

# Realkredit Danmark A/S

## Update

### Ratings

#### Foreign Currency

Long-Term IDR	A
Short-Term IDR	F1

Viability Rating	a
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Support Rating	1
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#### Sovereign Risk

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA

### Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

### Financial Data

#### Realkredit Danmark A/S

	30 Sep 18	31 Dec 17
Total assets (USDm)	134,772	141,258
Total assets (DKKm)	868,108	876,890
Total equity (DKKm)	48,790	49,891
Operating profit (DKKm)	4,114	5,603
Published net income (DKKm)	3,209	4,368
Comprehensive income (DKKm)	3,199	4,344
Operating profit/risk-weighted assets (%)	3.6	3.5
Operating ROAE (%)	11.4	11.6
Fitch Core Capital/weighted risks (%)	32.0	30.8
Tangible common equity/tangible assets (%)	5.6	5.7

Source: Fitch Ratings, Fitch Solutions

### Key Rating Drivers

**Company Profile Constrains Ratings:** Realkredit Danmark A/S's ratings reflect the bank's strong domestic franchise as Denmark's second-largest mortgage lender, its strong capitalisation and resilient asset quality. The ratings are constrained by the bank's monoline business model and wholesale funding reliance. However, risks associated with the latter are mitigated by a large, deep and liquid domestic covered bond market, and by the bank's access to funding from its parent Danske Bank AS (A/Negative/a), if needed.

**Ratings Linked to Parent:** Realkredit's ratings are based on its standalone financial strength, despite the sharing of some central functions and distribution channels with its parent. Fitch Ratings expects that, to an extent, capital is fungible between Danske and Realkredit. Fitch is therefore likely to retain the Viability Ratings (VRs) within one notch of each other.

**Good-Quality Mortgage Lending:** Realkredit's low-risk appetite and prudent underwriting standards support the bank's asset quality. About 90% of assets are well-performing mortgage loans, and Fitch expects the quality of this portfolio to remain strong.

**Funded by Covered Bonds:** Realkredit is entirely wholesale-funded (99% of non-equity funding), largely through Danish mortgage bonds. About 20% of the bonds mature within a year but refinancing risks are reduced given the supportive dynamics of the Danish mortgage bond market and Denmark's law on mortgage bond maturity extensions. Short-term bonds (with a duration of up to two years) fell to 8.2% of Realkredit's total stock of mortgage bonds at end-September 2018, and recent price adjustments will help reduce these volumes further.

**Strong Capitalisation:** Capital adequacy ratios compare well with domestic and international peers. Low-risk weights on mortgage loans boost capital ratios, while leverage is good in a European context.

**Moderate Profitability:** Realkredit's moderate profitability reflects its low-margin, low-risk mortgage lending business. Fitch expects profitability to remain low but stable, underpinned by resilient revenue generation, tight cost control and a continued focus on underwriting.

**Parent Support:** Realkredit's Support Rating of '1' reflects an extremely high probability that support would be provided by Danske, if required. In Fitch's view, Danske would have a high propensity to support Realkredit given the latter's role as the group's main domestic mortgage provider, and the significant reputational risk Danske would face in the event of Realkredit's default. Any required support is likely to be manageable relative to Danske's ability to provide it.

### Rating Sensitivities

**Reduced Funding Access:** A downgrade would most likely be due to Realkredit being unable to competitively access wholesale funding markets or a significant increase in its reliance on international debt investors, who may prove less stable during financial stress. A downgrade of Danske's ratings, or a reduced focus on liquidity, would also be rating negative.

**Upgrade Unlikely:** A VR upgrade for Realkredit is unlikely given its already high ratings for a monoline business model. An upgrade of Danske's Issuer Default Ratings (IDRs) would likely result in an upgrade of Realkredit's IDRs, at which point Realkredit's IDRs would be driven by parental support.

