

# **Loan types and business terms**

Business customers

Applicable as from 17. April 2018

### Welcome to Realkredit Danmark

We want to provide you with all the information you need to decide on how to finance real property. Combined with the loan offer, the mortgage deed and any supplementary agreements, this document, entitled Loan types and business terms – Business customers, constitutes the terms and conditions applying to your loan.

The first pages are an introduction to the various loan types Realkredit Danmark offers, and they are followed by our business terms. The business terms include the basic terms and conditions for raising, refinancing and repaying Realkredit Danmark loans.

### Loans at a glance

The key points below give you an overview of the contents, but we recommend that you read the entire document. On the following pages, you can read more about

- loan types, their characteristics and the differences between them
- aspects to consider before deciding on a specific loan type
- the terms of a loan offer – for example the period of validity
- the time and method of disbursement, including the conditions to be fulfilled before disbursement
- taking over existing loans
- refinancing, interest rate setting and interest reset
- termination and prepayment of loans
- conduct in case of repayment difficulties
- Realkredit Danmark's right to terminate a loan

### Contact us

We serve you and other business customers from a number of Danske Bank Group entities where you can consult our specialists. Please visit [www.rd.dk](http://www.rd.dk) to find addresses and phone numbers.

We recommend that you always consult one of our specialists before deciding on how to finance property. Please contact us if you have any questions about the information provided in this document.

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### A Loan types

#### 1. Realkredit Danmark loan types

Realkredit Danmark offers the following loan types:

- Fixed-rate cash loans
- Fixed-rate bond loans
- FlexLån® loans with regular interest reset.
- FlexLife® with periodic refinancing of the loan to the market rate. You may tailor your loan within agreed limits.
- RD Cibor6® loans with semi-annual interest reset based on the six-month money market rate
- RD Euribor3® loans with quarterly interest reset based on the three-month money market rate
- RD Stibor3® loans with quarterly interest reset based on the three-month money market rate
- RD Nibor3® loans with quarterly interest reset based on the three-month money market rate
- FlexKort® loans with semi-annual interest reset based on a money market rate. In addition, the loan is refinanced periodically.

Most loan types are offered in Danish kroner but a few also in euros. RD Euribor3® loans are available in euros only. RD Stibor3® loans are available in Swedish kroner only, and RD Nibor3® loans are available in Norwegian kroner only.

Fixed-rate bond loans, FlexGaranti®, FlexKort®, FlexLån®, RD Cibor6®, RD Euribor3®, RD Stibor3® and RD Nibor3® loans are available also as interest-only loans (see 4 *Interest-only option*).

#### 2. General characteristics of all loan types

Realkredit Danmark generally offers all loan types with a term of 30 years. We always base our decision on a specific assessment of the property in question, however.

##### 2.1 Payment

A mortgage payment comprises three components: interest, instalment and administration margin.

##### Interest

The interest rate may be fixed or variable, depending on the type of loan chosen. The amount of interest

payable depends on the interest rate and the amount outstanding on the loan. If the interest rate or the amount outstanding changes, the amount of interest payable will change accordingly.

##### Instalment

The instalment depends on the method of repayment, the interest rate, the term of the loan and whether you have made an agreement on outstanding debt at expiry. This means that instalments may change during the term of the loan.

##### Administration margin

The administration margin is calculated as a percentage of the amount outstanding, and thus changes as the amount outstanding changes. In a few cases, the administration margin is calculated on the basis of the principal. This is stated in the loan offer.

The administration margin will always change as the amount outstanding changes and will therefore decrease in step with instalments being made. As a result, the total payment, consisting of interest, instalment and administration margin, decreases – also for fixed-rate loans. Furthermore, the administration margin may change if, for example, the number of payment dates changes.

The total payment will also change if Realkredit Danmark changes the administration margin on the loan.

##### Interest-only and bullet loans

If you opt for an interest-only loan, only interest and administration margin are payable during the interest-only period. When the interest-only period ends, the payments increase (see 4 *Interest-only option*).

You pay only interest and administration margin on bullet loans. On the last payment date, however, you must repay the loan in full.

##### Annuity

For loans repaid according to the annuity principle, the combined amount of interest and instalment payable is the same throughout the term of the loan, except for the first and last payment, since these payment periods are not full periods. This means that the proportionate share of the interest payment and the instalment changes in step with repayment, but the aggregate amount remains the same. If the interest rate changes, the aggregate payment amount also changes.

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As a general rule, all Realkredit Danmark loans are repaid according to the annuity principle, unless the loan is an interest-only loan. Loans already disbursed may be repaid according to other principles, such as the serial principle.

### Monthly payments

For most of our loans, it is possible to make mortgage payments each month.

A mortgage payment normally consists of interest payments, instalment and administration margin. During interest-only periods, mortgage payments consist of interest payments and administration margin.

Interest payments for each individual payment date are fixed, and if you make principal repayments, we increase the monthly interest percentage to ensure that the monthly interest payment in kroner remains the same. Your payment letter states the interest rate applicable for each month.

Special rules may apply to loans with extraordinary repayments because of the shorter loan term.

### Tax in Denmark

In Denmark, interest payments and administration margins are tax deductible and calculated on the outstanding debt under the mortgage. The remaining part of the payment is the instalment.

### 2.2 Capital losses

When you take out a mortgage loan, we raise the amount by selling bonds on Nasdaq Copenhagen A/S. The quoted price of the bonds determines the number of bonds to be sold to obtain the cash amount you require. For example, if you require DKK 1,000,000 and the price is 97, we have to sell bonds worth DKK 1,030,928. This sum is the principal and the amount you actually borrow. The amount of DKK 30,928 is the capital loss you incur on the sale of the bonds.

If you later wish to prepay the loan, in full or in part, it is the outstanding bond debt you have to repay. This applies to all loan types.

### 2.3 Price deductions and additions

When we sell or buy bonds for the purpose of disbursing, refinancing, interest resetting or repaying a loan, you pay a price deduction or price addition.

If we disburse or refinance a loan, you pay a deduction from the prices, causing the effective rate of interest on the loan to increase. The more frequently you pay the price deduction, the more expensive the loan will be. Like the administration margin and brokerage, the price deduction is included in the annual percentage rate (APR), which you can use to compare different loans and loan offers.

If we trade the bonds for repayment of a loan, you pay an addition to the price. The repayment price increases as a result of the price addition.

## 3. The nine loan types

Below we describe the characteristics of the various loan types. We base our description on loans in Danish kroner. Most of the characteristics also apply to loans in euros. 6 *Loans in euros* describes the main differences. 8.1 *Risk labelling*, describes risk labelling of Realkredit Danmark's loans in more detail.

### 3.1 Fixed-rate cash loans

The interest rate on fixed-rate cash loans is fixed throughout the term of the loan. The amount you wish to borrow is the principal, which is identical to the market value of the bonds sold.

If you wish to borrow DKK 1,000,000, the principal of the mortgage will be DKK 1,000,000 (cash principal), which is also the amount you will receive – irrespective of the price of the bonds.

The price will, however, affect the size of the payments you have to make, as the number of bonds to be sold to disburse DKK 1,000,000 to you depends on the price. If the bond price is 95, bonds worth DKK 1,052,632 must be sold (bond principal), which is the amount you actually borrow.

Unlike with a bond loan, you will not know the exact size of the payments you have to make until the loan is disbursed, as the size depends on the bond price at the time of disbursement. However you can lock in the bond price that will apply to your loan through a fixed-price agreement.

The after-tax payments on a fixed-rate cash loan will usually be lower than the payments on a fixed-rate bond loan. The reason is that the capital loss incurred at origination is converted into a tax deductible interest payment. Consequently, a cash loan based on a low coupon and thus a low bond price offers the

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lowest after-tax payments but the outstanding bond debt will be larger than if you opt for a higher coupon.

Unlike with a bond loan, the lower cash principal is the amount stated in the mortgage and the amount on which the registration fee is calculated.

### Tax in Denmark

Fixed-rate cash loans can be prepaid according to the same principles as those that apply to fixed-rate bond loans. It is the outstanding bond debt that has to be repaid.

For customers subject to corporate taxation, capital losses are tax deductible, and capital gains are subject to tax.

For customers subject to personal taxation, capital losses are not tax deductible, and capital gains are usually not subject to tax. If a loan is prepaid, capital gains are usually subject to tax – unless prepayment is due to change of ownership, divorce or death.

For customers subject to personal taxation, fixed-rate cash loans can therefore usually be refinanced at a lower coupon without any tax consequences, while refinancing at a higher coupon will usually mean that the gain is subject to tax.

