profits, in which the net rent is calculated as the total rent minus operational expenses, administration fees and maintenance. In the calculation, expenses such as debt interests are not included.

6. Rating

Describe your current stand-alone ratings and recent rating history on issuer level

DLR Kredit holds an S&P Long-Term Credit Rating of **BBB+/Positive outlook** since 7 September 2012.

S&P published an initial LTCR rating of BBB+/Stable on 30 May 2012, and the rating was subsequently put on positive creditwatch after the announcement of DLR's future capital structure in June 2012. During the positive creditwatch S&P raised DLR's "Capital and Earnings" from "adequate" to "strong", and subsequently the rating was placed on positive outlook and removed from positive creditwatch.

DLR Kredit terminated the cooperation with Moody's on 3 December 2012.