### Related Research

[Realkredit Danmark A/S – Ratings Navigator \(August 2018\)](#)

[Danske Bank AS – Ratings Navigator \(October 2018\)](#)

[Danske Bank AS \(December 2018\)](#)

### Analysts

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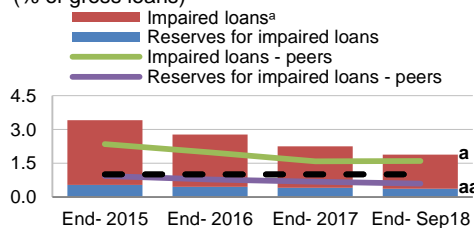
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### Note on Charts

- Black dashed lines in the charts represent indicative quantitative ranges and corresponding implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'aa' category.
- Peers include Realkredit, Danske (VR: a), Nationwide Building Society (a), Nykredit Realkredit A/S (a), and Santander UK plc (a).
- Note: A year-end of 4 April is used for Nationwide Building Society.

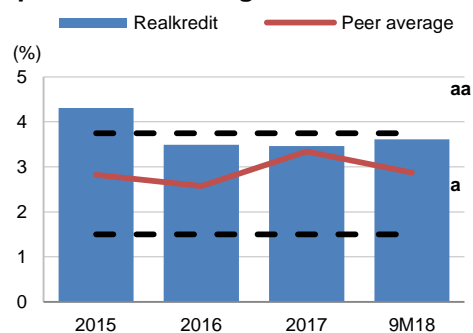
### Asset Quality

(% of gross loans)



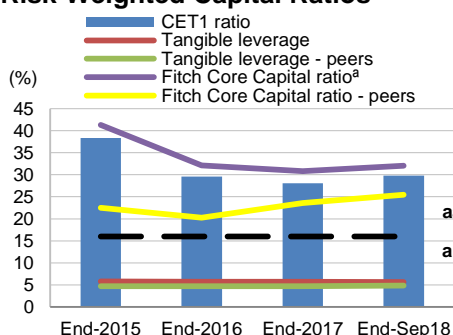
<sup>a</sup> Until end-2017, Realkredit only published impaired and non-performing loans combined so the actual impaired loans ratio was likely significantly lower than shown in this graph. For end-September 2018 Realkredit's impaired loans are stage 3 loans, making the ratio comparable to peers.  
Source: Fitch Ratings, Banks

### Op. Profit/Risk-Weighted Assets



Source: Fitch Ratings, Banks

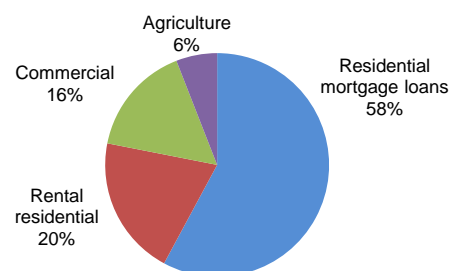
### Risk-Weighted Capital Ratios



<sup>a</sup> Benchmark score for the Fitch Core Capital ratio  
Source: Fitch Ratings, Banks

### Loan Book

End-September 2018



Source: Fitch Ratings, Realkredit

### Related Criteria

[Bank Rating Criteria \(October 2018\)](#)