### 3.2 Fixed-rate bond loans

The interest rate on fixed-rate bond loans is fixed throughout the term of the loan.

The registered mortgage is for the principal amount, corresponding to the amount of bonds we have to sell. This means that the disbursed amount depends on the price at which the bonds are sold. Bond prices may vary from day to day, and therefore you will not know the exact amount to be disbursed to you until the time of disbursement, unless you have opted for a fixed-price agreement. However, you will know the amount of payments when you receive the offer, because the offer states the loan amount measured in bonds.

We normally recommend that you opt for a bond loan with the highest possible coupon and hence a price as close to par (100) as possible. This will reduce your capital loss and result in a lower registration fee, as the fee is calculated on the basis of the principal of the mortgage.

Fixed-rate bond loans can always be repaid in cash at par (100) if terminated in due time ahead of a payment date. Alternatively, you may purchase the required amount of bonds at a lower price in the market.

### Tax

For customers subject to corporate taxation, capital gains on fixed-rate bond loans are always subject to tax, whereas capital losses on loans raised after 1 July 2007 are generally tax deductible.

For customers subject to personal taxation, capital losses are never tax deductible, and capital gains are generally not subject to tax. This does not, however, apply to disbursement of a bond loan at a price above par. In such case, the customer pays tax on the premium, unless the price was below par on the date of the loan offer and the loan is disbursed within six months of the offer date. If you enter into a fixed-price agreement, the gain is calculated on the basis of the agreed price.

### 3.3 FlexLån®

A FlexLån® loan is a floating-rate cash loan. The interest rate is reset to the market rate at regular intervals – for instance every year or every three years. As in the case of fixed-rate cash loans, the capital loss is converted into a deductible interest payment at disbursement.

The loan is based on non-callable bonds, with maturities that are typically shorter than the term of the loan. When the bonds funding a FlexLån® loan are replaced, the interest rate on the loan is reset. With a FlexLån® loan you therefore benefit from the yield to maturity on short-term bonds usually being lower than that on long-term bonds.

FlexLån® loans can be prepaid only by buying the underlying bonds at market price. This applies also if the price is above par. However, at the time of interest reset, you can always prepay the amount for which interest is reset in cash at par (100).

The low interest rate on a FlexLån® loan often means that the loan, being an annuity loan, is repaid faster at the beginning of the term than a fixed-rate loan with the same term.

A FlexLån® loan is typically a stable loan in terms of price, and fluctuations in the market value of the outstanding bond debt are less significant than those observed for fixed-rate loans.



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The cash rate, the payment and the bond principal change at each interest rate reset.

### Interest reset at fixed frequencies

The outstanding debt is interest reset at fixed frequencies such as every year or every 10 years. We call this interest reset at fixed frequencies.

When you receive the loan offer, you select the frequency best suited to your needs from among the interest-reset frequencies offered by Realkredit Danmark.

Furthermore, you may select another frequency from among the offered interest-reset frequencies when the interest on the loan is reset. We call this a shift in profile.

A shift in profile may take place without registration of a new mortgage. If you select a shift in profile, the administration margin on your loan may change from the time when the shift in profile takes effect.

### Minimal interest reset

If the loan has been disbursed or interest reset at a price above par and the loan has been an interest-only loan for the past 12 months, the loan may be subject to minimal interest reset. This means that the interest rate on the loan may change slightly in years in which the interest rate is not reset. The purpose of minimal interest resets is to balance your payments and the (larger) payment the bond holder receives.

The difference is financed by selling additional bonds. Following a minimal interest reset, we will tell you which bonds we have sold and whether we have adjusted the interest rate.

### FlexLån® with fixed term (K type)

If you choose a FlexLån® loan with a fixed term, your payments depend partly on the bond price at the time of disbursement and partly on market rate trends. If the market rate has risen when the interest rate is to be reset, payments will increase. Correspondingly, payments will decline if the market rate decreases.

The final term of a new FlexLån® loan depends on the disbursement date. If a loan is offered with a term of, for example, 20 years and it is disbursed in September, the loan term expires at the end of the interest reset period of the year that is 19 years after the disbursement date. The term of the loan is thus 19

years and six months. This does not, however, apply if the loan is disbursed less than a month before the interest reset date. In such case, the loan term will be slightly more than 20 years.

### FlexLån® with variable term (T type)

Another alternative is a FlexLån® loan, for which the total amount of interest and instalment payments remains fixed (before tax), also known as a T type FlexLån® loan. Under such loans, it is the term of the loan rather than the total amount of interest and instalment payments that is adjusted at interest reset. If interest rates fall, the term of your loan shortens. Conversely, if interest rates go up, the term of the loan is extended. If the maximum extension of the term of your loan is insufficient to cover a rate increase, the total amount of interest and instalment payments must be adjusted regardless of your loan being a T type loan.

For example, if you have opted for fixed total interest and instalment payments (before tax), and the calculated term of your loan is 20 years at the current market rate, the term may be extended up to a maximum of 30 years before the total interest and instalment payments are adjusted. Whether this is required depends on the rate increase at reset.

As the structure of the loan is such that the combined interest and instalment payment remains the same, the payment you choose at the time of entering into the type T FlexLån® agreement should be able to accommodate a rise in the interest rate. Once the agreement is concluded, the loan is regulated as set out above.

### Tax in Denmark

For tax purposes, a FlexLån® loan in Danish kroner is treated as a fixed-rate cash loan (see 3.6 *Fixed-rate cash loans – Tax*).

Section 6 *Loans in euros* provides more information about the taxation of FlexLån® loans in euros.

### Tax outside Denmark

Realkredit Danmark recommends that you seek advice from your own accountant.

### 3.4 FlexLife®

FlexLife® is a cash loan with periodic interest rate setting – e.g. once every year or every three years – at the prevailing market rate. Any capital loss on a

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sale of the bonds will be converted into a tax deductible interest payment, and the bonds underlying your loan represent your actual debt.

FlexLife® may be tailored to your needs within limits that we define beforehand. Accordingly, within these limits, you may tailor the loan to your needs:

- You decide how much of the principal you wish to repay. You are allowed to have outstanding debt when the loan expires. The amount that you have not repaid during the term of the loan must be paid at the final payment date.
- Given the right preconditions, the loan may be an interest-only loan for up to 30 years.
- This means that you decide the amount of your payments yourself and how soon the loan should perhaps become an interest-only loan.
- You decide how interest rate changes will affect your loan; for example, you may let an increase in interest rates affect the outstanding debt instead of letting it affect your payments.

Within the agreed limits, you can adjust the loan each time it is refinanced.

The loan is based on non-callable bonds with maturities that are typically shorter than the term of the loan. When the bonds funding a FlexLife® loan are replaced, the interest rate on the loan is reset. With a FlexLife® loan you therefore benefit from the yield to maturity on short-term bonds usually being lower than that on long-term bonds.

FlexLife® loans can be prepaid only by buying the underlying bonds at market price. This applies also if the price is above par. However, ahead of a refinancing, you can give notice to prepay the amount to be refinanced in cash at par (100). The notification dates are set out in appendix 1.

Since FlexLife® loans usually carry a lower interest rate than fixed-rate loans with the same term, the loan will be repaid faster early in the term.

The mortgage deed we register on the property, is a 70-year mortgage deed with bullet repayment. However, the loan must always meet the requirements of the mortgage credit legislation in force from time to time.

### Outstanding debt at expiry

We will determine in advance how much outstanding debt you are allowed to have when the loan expires (approved debt maximum) and your deadline for repaying your loan to the outstanding debt. This depends on factors such as credit issues and our valuation of the property. We will determine the amount when we make the loan offer, and it will not change if the property valuation changes or because you pay off prior-ranking loans.

Once you have repaid enough to bring the outstanding debt to within the approved debt maximum, you won't have to make any further repayments.

You may of course choose to continue paying off your loan – or to arrange for interest-only periods. It is entirely up to you to decide how much you want to repay and the outstanding debt you aim to reach (outstanding debt at expiry), provided the amount is within the agreed limits.

Once you have repaid your loan to the approved debt maximum or just below that amount (subsequent quarter), the loan automatically becomes an interest-only loan.

If your repayments reduce the current outstanding debt to below the approved debt maximum, the approved debt maximum will be reduced accordingly. In other words, you cannot “raise” the outstanding debt on the loan to the approved debt maximum in the same way as for an overdraft facility, for example.

When the loan expires, the outstanding debt not repaid during the term of the loan will fall due together with the final mortgage payment, and you may do this for example by raising a new loan, applying liquid funds or selling the property.

At six months' notice, Realkredit Danmark may change your agreement for repayment so that the outstanding debt at expiry is reduced or the agreement on outstanding debt lapses altogether. This means that you may have to make repayments on the loan or that repayments already agreed will be increased.

We can notify changes for the following reasons:

- If the price of the property falls to a level at which the cash value of loans at Realkredit Danmark, including any prior-ranking loans

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- for a minimum of two consecutive years – represents more than 60% of the current value of the property as determined by us. For co-operative housing societies and residential rental properties, however, the limit is 75%.
- If you become registered with RKI, if execution is levied against your property, if your property is subject to a forced sale or if you otherwise breach your financial obligations concerning the property.

### **Determine your own payment and term of your loan**

Within the agreed limits, you can determine the amount of your own payment, interest-only period and loan term (loan profile). You can also change your loan profile prior to a refinancing date.

However, during interest-only periods, you must always pay interest and administration margins. During periods when you make repayments, the mortgage payment will decline slightly over time because the administration margin is determined on the basis of the outstanding debt. At the next refinancing date, the payment will again be raised to the agreed amount if you have chosen to maintain a fixed payment and let any interest rate changes affect the outstanding debt at expiry or when the loan becomes an interest-only loan.

You cannot stop making repayments on the loan until the outstanding debt has reached the level we have approved (approved debt maximum).

Interest-only periods may start on disbursement of the loan or at the beginning of a quarter.

You determine the shortest and the longest term on the loan. The shortest term must be of at least the same duration as the refinancing period, and the longest term cannot exceed 30 years for co-operative housing societies and residential rental properties. For other business customers, the longest term is 20 years.

However, the final term on FlexLife® will depend on the timing of the loan disbursement, how interest rates develop and how you have chosen to let interest rate changes affect your loan. FlexLife® loans always expire at the end of the refinancing period. If a 20-year loan is disbursed in September and there are no changes in interest rates or the loan profile, it will expire in the 19th year after the date of disbursement. The term of the loan is thus 19 years and six months.

However, if the loan is disbursed less than a month before the refinancing date, the term will be slightly more than 20 years.

If you have requested a fixed payment, and the loan with that payment does not expire in March, your payments in the final year will be reduced to match expiry at 31 March. This means that the cash loan rate will be adjusted in the final year.

If you repay your loan by monthly payments, you will not be making repayments in the first two months of the quarter in which the loan expires if you have agreed an outstanding debt at expiry. The entire outstanding debt will therefore be repaid in the month of expiry.

### **Determine how changes should affect your loan**

Your loan will be recalculated in case of changes in interest rates on disbursement of the loan or subsequent refinancing. As a result, factors such as the cash loan rate and the outstanding bond debt will change at each refinancing date.

Within the limits of the loan, you may decide how changes in, for example, interest rates should affect your loan.

The effect of interest changes therefore depends on your choices of how changes should feed through to your loan, and the effect also depends on the balance of the outstanding debt at the refinancing date if interest rates rise.

Your loan documents describe your “Choices in case of changes”, and you can of course change your priorities in connection with a refinancing.

### **Ordinary refinancing**

The outstanding debt is refinanced at fixed intervals such as every year or every 10 years. At ordinary refinancing, the entire outstanding debt is refinanced.

When you receive the loan offer, you select the refinancing period best suited to your needs from among the periods offered by Realkredit Denmark.

You may select a different refinancing period when the loan is refinanced.

### **Minimal refinancing**

If the loan has been disbursed or refinanced at a price above par, the loan may be subject to minimal refinancing. This means that the interest rate on the loan

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may change marginally in years in which the loan is not refinanced.

The purpose of minimal refinancing is to balance your payments with the (larger) payments bondholders receive.

We finance the difference by selling additional bonds. Following a minimal refinancing, we will tell you which bonds we have sold and whether we have made a slight adjustment to the interest rate.

### **You may adjust your loan in connection with refinancing**

Ahead of ordinary refinancings, you will receive a letter from us, describing the agreements applicable to the loan. This allows you to decide whether to make any changes, for example if your financial situation or plans for the future have changed. In other words, you can adjust the loan to match your current financial situation.

Ahead of a refinancing, you may, within the agreed limits for the loan, change aspects such as:

- the refinancing period and select the interest terms offered by Realkredit Danmark at the time;
- the loan profile – e.g. the term of the loan, the payment you prefer and your selected outstanding debt at expiry; and
- how changes in factors such as interest rates should affect your loan.

Changes to the loan profile may result in changes to the administration margin or price deduction in connection with refinancing.

### **Parcelling out/release and partial prepayment**

Since you can only make changes to the loan process and, by extension, the settlement of the loan, in connection with refinancing, it will not always be possible to grant a release (in which part of the property is released from the mortgage, e.g. in connection with parcelling out), and it will not be possible to make a partial prepayment of the loan without affecting the repayment of the loan. This could mean that you will have to remortgage the loan or that you will have to repay more than the originally approved and agreed debt maximum at expiry.

### **Tax**

For tax purposes, FlexLife® loans are treated in the same way as FlexLån® loans. See 3.3.

### **3.5 RD Cibor6®**

An RD Cibor6® loan is a floating-rate bond loan. The interest rate on an RD Cibor6® loan is reset semi-annually on 1 January and 1 July. For more information on interest resetting of RD Cibor6®, see 16.6.

In connection with disbursement and refinancing, Realkredit Danmark may determine whether the borrowing rate in the period until the next refinancing may become negative, or whether a rate floor should be applied to prevent the interest rate from dropping below 0%. The conditions applicable to your loan will appear from the 'Afregning af lån' (disbursement of loan) document or the most recent letter on refinancing of your loan.

You may prepay your RD Cibor6® loan only by buying the bonds required at market price. However, you may always prepay the loan in cash at par (100) in connection with refinancing. An RD Cibor6® loan is also available as a bullet loan.

### **Bond maturity and refinancing**

The maturity of the bonds may be shorter than the term of the loan. All loans with a term exceeding the maturity of the bonds are refinanced by issuing new bonds. Realkredit Danmark decides which bonds with maturities up to ten years will form the basis for the refinancing.

For more information on refinancing of RD Cibor6®, see 16.4.

If a loan is disbursed after the notification day before a refinancing date, Realkredit Danmark will set an interest rate until the refinancing date on the basis of the current market rate. No refinancing will take place at the refinancing date, but the interest rate will be reset to ensure that the loan will have the same conditions and interest rate, including the interest premium/discount, as those set at the refinancing.

If the rate of interest on the loan is reset before the first payment is due, the payment for the first quarter will be based on a weighted average of the currently applicable rate and the rate that will apply after the first interest reset.

### **Tax in Denmark**

For tax purposes, RD Cibor6® loans are generally treated as fixed-rate bond loans (see 3.1 *Fixed-rate bond loans – Tax*).

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If you are subject to personal taxation and your RD Cibor6<sup>®</sup> loan is disbursed or refinanced at a price above par (and the 0.00% rate floor of the loan is active), you will obtain a capital gain on which you are liable to pay tax.

The tax amount is calculated by converting the price above par to an interest income that is distributed over the term to maturity until the next refinancing date. We will report the amount to the Danish tax authorities. If you repay the loan before the next refinancing date, the remaining capital gain will be reported as one total amount.

### Tax outside Denmark

Realkredit Danmark recommends that you seek advice from your own accountant.

### 3.6 RD Euribor3<sup>®</sup>

An RD Euribor3<sup>®</sup> loan is a floating-rate bond loan in euros. The nominal interest rate is reset four times a year – on 1 January, 1 April, 1 July and 1 October. The rate is based on the 3-month EURIBOR (money market rate). For more information on interest resetting of RD Euribor3<sup>®</sup>, see 16.6.

In connection with disbursement and refinancing, Realkredit Danmark may determine whether the borrowing rate in the period until the next refinancing may become negative, or whether a rate floor should be applied to prevent the interest rate from dropping below 0%. The conditions applicable to your loan will appear from the 'Afrekning af lån' (disbursement of loan) document or the most recent letter on refinancing of your loan.

You may prepay your RD Euribor3<sup>®</sup> loan only by buying the bonds required at market price. However, you may always prepay the loan in cash at par (100) in connection with refinancing.

### Bond maturity and refinancing

The maturity of the bonds may be shorter than the term of the loan. All loans with a term exceeding the maturity of the bonds are refinanced by issuing new bonds. Realkredit Danmark decides which bonds with maturities up to ten years will form the basis for the refinancing.

For more information on refinancing of RD Euribor3<sup>®</sup>, see 16.4.

If a loan is disbursed after the notification date before a refinancing date, Realkredit Danmark will set an

interest rate until the refinancing date on the basis of the current market rate. No refinancing will take place at the refinancing date, but the interest rate will be reset to ensure that the loan will have the same conditions and interest rate, including the interest premium/discount, as those set at the refinancing.