Realkredit Danmark A/S  
Income Statement

	30 Sep 2018			31 Dec 2017		31 Dec 2016		31 Dec 2015	
	9 Months - 3rd Quarter		As % of Earning Assets	Year End		Year End		Year End	
	USDm	DKKm		DKKm	As % of Earning Assets	DKKm	As % of Earning Assets	DKKm	As % of Earning Assets
	Unaudited	Unaudited		Audited - Unqualified		Audited - Unqualified		Audited - Unqualified	
1. Interest Income on Loans	n.a.	n.a.	-	11,494.0	1.31	12,616.0	1.47	14,891.0	1.79
2. Other Interest Income	2,055.0	13,237.0	2.04	6,712.0	0.77	6,965.0	0.81	6,995.0	0.84
3. Dividend Income	0.0	0.0	0.00	0.0	0.00	0.0	0.00	1.0	0.00
<b>4. Gross Interest and Dividend Income</b>	<b>2,055.0</b>	<b>13,237.0</b>	<b>2.04</b>	<b>18,206.0</b>	<b>2.08</b>	<b>19,581.0</b>	<b>2.28</b>	<b>21,887.0</b>	<b>2.62</b>
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Interest Expense	1,239.8	7,986.0	1.23	11,266.0	1.29	12,721.0	1.48	14,821.0	1.78
<b>7. Total Interest Expense</b>	<b>1,239.8</b>	<b>7,986.0</b>	<b>1.23</b>	<b>11,266.0</b>	<b>1.29</b>	<b>12,721.0</b>	<b>1.48</b>	<b>14,821.0</b>	<b>1.78</b>
<b>8. Net Interest Income</b>	<b>815.2</b>	<b>5,251.0</b>	<b>0.81</b>	<b>6,940.0</b>	<b>0.79</b>	<b>6,860.0</b>	<b>0.80</b>	<b>7,066.0</b>	<b>0.85</b>
9. Net Fees and Commissions	(71.6)	(461.0)	(0.07)	(601.0)	(0.07)	(611.0)	(0.07)	(509.0)	(0.06)
10. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	(511.0)	(0.06)	743.0	0.09	(1,160.0)	(0.14)
11. Net Gains (Losses) on Assets and Liabilities at FV	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Gains (Losses) on Other Securities	(10.2)	(66.0)	(0.01)	(5,669.0)	(0.65)	(8,717.0)	(1.01)	14,629.0	1.75
13. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Operating Income	14.7	95.0	0.01	6,328.0	0.72	8,054.0	0.94	(13,718.0)	(1.65)
<b>15. Total Non-Interest Operating Income</b>	<b>(67.1)</b>	<b>(432.0)</b>	<b>(0.07)</b>	<b>(453.0)</b>	<b>(0.05)</b>	<b>(531.0)</b>	<b>(0.06)</b>	<b>(758.0)</b>	<b>(0.09)</b>
<b>16. Total Operating Income</b>	<b>748.1</b>	<b>4,819.0</b>	<b>0.74</b>	<b>6,487.0</b>	<b>0.74</b>	<b>6,329.0</b>	<b>0.74</b>	<b>6,308.0</b>	<b>0.76</b>
17. Personnel Expenses	n.a.	n.a.	-	191.0	0.02	190.0	0.02	183.0	0.02
18. Other Operating Expenses	80.7	520.0	0.08	545.0	0.06	600.0	0.07	604.0	0.07
<b>19. Total Non-Interest Expenses</b>	<b>80.7</b>	<b>520.0</b>	<b>0.08</b>	<b>736.0</b>	<b>0.08</b>	<b>790.0</b>	<b>0.09</b>	<b>787.0</b>	<b>0.09</b>
20. Equity-accounted Profit/ Loss - Operating	0.0	0.0	0.00	(1.0)	(0.00)	0.0	0.00	3.0	0.00
<b>21. Pre-Impairment Operating Profit</b>	<b>667.4</b>	<b>4,299.0</b>	<b>0.66</b>	<b>5,750.0</b>	<b>0.66</b>	<b>5,539.0</b>	<b>0.64</b>	<b>5,524.0</b>	<b>0.66</b>
22. Loan Impairment Charge	28.7	185.0	0.03	147.0	0.02	182.0	0.02	432.0	0.05
23. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>24. Operating Profit</b>	<b>638.7</b>	<b>4,114.0</b>	<b>0.64</b>	<b>5,603.0</b>	<b>0.64</b>	<b>5,357.0</b>	<b>0.62</b>	<b>5,092.0</b>	<b>0.61</b>
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Goodwill Impairment	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
30. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>31. Pre-tax Profit</b>	<b>638.7</b>	<b>4,114.0</b>	<b>0.64</b>	<b>5,603.0</b>	<b>0.64</b>	<b>5,357.0</b>	<b>0.62</b>	<b>5,092.0</b>	<b>0.61</b>
32. Tax expense	140.5	905.0	0.14	1,235.0	0.14	1,176.0	0.14	1,202.0	0.14
33. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>34. Net Income</b>	<b>498.2</b>	<b>3,209.0</b>	<b>0.50</b>	<b>4,368.0</b>	<b>0.50</b>	<b>4,181.0</b>	<b>0.49</b>	<b>3,890.0</b>	<b>0.47</b>
35. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
37. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
38. Remaining OCI Gains/(losses)	(1.6)	(10.0)	(0.00)	(24.0)	(0.00)	(80.0)	(0.01)	(15.0)	(0.00)
<b>39. Fitch Comprehensive Income</b>	<b>496.6</b>	<b>3,199.0</b>	<b>0.49</b>	<b>4,344.0</b>	<b>0.50</b>	<b>4,101.0</b>	<b>0.48</b>	<b>3,875.0</b>	<b>0.46</b>
40. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Net Income after Allocation to Non-controlling Interests	498.2	3,209.0	0.50	4,368.0	0.50	4,181.0	0.49	3,890.0	0.47
42. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	4,300.0	0.49	3,800.0	0.44	3,500.0	0.42
43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = DKK6.4413