If the rate of interest on the loan is reset before the first payment is due, the payment for the first quarter will be based on a weighted average of the currently applicable rate and the rate that will apply after the first interest reset.

### Tax in Denmark

Since the loan is issued in euros, any capital gains are subject to tax, and capital losses arising as the loan is repaid are tax deductible. This applies to customers subject to corporate taxation as well as customers subject to personal taxation.

Taxation includes gains and losses owing to changes in both bond prices and exchange rates.

Section 6 *Loans in euros* provides more information about taxation of euro-denominated loans.

If you are subject to personal taxation and your RD Euribor3<sup>®</sup> loan is disbursed or refinanced at a price above par (and the 0.00% rate floor of the loan is active), you will obtain a capital gain on which you are liable to pay tax.

The tax amount is calculated by converting the price above par to an interest income that is distributed over the term to maturity until the next refinancing date. We will report the amount to the Danish tax authorities. If you repay the loan before the next refinancing date, the remaining capital gain will be reported as one total amount.

### Tax outside Denmark

Realkredit Danmark recommends that you seek advice from your own accountant.

### 3.7 RD Stibor3<sup>®</sup>

An RD Stibor3<sup>®</sup> loan is a floating-rate bond loan in Swedish kroner. The nominal interest rate is reset four times a year – on 1 January, 1 April, 1 July and 1 October. The rate is based on the 3-month STIBOR (money market rate). For more information on interest resetting of RD Stibor3<sup>®</sup>, see 16.6. If the total coupon (reference rate + premium/discount) be-



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comes negative at an interest reset, Realkredit Danmark may set the coupon at zero until the next interest reset date.

You may prepay your RD Stibor3<sup>®</sup> loan only by buying the bonds required at market price. However, you may always prepay the loan in cash at par (100) in connection with refinancing.

### Bond maturity and refinancing

The maturity of the bonds may be shorter than the term of the loan. All loans with a term exceeding the maturity of the bonds are refinanced by issuing new bonds. Realkredit Danmark decides which bonds with maturities up to ten years will form the basis for the refinancing.

For more information on refinancing of RD Stibor3<sup>®</sup>, see 16.4.

If a loan is disbursed after the notification date before a refinancing date, Realkredit Danmark will set an interest rate until the refinancing date on the basis of the current market rate. No refinancing will take place at the refinancing date, but the interest rate will be reset to ensure that the loan will have the same conditions and interest rate, including the interest premium/discount, as those set at the refinancing.

If the rate of interest on the loan is reset before the first payment is due, the payment for the first quarter will be based on a weighted average of the currently applicable rate and the rate that will apply after the first interest reset.

### Refinancing in another currency

Realkredit Danmark may inform you, at three months' notice before the next ordinary refinancing, that the loan will be refinanced in DKK or EUR. If you do not want the loan to be refinanced in another currency, you are entitled to terminate the loan at par at two months' notice before the refinancing date and to redeem the loan in full on the day before the originally scheduled refinancing date, at the latest. Realkredit Danmark will determine the auction date on which the exchange rate is fixed up to 30 Danish business days before the refinancing date.

In connection with refinancing in another currency, you are obliged to acknowledge receipt of a supplement to the loan agreement and sign a new "ansökan i inskrivningsärende" and return these documents to Realkredit Danmark. Realkredit Danmark is entitled to terminate the loan for repayment in full if it has

not received acknowledgement and "ansökan i inskrivningsärende" duly signed within 14 days prior of the termination date.

You carry any risk of exchange rate fluctuations, including the risk that the exchange rate at the time of refinancing and the exchange rate at the time of registration of "ansökan i inskrivningsärende" with the Swedish "Indskrivningsmyndigheten" differ. You must pay any costs for the issue and registration of the new mortgage deed in connection with the refinancing, including expenses to increase the registered mortgage collateral as a result of exchange rate fluctuations, and any interest and financing costs.

### Tax outside Denmark

Realkredit Danmark recommends that you seek advice from your own accountant.

### 3.8 RD Nibor3<sup>®</sup>

An RD Nibor3<sup>®</sup> loan is a floating-rate bond loan in Norwegian kroner. The nominal interest rate is reset four times a year – on 1 January, 1 April, 1 July and 1 October. The nominal interest rate is based on the 3-month NIBOR (money market rate). For more information on interest resetting of RD Nibor3<sup>®</sup>, see 16.6. If the total coupon (reference rate + premium/discount) becomes negative at an interest reset, Realkredit Danmark may set the coupon at zero until the next interest reset date.

You may prepay your RD Nibor3<sup>®</sup> loan only by buying the bonds required at market price. However, you may always prepay the loan in cash at par (100) in connection with refinancing.

### Bond maturity and refinancing

The maturity of the bonds may be shorter than the term of the loan. All loans with a term exceeding the maturity of the bonds are refinanced by issuing new bonds. Realkredit Danmark decides which bonds with maturities up to ten years will form the basis for the refinancing.

For more information on refinancing of RD Nibor3<sup>®</sup>, see 16.4.

If a loan is disbursed after the notification date before a refinancing date, Realkredit Danmark will set an interest rate until the refinancing date on the basis of the current market rate. No refinancing will take place at the refinancing date, but the interest rate will be reset to ensure that the loan will have the same

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conditions and interest rate, including the interest premium/discount, as those set at the refinancing.

If the rate of interest on the loan is reset before the first payment is due, the payment for the first quarter will be based on a weighted average of the currently applicable rate and the rate that will apply after the first interest reset.

### Refinancing in another currency

Realkredit Danmark may inform you, at three months' notice before the next ordinary refinancing, that the loan will be refinanced in DKK or EUR. If you do not want the loan to be refinanced in another currency, you are entitled to terminate the loan at par at two months' notice before the refinancing date and to redeem the loan in full on the day before the originally scheduled refinancing date, at the latest. Realkredit Danmark will determine the auction date on which the exchange rate is fixed up to 30 Danish business days before the refinancing date.

In connection with refinancing in another currency, you are obliged to acknowledge receipt of a supplement to the loan agreement and sign a new "pantedokument" and return these documents to Realkredit Danmark. Realkredit Danmark is entitled to terminate the loan for repayment in full if it has not received acknowledgement and "pantedokument" duly signed within 14 days prior of the termination date.

You carry any risk of exchange rate fluctuations, including the risk that the exchange rate at the time of refinancing and the exchange rate at the time of registration of "pantedokument" with the Norwegian "Statens Kartverk" differ. You must pay any costs for the issue and registration of the new mortgage deed in connection with the refinancing, including expenses to increase the registered mortgage collateral as a result of exchange rate fluctuations, and any interest and financing costs.

### Tax outside Denmark

Realkredit Danmark recommends that you seek advice from your own accountant.

### 3.9 FlexKort®

FlexKort® is a floating-rate bond loan. The interest rate on the loan is reset semi-annually on 1 January and 1 July on the basis of a semi-annual money market rate (the 6-month CITA). For more information on interest resetting of FlexKort®, see 16.6.

The loan is based on non-callable bonds with maturities that are typically shorter than the term of the loan. The maturity of the bonds issued to fund FlexKort® loans will vary between 1 and 10 years.

In connection with disbursement and refinancing, Realkredit Danmark may determine whether the borrowing rate in the period until the next refinancing may become negative, or whether a rate floor should be applied to prevent the interest rate from dropping below 0%. The conditions applicable to your loan will appear from the 'Afregning af lån' (disbursement of loan) document or the most recent letter on refinancing of your loan.

You may prepay your FlexKort® loan only by buying the required underlying bonds at market price. This applies also if the price is above par. However, you may always prepay the loan in cash at par (100) in connection with refinancing.

### Bond maturity and refinancing

The maturity of the bonds is between 1 year and 10 years. All loans with a term exceeding the maturity of the bonds are refinanced by the issuing of new bonds. Realkredit Danmark decides the maturity of the new bonds immediately before they are issued.

For more information on refinancing of FlexKort®, see 16.4.

If a loan is disbursed after the notification date before a refinancing date, Realkredit Danmark will set a coupon to apply until the refinancing date on the basis of the current market rate. No refinancing will take place at the next interest reset date, but the interest rate will be reset to ensure that the loan will have the same conditions and interest rate, including the interest premium/discount, as those set at the refinancing.

If the rate of interest on the loan is reset before the first payment is due, the payment for the first quarter will be based on a weighted average of the currently applicable rate and the rate that will apply after the first interest reset.

### Tax

For tax purposes, FlexKort® loans are generally treated as fixed-rate bond loans (see 3.2 *Fixed-rate bond loans – Tax*).