USD1 = DKK6.2077

USD1 = DKK7.0528

USD1 = DKK6.83

Realkredit Danmark A/S  
Balance Sheet

	30 Sep 2018		31 Dec 2017		31 Dec 2016		31 Dec 2015		
	9 Months - 3rd Quarter USDm	9 Months - 3rd Quarter DKKm	As % of Assets	Year End DKKm	As % of Assets	Year End DKKm	As % of Assets	Year End DKKm	As % of Assets
<b>Assets</b>									
<b>A. Loans</b>									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	123,795.8	797,406.0	91.86	791,837.0	90.30	771,098.0	89.38	748,410.0	89.46
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	106.8	688.0	0.08	782.0	0.09	804.0	0.09	783.0	0.09
6. Less: Loan Loss Allowances	460.2	2,964.0	0.34	3,227.0	0.37	3,505.0	0.41	4,027.0	0.48
<b>7. Net Loans</b>	<b>123,442.5</b>	<b>795,130.0</b>	<b>91.59</b>	<b>789,392.0</b>	<b>90.02</b>	<b>768,397.0</b>	<b>89.07</b>	<b>745,166.0</b>	<b>89.07</b>
<b>8. Gross Loans</b>	<b>123,902.6</b>	<b>798,094.0</b>	<b>91.93</b>	<b>792,619.0</b>	<b>90.39</b>	<b>771,902.0</b>	<b>89.48</b>	<b>749,193.0</b>	<b>89.55</b>
9. Memo: Impaired Loans included above	2,328.7	15,000.0	1.73	17,809.0	2.03	21,412.0	2.48	25,549.0	3.05
10. Memo: Specific Loan Loss Allowances	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>B. Other Earning Assets</b>									
1. Loans and Advances to Banks	2,360.5	15,205.0	1.75	29,799.0	3.40	31,285.0	3.63	28,489.0	3.41
2. Reverse Repos and Securities Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Derivatives	1.9	12.0	0.00	64.0	0.01	231.0	0.03	328.0	0.04
4. Trading Securities and at FV through Income	3,430.4	22,096.0	2.55	23,626.0	2.69	25,999.0	3.01	30,210.0	3.61
5. Available for Sale Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Held to Maturity Securities	5,141.4	33,117.0	3.81	31,223.0	3.56	33,563.0	3.89	n.a.	-
7. Other Securities	0.3	2.0	0.00	2.0	0.00	2.0	0.00	29,599.0	3.54
<b>8. Total Securities</b>	<b>8,572.0</b>	<b>55,215.0</b>	<b>6.36</b>	<b>54,851.0</b>	<b>6.26</b>	<b>59,564.0</b>	<b>6.90</b>	<b>59,809.0</b>	<b>7.15</b>
9. Memo: Government Securities included Above	n.a.	n.a.	-	2,568.0	0.29	2,913.0	0.34	5,246.0	0.63
10. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Equity Investments in Associates	0.0	0.0	0.00	0.0	0.00	18.0	0.00	18.0	0.00
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>15. Total Earning Assets</b>	<b>134,376.9</b>	<b>865,562.0</b>	<b>99.71</b>	<b>874,106.0</b>	<b>99.68</b>	<b>859,495.0</b>	<b>99.63</b>	<b>833,810.0</b>	<b>99.67</b>
<b>C. Non-Earning Assets</b>									
1. Cash and Due From Banks	23.4	151.0	0.02	273.0	0.03	206.0	0.02	207.0	0.02
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Assets	3.7	24.0	0.00	38.0	0.00	110.0	0.01	122.0	0.01
4. Fixed Assets	1.1	7.0	0.00	7.0	0.00	9.0	0.00	10.0	0.00
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Current Tax Assets	33.7	217.0	0.02	13.0	0.00	0.0	0.00	n.a.	-
8. Deferred Tax Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	333.3	2,147.0	0.25	2,453.0	0.28	2,857.0	0.33	2,425.0	0.29
<b>11. Total Assets</b>	<b>134,772.2</b>	<b>868,108.0</b>	<b>100.00</b>	<b>876,890.0</b>	<b>100.00</b>	<b>862,677.0</b>	<b>100.00</b>	<b>836,574.0</b>	<b>100.00</b>
<b>Liabilities and Equity</b>									
<b>D. Interest-Bearing Liabilities</b>									
1. Total Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Deposits from Banks	268.9	1,732.0	0.20	4,294.0	0.49	6,355.0	0.74	16,611.0	1.99
3. Repos and Securities Lending	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Commercial Paper and Short-term Borrowings	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
<b>5. Customer Deposits and Short-term Funding</b>	<b>268.9</b>	<b>1,732.0</b>	<b>0.20</b>	<b>4,294.0</b>	<b>0.49</b>	<b>6,355.0</b>	<b>0.74</b>	<b>16,611.0</b>	<b>1.99</b>
6. Senior Unsecured Debt	924.0	5,952.0	0.69	6,616.0	0.75	17,318.0	2.01	17,636.0	2.11
7. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Covered Bonds	125,318.5	807,214.0	92.99	810,050.0	92.38	782,526.0	90.71	745,223.0	89.08
9. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>10. Total LT Funding</b>	<b>126,242.5</b>	<b>813,166.0</b>	<b>93.67</b>	<b>816,666.0</b>	<b>93.13</b>	<b>799,844.0</b>	<b>92.72</b>	<b>762,859.0</b>	<b>91.19</b>
11. Memo: o/w matures in less than 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>13. Total Funding</b>	<b>126,511.4</b>	<b>814,898.0</b>	<b>93.87</b>	<b>820,960.0</b>	<b>93.62</b>	<b>806,199.0</b>	<b>93.45</b>	<b>779,470.0</b>	<b>93.17</b>
14. Derivatives	3.7	24.0	0.00	10.0	0.00	85.0	0.01	126.0	0.02
<b>15. Total Funding and Derivatives</b>	<b>126,515.1</b>	<b>814,922.0</b>	<b>93.87</b>	<b>820,970.0</b>	<b>93.62</b>	<b>806,284.0</b>	<b>93.46</b>	<b>779,596.0</b>	<b>93.19</b>
<b>E. Non-Interest Bearing Liabilities</b>									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
4. Current Tax Liabilities	0.0	0.0	0.00	0.0	0.00	22.0	0.00	25.0	0.00
5. Deferred Tax Liabilities	5.9	38.0	0.00	41.0	0.00	51.0	0.01	69.0	0.01
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	676.6	4,358.0	0.50	5,988.0	0.68	6,973.0	0.81	8,138.0	0.97
<b>10. Total Liabilities</b>	<b>127,197.6</b>	<b>819,318.0</b>	<b>94.38</b>	<b>826,999.0</b>	<b>94.31</b>	<b>813,330.0</b>	<b>94.28</b>	<b>787,828.0</b>	<b>94.17</b>
<b>F. Hybrid Capital</b>									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>G. Equity</b>									
1. Common Equity	7,574.6	48,790.0	5.62	49,891.0	5.69	49,347.0	5.72	48,746.0	5.83
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
<b>6. Total Equity</b>	<b>7,574.6</b>	<b>48,790.0</b>	<b>5.62</b>	<b>49,891.0</b>	<b>5.69</b>	<b>49,347.0</b>	<b>5.72</b>	<b>48,746.0</b>	<b>5.83</b>
7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as E	7,574.6	48,790.0	5.62	49,891.0	5.69	49,347.0	5.72	48,746.0	5.83
<b>8. Total Liabilities and Equity</b>	<b>134,772.2</b>	<b>868,108.0</b>	<b>100.00</b>	<b>876,890.0</b>	<b>100.00</b>	<b>862,677.0</b>	<b>100.00</b>	<b>836,574.0</b>	<b>100.00</b>
9. Memo: Fitch Core Capital	7,574.6	48,790.0	5.62	49,891.0	5.69	49,347.0	5.72	48,746.0	5.83