If you are subject to personal taxation and your FlexKort® loan is disbursed or refinanced at a price

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above par (and the 0.00% rate floor of the loan is active), you will obtain a capital gain on which you are liable to pay tax.

The tax amount is calculated by converting the price above par to an interest income that is distributed over the term to maturity until the next refinancing date. We will report the amount to the Danish tax authorities. If you repay the loan before the next refinancing date, the remaining capital gain will be reported as one total amount.

### 4. Interest-only option

FlexLån® loans, fixed-rate bond loans, RD Cibor6®, RD Euribor3®, RD Stibor3®, RD Nibor3®, FlexKort® and some of Realkredit Danmark's older loans with a term of at least 15 years may also be eligible for an interest-only period.

The interest-only option requires Realkredit Danmark's consent and the signing of a separate agreement.

For FlexLife® loans, the interest-only option is an integral part of the product. Section 4 therefore does not apply to FlexLife® loans.

#### 4.1 FlexLån®

If you have a FlexLån® loan with a fixed term of 15 to 30 years, we offer you an interest-only option for a period of up to 10 years. The interest-only period must start when the loan is disbursed.

The T type FlexLån® loans are not available with an interest-only option.

#### 4.2 Fixed-rate bond loans, FlexKort®, RD Euribor3®, RD Cibor6®, RD Stibor3®, RD Nibor3® loans and certain older loans

The interest-only option of fixed-rate bond loans, FlexGaranti®, FlexKort®, RD Euribor3®, RD Cibor6®, RD Stibor3®, RD Nibor3® and certain older loans with a term of at least 15 years must be exercised when the loan is disbursed. The interest-only period may end only at a regular payment date or when the loan is prepaid or expires.

If you have an interest-only period on a fixed-rate bond loan, the loan must be funded by a special bond series. The price of the bonds in this series is usually lower than the price of similar bond series that do not fund interest-only loans.

### 5. Bullet loans

Bullet loans are loans without instalments during the term of the loan. Bullet loans usually expire after ten years, at which time the entire loan is repayable. A bullet loan is available with a fixed or a floating rate.

### 6. Loans in euros

Loans in euros are offered as FlexLån®, FlexLife® and RD Euribor3® loans.

Generally, the same rules apply to a loan in euros as to a loan in Danish kroner with respect to term, loan limit, cash flows and other characteristics (although there may be limitations with respect to possible interest-reset frequencies/refinancing periods).

For customers subject to personal taxation, however, capital gains and losses are treated differently. Capital gains on loans in euros are subject to tax, whereas capital losses are tax deductible if the total net gain or loss for the year exceeds a threshold of DKK 2,000.

When calculating the threshold, capital gains and losses on all bonds, gains and losses on loans in foreign currency and gains and losses on certificates of dividend-paying, bond-based unit trusts are included.

For customers subject to personal taxation, it is therefore more favourable to refinance loans in euros at a lower rate of interest than to refinance loans in Danish kroner at a lower rate of interest. The reason is that the capital loss on prepaying loans in euros is tax deductible, which is not the case for loans in Danish kroner. By contrast, refinancing loans in euros at a higher rate of interest is not favourable because capital gains are subject to tax.

#### 6.1 Advantages and risks of loans in euros

The key advantage of FlexLån® loans in euros and RD Euribor3® loans for customers subject to personal taxation is that you benefit from the interest rate spread between euros and Danish kroner, as the euro rate is usually lower than the Danish krone rate. Another advantage is that loans in euros may help compensate for the effects of exchange rate fluctuations in income in euros.

There is a general currency risk related to loans in euros. The change in the exchange rate required to eliminate the advantage of loans in euros depends on



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the interest rate spread between euros and Danish kroner. The general rule is that the wider the interest rate spread, the greater the advantage of a loan in euros.

Disbursements and repayments of such loans are always stated in euros. Realkredit Danmark can help you with the currency exchange if you wish to pay or receive payment in Danish kroner.

### 6.2 Forward agreement

It is possible to lock in the exchange rate for the disbursement of loans in euros. This way, you can ensure that you are paid the amount you expected, without having to worry about exchange rate fluctuations.

You can enter into a forward agreement provided you have also entered into a fixed-price agreement.

### Breach of forward agreement

If you want to cancel or change the agreement after it has been made – or you do not meet the terms for disbursement of the loan on time – you must pay any costs incurred by Realkredit Danmark as a result of the breach of contract.

### 6.3 Determination of euro exchange rate for payments on euro-denominated loans

All payments on the loan must be made in euros. You can enter into an agreement with Realkredit Danmark on the exchange of payments made on euro-denominated loans.

The exchange rate is Realkredit Danmark's rate applied for deposits, which is determined on the basis of the WMR (Reuters) exchange rate at 2 p.m. The WMR exchange rate is calculated by World Markets Company PLC (WM Company) and is available e.g. on [www.danskebank.dk](http://www.danskebank.dk).

As your payments are made via Betalingsservice (direct debit), Realkredit Danmark will fix the exchange rate on the eighth business day before the due date of a payment. No later than on this day, Betalingsservice must receive notification of the fixed exchange rate in order to use the correct rate on your monthly payment summary.

Our list of charges shows how Realkredit Danmark calculates the rate applied for deposits.

## 7. Calculation of taxable gains and losses in Denmark

Capital gains and losses are usually taxed on repayment and on payment of ordinary instalments.

Loan costs are included in the calculation of a taxable gain or a deductible loss. You must report taxable gains and deductible losses to the Danish tax authorities on your tax return.

## 8. Choice of loan type

To determine which loan is the most suitable for you, several factors must be considered. For example, the size of the loan may be of importance when deciding on a loan type, just as the term has a significant effect on the size of payments. For example, you should consider whether you prefer smaller payments over a longer period or larger payments over a shorter period. Maybe you wish to stop making repayments once you have repaid the loan to a given level of outstanding debt. Moreover, your current and future financial position is an important factor to consider when you decide whether to opt for a FlexLån®, a FlexLife® a fixed-rate or maybe a bullet loan.

In short, you should consider

- the size and term of the loan
- your financial position now and in the future
- your risk appetite
- payments versus outstanding debt
- the interest-only option
- the consequences of prepayment
- the consequences of having outstanding debt at expiry

The loan type best suited to you obviously depends on your financial position, wishes and expectations, but of course also on the different characteristics of the individual loan types. They are described in the next paragraph, which also provides an overview of five different loan strategies to help you choose the right loan.

### 8.1 Risk labelling

All loans extended to consumers and housing co-operatives and secured on real property must be risk labelled at product level. More information about the risk labelling of Realkredit Danmark loans is available at [rd.dk/risikomaerkningaflaan](http://rd.dk/risikomaerkningaflaan) (in Danish only).

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### 9. Loan type characteristics

No single loan type would be the best choice in all situations. All types have advantages and disadvantages, and they may all result in a loss or a gain. A brief outline of the loan type characteristics is provided below.

#### 9.1 Fixed-rate cash loans and the cautious strategy

If you want a fixed interest rate throughout the term of the loan, it may be a good idea to pick a fixed-rate cash loan and thus adopt a cautious approach.

The characteristics of the loan include

- known payments throughout the term of the loan
- payments after tax that are smaller than payments on a fixed-rate bond loan (except if you choose a bullet loan)
- the option to refinance at a lower coupon
- taxation of capital gains on refinancing at a higher coupon
- the option of prepaying the outstanding bond debt in cash at par (100)
- no interest-only option

#### 9.2 Fixed-rate bond loans and the debt management strategy

If you want to benefit from changes in bond prices and interest rates to reduce the outstanding debt, you should opt for a fixed-rate bond loan and the debt management strategy. The reason is that persons subject to personal taxation can actively use a bond loan for debt management.

The characteristics of the loan include

- a fixed interest rate
- the option of refinancing the loan at a higher or lower rate of interest without tax consequences
- the option of prepaying the outstanding bond debt in cash at or below par (100)
- payments after tax that are larger than payments on cash loans

Please note that active debt management involves expenses, and therefore the advantage of this strategy is conditional on the loan having a certain size and term. Furthermore, any gain depends on future interest rate developments.

#### 9.3 FlexLån® loans and the interest reset strategy

If you want a low interest rate, you should choose a FlexLån® loan and the interest reset strategy. The characteristics of a FlexLån® loan include

- taking advantage of short-term rates usually being lower than long-term rates
- automatic regular reset of the interest rate according to the market rate
- the option of switching to another type of FlexLån® loan at interest reset without registering a new mortgage
- the option of disbursement in euros
- an increase in payments or extension of the term if interest rates rise
- prepayment in cash at par (100) of refinancing amounts only at interest reset

The payments on a FlexLån® loan are usually lower than the payments on a fixed-rate cash loan or a bond loan, but they are not fixed.