Exchange rate

USD1 = DKK6.4413

USD1 = DKK6.2077

USD1 = DKK7.0528

USD1 = DKK6.83

## Realkredit Danmark A/S

### Summary Analytics

	30 Sep 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
	9 Months - 3rd Quarter	Year End	Year End	Year End
<b>A. Interest Ratios</b>				
1. Interest Income/ Average Earning Assets	2.05	2.11	2.30	2.60
2. Interest Income on Loans/ Average Gross Loans	n.a.	1.47	1.65	1.99
3. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
4. Interest Expense/ Average Interest-bearing Liabilities	1.31	1.39	1.59	1.88
5. Net Interest Income/ Average Earning Assets	0.81	0.80	0.81	0.84
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.78	0.79	0.79	0.79
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	0.81	0.80	0.81	0.84
<b>B. Other Operating Profitability Ratios</b>				
1. Operating Profit/ Risk Weighted Assets	3.61	3.46	3.49	4.31
2. Non-Interest Expense/ Gross Revenues	10.79	11.35	12.48	12.48
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	4.30	2.56	3.29	7.82
4. Operating Profit/ Average Total Assets	0.63	0.65	0.63	0.60
5. Non-Interest Income/ Gross Revenues	(8.96)	(6.98)	(8.39)	(12.02)
6. Non-Interest Expense/ Average Total Assets	0.08	0.09	0.09	0.09
7. Pre-impairment Op. Profit/ Average Equity	11.92	11.86	11.54	11.65
8. Pre-impairment Op. Profit/ Average Total Assets	0.66	0.66	0.65	0.65
9. Operating Profit/ Average Equity	11.40	11.56	11.16	10.74
<b>C. Other Profitability Ratios</b>				
1. Net Income/ Average Total Equity	8.89	9.01	8.71	8.20
2. Net Income/ Average Total Assets	0.49	0.50	0.49	0.46
3. Fitch Comprehensive Income/ Average Total Equity	8.87	8.96	8.55	8.17
4. Fitch Comprehensive Income/ Average Total Assets	0.49	0.50	0.48	0.46
5. Taxes/ Pre-tax Profit	22.00	22.04	21.95	23.61
6. Net Income/ Risk Weighted Assets	2.82	2.70	2.72	3.29
<b>D. Capitalization</b>				
1. FCC/ FCC-Adjusted Risk Weighted Assets	32.03	30.82	32.13	41.28
2. Tangible Common Equity/ Tangible Assets	5.62	5.69	5.72	5.83
3. Equity/ Total Assets	5.62	5.69	5.72	5.83
4. Basel Leverage Ratio	n.a.	5.10	5.20	5.30
5. Common Equity Tier 1 Capital Ratio	29.80	28.10	29.60	38.30
6. Fully Loaded Common Equity Tier 1 Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Tier 1 Capital Ratio	29.80	28.10	29.60	38.30
8. Total Capital Ratio	30.00	28.30	30.10	38.80
9. Impaired Loans less Loan Loss Allowances/ Fitch Core Capital	24.67	29.23	36.29	44.15
10. Impaired Loans less Loan Loss Allowances/ Equity	24.67	29.23	36.29	44.15
11. Cash Dividends Paid & Declared/ Net Income	n.a.	98.44	90.89	89.97
12. Risk Weighted Assets/ Total Assets	17.55	18.46	17.80	14.12
13. Risk Weighted Assets - Standardised/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
<b>E. Loan Quality</b>				
1. Impaired Loans/ Gross Loans	1.88	2.25	2.77	3.41
2. Growth of Gross Loans	0.69	2.68	3.03	(0.07)
3. Loan Loss Allowances/ Impaired Loans	19.76	18.12	16.37	15.76
4. Loan Impairment Charges/ Average Gross Loans	0.03	0.02	0.02	0.06
5. Growth of Total Assets	(1.00)	1.65	3.12	0.24
6. Loan Loss Allowances/ Gross Loans	0.37	0.41	0.45	0.54
7. Net Charge-offs/ Average Gross Loans	0.07	0.10	0.09	0.09
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	1.88	2.25	2.79	3.43
<b>F. Funding and Liquidity</b>				
1. Loans/ Customer Deposits	n.a.	n.a.	n.a.	n.a.
2. Liquidity Coverage Ratio	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding (including Pref. Shares & Hybrids)	n.a.	n.a.	n.a.	n.a.
4. Interbank Assets/ Interbank Liabilities	877.89	693.97	492.29	171.51
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.
6. Growth of Total Customer Deposits	n.a.	n.a.	n.a.	n.a.



Realkredit Danmark A/S  
Reference Data

	30 Sep 2018		31 Dec 2017		31 Dec 2016		31 Dec 2015		
	9 Months - 3rd Quarter USDm	9 Months - 3rd Quarter DKKm	As % of Assets	Year End DKKm	As % of Assets	Year End DKKm	As % of Assets	Year End DKKm	As % of Assets
<b>A. Off-Balance Sheet Items</b>									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	0.3	2.0	0.00	6.0	0.00	11.0	0.00	22.0	0.00
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Off-Balance Sheet items	5.0	32.0	0.00	46.0	0.01	96.0	0.01	91.0	0.01
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>B. Average Balance Sheet</b>									
1. Average Loans	123,447.1	795,159.8	91.60	781,811.2	89.16	762,792.4	88.42	749,178.8	89.55
2. Average Earning Assets	134,263.0	864,828.3	99.62	862,210.6	98.33	850,055.2	98.54	841,495.2	100.59
3. Average Total Assets	134,708.6	867,698.5	99.95	865,184.8	98.67	853,230.4	98.90	845,147.8	101.02
4. Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Average Interest-Bearing Liabilities	126,442.6	814,454.5	93.82	810,986.4	92.48	798,766.0	92.59	789,996.2	94.43
6. Average Common equity	7,489.1	48,239.5	5.56	48,479.2	5.53	47,990.6	5.56	47,431.4	5.67
7. Average Equity	7,489.1	48,239.5	5.56	48,479.2	5.53	47,990.6	5.56	47,431.4	5.67
8. Average Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>C. Maturities</b>									
<b>Asset Maturities:</b>									
Loans & Advances < 3 months	n.a.	n.a.	-	5,202.0	0.59	68,903.0	7.99	60,740.0	7.26
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	15,417.0	1.76	38,251.0	4.43	48,624.0	5.81
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	92,730.0	10.57	203,794.0	23.62	162,369.0	19.41
Loans & Advances > 5 years	n.a.	n.a.	-	676,043.0	77.10	457,449.0	53.03	473,433.0	56.59
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	29,799.0	3.40	29,293.0	3.40	22,921.0	2.74
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	0.0	0.00	1,992.0	0.23	5,568.0	0.67
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>Liability Maturities:</b>									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	n.a.	n.a.	-	4,294.0	0.49	6,355.0	0.74	13,582.0	1.62
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	0.0	0.00	0.0	0.00	3,029.0	0.36
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>Total Senior Debt on Balance Sheet</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1 - 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>Total Subordinated Debt on Balance Sheet</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>	<b>n.a.</b>	<b>-</b>
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>D. Risk Weighted Assets</b>									
1. Risk Weighted Assets	23,648.3	152,326.0	17.55	161,902.0	18.46	153,597.0	17.80	118,092.0	14.12
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>3. Fitch Core Capital Adjusted Risk Weighted Assets</b>	<b>23,648.3</b>	<b>152,326.0</b>	<b>17.55</b>	<b>161,902.0</b>	<b>18.46</b>	<b>153,597.0</b>	<b>17.80</b>	<b>118,092.0</b>	<b>14.12</b>
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>5. Fitch Adjusted Risk Weighted Assets</b>	<b>23,648.3</b>	<b>152,326.0</b>	<b>17.55</b>	<b>161,902.0</b>	<b>18.46</b>	<b>153,597.0</b>	<b>17.80</b>	<b>118,092.0</b>	<b>14.12</b>
<b>E. Fitch Core Capital Reconciliation</b>									
1. Total Equity as reported (including non-controlling interests)	7,574.6	48,790.0	5.62	49,891.0	5.69	49,347.0	5.72	48,746.0	5.83
2. Fair-value adjustments relating to own credit risk on debt issued	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Other intangibles	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fund for general banking risks if not already included and readily convertible into equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
<b>10. Fitch Core Capital</b>	<b>7,574.6</b>	<b>48,790.0</b>	<b>5.62</b>	<b>49,891.0</b>	<b>5.69</b>	<b>49,347.0</b>	<b>5.72</b>	<b>48,746.0</b>	<b>5.83</b>

Exchange Rate

USD1 = DKK6.4413

USD1 = DKK6.2077

USD1 = DKK7.0528

USD1 = DKK6.83

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