You should opt for a FlexLån® loan only if your financial position will allow you to make larger payments for shorter or longer periods if interest rates go up.

#### 9.4 FlexLife® loans and the flexibility strategy

If you would like one of the lowest interest rates on your loan while also having a loan that allows you to align your property financing with your needs and plans – and not vice versa – a FlexLife® loan and the flexibility strategy may be right for you.

The characteristics of a FlexLife® loan include

- Taking advantage of short-term rates usually being lower than long-term rates.
- The interest rate is regularly reset to the market rate.
- Within an agreed limit, you can adjust your loan profile and change factors such as the refinancing period, outstanding debt at expiry or payment.
- The option of having the loan disbursed in Danish kroner or euro.
- Within the limits of the loan, you determine how factors such as interest rate changes should affect your loan. For example, you may wish keep the payment but increase the outstanding debt at expiry or defer the start of an interest-only period.
- Capital gains on remortgaging are usually relatively small and are generally subject to taxation.

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At the time of refinancing, you can always prepay the amount for which interest is reset in cash at par (100).

### 9.5 The combination strategy

You may combine two or more loan types. For instance, you may have half of the loan disbursed as a FlexLån® loan and the remainder as a fixed-rate bond loan – or you may have the loan disbursed as two different types of FlexLån® loan. This strategy is favourable if you wish to borrow a large amount or take out an additional loan to supplement existing loans.

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### 10. Loan offers

When we have discussed your options with you, and you have decided on the loan type you want, you will receive an offer as soon as possible. If, in exceptional cases, our processing time should exceed two weeks, we will let you know.

#### 10.1 Duration

Realkredit Danmark's offer is valid for six months unless we state otherwise in the offer. This means that we must receive your request for disbursement within six months of the date of the offer. Otherwise, the offer will expire without further notice. The validity of the offer may be extended at your request before the end of the six-month period.

All calculations in our calculation letters and offers are preliminary and based on the official "average price, all trades" on Nasdaq Copenhagen A/S the day before the calculation/offer is made, unless otherwise specifically indicated. As market prices change all the time, the conditions of the loan are not final until the loan is disbursed or you enter into a fixed-price agreement (see also 11 *Fixed-price agreement*).

#### 10.2 Invalidation

If the conditions of the offer are not fulfilled, it becomes invalid immediately. This could be the case if you have withheld information or provided incorrect information affecting the offer or the disbursement of the loan. If the loan has already been disbursed, we may demand that the entire loan or part of the loan be repaid immediately.

Disbursement of the loan is subject to the condition that your financial situation or the operation of the property has not deteriorated significantly relative to the information on which our loan offer was based. If such significant deterioration has occurred, you must inform us before the loan is disbursed.

#### 10.3 Adjustment

We are entitled to adjust the principal of cash loans if the price of the bonds has fallen seven points or more from the day you received the offer to the day we disburse the loan. Any change in the price of mortgage bonds is usually denoted in points (equal to percentage points). The difference between price 95.20 and 95.00 is 0.20 of a point.

We may generally disburse loans funded by bonds with a different ISIN and issued in a different series from the ISIN and the series stated in the loan offer.

- For FlexLån® and FlexLife® loans, this applies to all the bonds that fund a loan, and we may also change the date of refinancing and the mix of bonds issued if bonds from more than one bond series are issued to fund a loan. The mix of bonds issued depends, among other things, on the date of disbursement and bond prices, and changes relative to the loan offer may entail an increase in the outstanding bond debt, the cash loan rate and payments. For other floating-rate loans, a change of the ISIN could also mean that your new loan until the next refinancing will be changed from having an interest rate floor (preventing the borrowing rate from dropping below 0%) to having a negative borrowing rate – or vice versa.

If the loan has been offered with a fixed, agreed interest-only period, such interest-only period may be deferred in connection with the loan disbursement if the loan is disbursed on a different date than that assumed when we submitted the loan offer. For loans disbursed in March, June September or December, the first month will not be included in the calculation because the first payment is charged in the following quarter.

The final ISINs, series and interest reset or refinancing dates are stated in the 'Afregning af lån' (disbursement of loan) document sent to you in connection with disbursement.

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### 11. Fixed-price agreement

With a fixed-price agreement, the bond price is locked in from the moment you accept the agreement. The price will remain locked in until the disbursement date, and until the mortgage has been registered.

At Realkredit Danmark, you can usually lock in the price with a fixed-price agreement. However, as this is not an option automatically available to you, in certain situations it may not be possible to lock in the price.

You may decide to enter into a fixed-price agreement for a loan amount to be disbursed or repaid. You may also conclude a fixed-price agreement for both disbursement and repayment. This will normally be an advantage to you, but it depends on the price level, loan type and selected repayment method.

A fixed-price agreement is normally a signed original document, but we also accept a signed fax. The agreement may also be concluded over the phone if you have signed a 'Financing and registration agreement' or if the loan does not exceed DKK 5 million or the equivalent in euros. Agreements for higher amounts may be concluded over the phone by your bank, your real estate agent or solicitor. We always send written confirmation immediately after concluding an agreement.

#### 11.1 Fixed-price agreement on new loans

With a fixed-price agreement for a new bond loan, the loan is protected against a decline in bond prices, and you will know the size of the loan proceeds the moment the agreement is concluded because we trade the bonds immediately. As regards fixed-rate cash loans, the agreement locks in the total amount of interest and instalment payments.

A fixed-price agreement also ensures that the loan is disbursed at the offered coupon. However, this does not apply to fixed-price agreements on disbursement of FlexKort®, RD Euribor3®, RD Cibor6®, RD Stibor3® and RD Nibor3® loans.

For such loan types, you lock in only the price and hence the proceeds, but not necessarily the coupon. The reason is that the coupons of the bonds funding FlexKort®, RD Euribor3®, RD Cibor6®, RD Stibor3® and RD Nibor 3® loans are known only until the next interest reset date.

For more information about

- fixed-price agreements on FlexLån® loans, see 16.1 Interest reset of FlexLån® loans and change of profile
- refinancing of FlexLife® loans, see 16.2 Refinancing of FlexLife® loans and change of profile
- how fixed-price agreements are settled, see 26.3 Fixed-price agreement.

The disadvantage of fixed-price agreements is that you are bound by the agreement, even if the price subsequently rises.

#### 11.2 Fixed-price agreement on existing loans

It is a relevant option to enter into a fixed-price agreement on the repayment of a fixed-rate loan if the bond price is below par (100). Note that it is also a relevant option if the price is above par when you want to prepay a FlexLån®, FlexLife®, FlexGaranti®, FlexKort®, RD Cibor6®, RD Eurobor3®, RD Stibor3® or RenteDyk™ loan. The agreement guarantees that you know the amount to be repaid and protects the loan against price rises from the time the agreement is concluded.

However, if the price declines further, you still have to repay the loan at the price stated in the fixed-price agreement.

You can prepay a loan with a fixed-price agreement only if we receive the amount to be prepaid no later than on the agreed prepayment date.

#### 11.3 Change of fixed-price agreement and breach

You may change the amount or date of the fixed-price agreement up to four business days before disbursement/prepayment.

If you want to change a fixed-price agreement, we will cancel the original agreement and enter into a new one. We calculate a new forward price on the basis of the original agreement and factor in any loss or gain on the original agreement.

If the new agreement covers a smaller loan amount, only the corresponding proportion of any gain will be included whereas losses are offset in full.

#### Termination of a fixed-price agreement

If you want to terminate a fixed-price agreement, you must generally compensate us for any loss we

## Loan types and business terms – Business customers

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incur in connection with such termination of the agreement.

However, you can cancel a fixed-price agreement at no cost if you have locked in the price of a loan offer subject to assessment, and Realkredit Danmark chooses not to offer a loan e.g. due to the value or condition of the property.

### **Breach of the fixed-price agreement**

If a fixed-price agreement is breached, Realkredit Danmark will calculate any losses or gains resulting from such breach. The calculation will be made on the day the breach comes to Realkredit Danmark's notice, however not later than on the settlement date.

In case of a loss, you must pay the amount in cash to Realkredit Danmark within 14 days after receipt of the loss calculation. If you fail to do so, Realkredit Danmark will charge penalty interest from the calculation date at its current penalty interest rate.

Gains are not disbursed.

If you default on a fixed-price agreement that covers both disbursement and redemption, a gain on one agreement will be set off against a loss on the other agreement.

### **12. Settlement of new loan without a fixed-price agreement**

If you do not conclude a fixed-price agreement, we apply "Realkredit Danmark's disbursement price" when we disburse the loan.

See also 26.4. Realkredit Danmark's disbursement price.

### **13. Registration service**

When you take out a new loan or refinance existing loans with Realkredit Danmark, we offer to handle registration, price lock-in and repayment of the loan. We can also help you with moving loans to a lower priority ranking in favour of the new mortgage loan.

In Denmark, the new mortgage is to be registered electronically with the Land Registry, so the mortgage must be signed with a digital signature. You can sign the mortgage personally, or you can authorise Realkredit Danmark to sign the mortgage on your

behalf. Alternatively, you can authorise a third person to sign the mortgage digitally on your behalf. If you ask Realkredit Danmark to sign the mortgage, the Danish Land Registration Court will notify you by letter when the mortgage has been registered.

### **13.1 Settlement account**

To handle the registration process for you, we will open a settlement account in your name. For multiple-debtor loans, we will open one settlement account in the name of all the debtors. When the new loan is disbursed, we will deposit the cash proceeds in the settlement account.

The account is temporary and will be closed when the loan case has been processed. Interest will accrue on amounts in the account in accordance with the terms and conditions set out in the 'Financing and registration agreement', and Realkredit Danmark will file the information concerning the settlement account with the Danish tax authorities. Other than as set out in the 'Financing and registration agreement', no credit facility is attached to the account.

The settlement account is covered by the Guarantee Fund (*Garantiformuen*). Read more about coverage in Appendix 2.

### **14. Monthly payments are cheaper**

For most of Realkredit Danmark's loans, it is possible to make monthly rather than quarterly payments. Monthly payments will result in a lower administration margin.

Payments must be made through Betalingsservice.

#### **14.1. Changing the number of annual payments**

Unless it is a condition for your loan that payments are made monthly, most loans offer the option of changing the number of annual payments.

You cannot change the number of payments if you are in arrears with payments. Penalty interest and fees due must also have been paid before we can change the number of payments.

If you want to change the number of annual payments, you must contact us. For the change to take effect from the next payment period, we must have received and confirmed your wish one month before the start of the ordinary payment period, that is, before 1 March, 1 June, 1 September or 1 December.



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If we have not confirmed the agreement before one of these dates, the change will not take effect until the beginning of the next ordinary payment period and you must continue to make payments as before.

If a buyer takes over the loan in connection with a change of ownership and wants to change the number of annual payments, the buyer must proceed as stated above. The buyer cannot change the number of payment dates until the change of ownership is complete.

### 15. Disbursement

To have the loan disbursed, you use our disbursement form (*Udbetaling af lån*). You should also use this form if a guarantee or collateral in the form of securities in a custody account is required. We accept a request for disbursement sent by fax if we receive the original no later than the following day.

If you have requested the disbursement of a loan as soon as possible, we will always process the request as quickly as we can. However, we reserve the right to extend the processing period to up to seven business days.

When we disburse the loan, we send information about the first and second payments, total payments year by year, credit information (key figures) and settlement prices for the bonds sold.

#### 15.1 Disbursement conditions

All conditions in the loan offer, the agreement on the mortgaging of assets to Realkredit Danmark (*Aftale om pantsætning til Realkredit Danmark*, the mortgage deed and Loan types and business terms must be fulfilled before we can disburse the loan:

- If you have concluded a fixed-price agreement, all conditions for disbursement must be fulfilled no later than four business days before the settlement date.
- The request for disbursement must be sent to the unit of Realkredit Danmark or Danske Bank stated in the letter accompanying the loan offer.
- You must inform us of your address and civil registration number (CPR No.) or business registration number (CVR No.). Pursuant to Danish legislation on money laundering, you must submit proper identification and inform us of the purpose of the loan. We also require

the account number of an account with a Danish bank to which the funds can be transferred.

- We are entitled to request further documentation, and if the information provided does not lead to further questions, we can disburse the loan.
- We will not disburse the new loan until you have paid all due payments and fees, etc., on existing loans with Realkredit Danmark. This also applies to outstanding payments on loans with Realkredit Danmark secured on property other than the property on which the new loan is to be secured. We may offset outstanding amounts due to us against the new loan.
- We can refuse to disburse the loan if you enter into reconstruction or bankruptcy, compulsory composition, or if execution is levied against your property or it is subject to a forced sale.

#### 15.2 Disbursement against guarantee

We can disburse the loan with the required priority ranking before registration has been completed if a bank guarantee is issued to the effect that the loan will be repaid if we do not receive documentation of the mortgage having been given clear title without endorsements barring registration within six months of disbursement of the loan. If you have asked us to arrange funding and registration, you can also opt for a guarantee for the registered mortgage at a commission of currently 2.0% per annum charged per month or part thereof. The commission is calculated on the basis of the principal of the new loan(s). We will inform you of the estimated guarantee commission on request.

Even if you have not asked us to arrange funding and registration for you, a guarantee may in certain cases be issued via Danske Bank A/S.

The guarantee, which is free of charge for you, is issued if the mortgage is registered with an endorsement of loan(s) raised with Realkredit Danmark where the repayment of such loan(s) is to be deducted from the proceeds from the new loan. Such a guarantee is issued only in cases where no other bank has issued a guarantee in respect of the same loan(s).

If the loan is raised in connection with the purchase of the property, we require a bank guarantee ensuring repayment if the mortgage is not registered with a clear title to the property without endorsements

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barring registration within six months of disbursement of the loan.

In the case of advance loans for construction and renovation work, however, the bank guarantee must cover more situations than the two set out above. For example, the bank guarantee must also cover repayment of the loan if you fail to obtain the necessary commencement and planning permissions within six months of disbursement of the loan, or if the construction

- is commenced more than six months after disbursement of the loan
- is not completed legally within two years of disbursement of the loan
- does not represent the value we set as a condition when granting the loan

### 15.3 Price on disbursement

If you have not concluded a fixed-price agreement, the loan will be disbursed to you on the basis of Realkredit Danmark's disbursement price.

All bond trades are settled with value two business days later. This means that we transfer the funds to your account two business days after the settlement price was fixed.

- For cash loans, the interest rate is set when we disburse the loan.
- For bond loans, the proceeds are determined when we disburse the loan.

We generally recommend that you protect the proceeds to be disbursed against price fluctuations, by either concluding a fixed-price agreement or having the loan disbursed against a guarantee for clear title in the registry.

### 15.4 Time of disbursement

When all conditions for disbursement of the loan have been fulfilled, it will typically take seven days from request of disbursement until the money is at your disposal.

If you register the payments for direct debit, you must use the payment forms we send until the payment appears in your direct debit summary. If you are not sure whether to use the payment forms, please contact us.

### 15.5 Loans in euros

We can transfer the proceeds of a loan in euros to a euro account with a financial institution, or exchange the amount to Danish kroner and transfer it to an account in Danish kroner.

If you want the loan to be settled in Danish kroner, the amount will be exchanged at Realkredit Danmark's rate applied for disbursements. Our list of charges shows how Realkredit Danmark calculates the exchange rate. If you have entered into a fixed-price agreement for the loan to be disbursed in euros, you can lock in the exchange rate on the net proceeds with a forward agreement. You can read about the forward agreement in 6.2.

## 16. Interest reset/refinancing or new interest fixing

### 16.1 FlexLån® interest reset and change of profile

Interest reset of FlexLån® loans is executed by our sale of bonds either at an auction or directly in the market. The auction may be held on a single day or over a period. The length and time of the auction may vary in relation to the interest reset date according to Realkredit Danmark's assessment of the market conditions. The auction is held up to six months prior to the interest reset date.

The date of interest reset appears in the agreement between you and Realkredit Danmark. The sale of bonds is executed using the trading method which in our opinion will offer the best price considering the market conditions and the amount of bonds to be sold in connection with the interest reset. We do not charge brokerage for the sale of bonds in connection with interest reset.

Each time you refinance a FlexLån® loan, you pay a price deduction on the bonds sold at the auction or otherwise. The more frequently you pay the price deduction, the more expensive the loan will be.

You can enter into a fixed-price agreement for the interest reset of a FlexLån® loan. The expiry of the notification period is also the deadline for entering into a fixed-price agreement. Therefore, the fixed-price agreement must be concluded over the phone or in person before the close of business or at rd.dk before midnight on the expiry date of the notification period before the interest reset. Appendix 1 lists notification dates.

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Under a fixed-price agreement applying to an individual interest reset, interest resetting is executed on the agreed terms and at the individually agreed price.

The interest rate is always reset with effect from the interest reset date and remains in force for the period you have chosen, for instance, one year if you have chosen an F1 type loan. The fixed-price agreement can be entered into up to 12 months before the next interest reset.

Realkredit Danmark must inform you of changes to future interest reset dates at least two months before an agreed interest reset date.

Any change of an interest reset date may either extend or shorten the period until the next interest reset date.

### 16.2 FlexLån® profile shift

You can shift to another FlexLån® profile in connection with interest resetting. Read more about this in 3.3 *FlexLån®, Interest reset*.

The administration margin on your FlexLån® loan and the price deduction at interest reset depend on the interest reset frequency you select. This means that changes to the loan profile may trigger changes to the administration margin and price deduction.

An agreement to change the interest-reset profile may be concluded orally or in writing. If the agreement is concluded orally, we will subsequently send you written confirmation. In order for the agreement to take effect from the next interest reset, it must be concluded not later than 4.00pm on the day before the expiry of the notification period preceding the interest reset date (see the notification dates in Appendix 1).

You can combine an interest-reset profile change with a fixed-price agreement for the interest reset and/or a change of repayment method.

### 16.3 Refinancing of FlexLife® loans and change of profile

We execute refinancing of FlexLife® loans by selling bonds either at an auction or directly in the market. The auction may be held on a single day or over a period of time. The length and time of the auction may vary in relation to the refinancing date depending on what we feel is best considering the prevailing market conditions. The auction is held up to six months before the refinancing date.

The refinancing date is stated in the agreement between you and Realkredit Danmark. The sale of bonds is executed using the trading method which in our opinion will offer the best price considering the prevailing market conditions and the amount of bonds to be sold in connection with the refinancing. We do not charge brokerage for the sale of bonds in connection with refinancing.

Each time you refinance a FlexLife® loan, you pay a price deduction on all bonds sold at the auction or otherwise. The more frequently you pay the price deduction, the more expensive the loan will be.

You can enter into a fixed-price agreement for refinancing of a FlexLife® loan. The expiry of the notification period is also the deadline for entering into a fixed-price agreement. Therefore, the fixed-price agreement must be concluded over the phone or in person before the close of business or at [www.rd.dk](http://www.rd.dk) by midnight on the expiry date of the notification period for the refinancing. See the notification dates in Appendix 1.

Under a fixed-price agreement applying to an individual refinancing, refinancing is executed on the agreed terms and at the individually agreed price.

The refinancing always takes effect from the refinancing date and remains in force for the period you have chosen (for instance one year if you have chosen FlexLife® 1 IR). The fixed-price agreement can be entered into up to 12 months before the next refinancing date.

### Change of FlexLife® loan profile

You can change the loan profile of your FlexLife® loan in connection with refinancing. This means that you can change e.g. the refinancing period, the method of repayment, outstanding debt at expiry and how changes in, for example, interest rates should affect your loan. Read more about this in 3.4. FlexLife®.

The administration margin on your FlexLife® loan and the price deduction at refinancing depend on the refinancing period you select. This means that changes to the loan profile may trigger changes to the administration margin and price deduction.

A change of the loan profile may be agreed orally or in writing. If it is agreed orally, we will subsequently send you a letter of confirmation. In order for the agreement to take effect from the next refinancing, it



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must be concluded by 4.00pm on the day before the expiry of the notification period preceding the refinancing. See the notification dates in Appendix 1.

You can combine a shift of loan profile with a fixed-price agreement.

Changes exceeding the agreed limits are subject to approval by Realkredit Danmark, for example if you wish to reduce your loan repayments.

### **16.4 Refinancing of FlexKort®, RD Euribor3®, RD Cibor6®, RD Stibor3®, RD Nibor3® and FlexGaranti® loans**

Below, we outline the specific conditions applying to FlexKort®, RD Euribor3®, RD Cibor6®, RD Stibor3®, RD Nibor3® and FlexGaranti® loans.

Refinancing of FlexKort®, RD Euribor3®, RD Cibor6®, RD Stibor3®, RD Nibor3® and FlexGaranti® loans is executed by our sale of bonds either at an auction or directly in the market. The auction may be held on a single day or over a period. The length and time of the auction may vary in relation to the interest reset date according to Realkredit Danmark's assessment of the market conditions. The auction is held up to six months before the interest reset date.

The refinancing date is stated in the agreement between you and Realkredit Danmark. The sale of bonds is executed using the trading method which in our opinion will offer the best interest premium or discount and/or interest rate considering the market conditions and the volume of bonds to be sold in connection with the refinancing. We do not charge brokerage for the sale of bonds in connection with interest reset. When a FlexKort®, RD Euribor3®, RD Cibor6®, RD Stibor3®, RD Nibor3® or FlexGaranti® loan is refinanced, you pay a price deduction on all the bonds that are sold at auction or otherwise.

Refinancing is executed by our sale of bonds at a price at or above par. Therefore, a premium or a discount on the coupon applicable until maturity of the bonds and/or a rate applicable until the next interest reset must be set at refinancing. The new variable coupon is calculated on the basis of both the premium or discount and the rate applicable until the next interest reset. At the remaining interest resets, the variable coupon for the period until the next refinancing is calculated on the basis of the reference rate with the addition of the set premium or discount. The refinancing always takes effect on the refinancing date.

### **16.5 If refinancing cannot be carried out on market terms/sharp rise in yield to maturity**

Danish legislation lays down guidelines for what mortgage credit institutions, including Realkredit Danmark, must do if, in exceptional circumstances, refinancing either cannot be carried out on market terms as a result of a lack of buyers or the yield to maturity of one- and two-year bonds has risen more than 5 percentage points over the past 12-month period.

Moreover, with respect to FlexLån® and FlexLife® loans, Danish legislation allows mortgage credit institutions to change the profile of the loan in connection with refinancing (for example by replacing bonds with a maturity of one year by bonds with a maturity of three years).

Similarly, Realkredit Danmark may prolong the existing bond series for one year, thus fixing the interest rate on the loan without selling new bonds. In such case, the interest rate is calculated on the basis of the yield to maturity of a similar bond a year earlier plus 5 percentage points and it will apply for the following 12 months.

Because the interest rate on the loan is calculated on the basis of the yield to maturity of the bond a year earlier, type of repayment, term to maturity, etc., the interest rate may increase by considerably more or less than 5 percentage points.

With respect to FlexKort®, RD Euribor3®, RD Cibor6®, RD Stibor3®, RD Nibor3® and FlexGaranti®, Danish legislation allows mortgage credit institutions to prolong existing bond series by one year, thus fixing the interest rate on the loan without selling new bonds. In such case, the interest rate is calculated on the basis of the yield to maturity of a similar bond a year earlier plus 5 percentage points and it will apply for the following 12 months.

### **16.6 Interest resetting for FlexKort®, RD Euribor3®, RD Cibor6®, RD Stibor3®, RD Nibor3® and FlexGaranti® loans (without simultaneous refinancing)**

The interest rate on FlexKort® and RD Cibor6® loans is reset semi-annually on the basis of the relevant semi-annual money market rate (for instance 6-month CITA rate for FlexKort® loans. See section 3 under loan type for more information on money market rates. The rate is fixed four business days before interest reset and a premium/discount is added to/deducted from the rate. To calculate the interest rate on

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a loan, we multiply the semi-annual money market rate by the fraction 365/360 and add/deduct an interest premium/discount. The rate is rounded to two decimals.

The interest rate on RD Euribor3<sup>®</sup> and RD Stibor3<sup>®</sup> loans is reset four times annually on the basis of the relevant quarterly money market rate (for instance 3-month EURIBOR for RD Euribor3<sup>®</sup> – more on money market rates in section 3 under loan type) four business days before interest reset. An interest premium/discount is added to/deducted from the interest rate. To calculate the interest rate on a loan, we multiply the quarterly money market rate by the fraction 365/360 and add/deduct an interest premium/discount. The rate is rounded to two decimals.

The nominal interest rate on the bonds for RD Nibor3<sup>®</sup> is reset four times annually based on the 3-month NIBOR (money market rate) four business days before interest reset. An interest premium/discount is added to/deducted from the interest rate. The rate is rounded off to two decimals. The borrowing rate on Nibor3<sup>®</sup> is reset based on the nominal interest rate, multiplied by the fraction 365/360. The borrowing rate is rounded off to four decimals.

If the total coupon (reference rate plus premium/discount) for RD Stibor3<sup>®</sup> and RD Nibor3<sup>®</sup> loans becomes negative when the interest rate is reset, Realkredit Danmark may set the coupon at zero until the next interest reset date.

The interest rate on FlexGaranti<sup>®</sup> loans is reset semi-annually on 1 April and 1 October on the basis of the 6-month CIBOR (money market rate). The interest rate is calculated as the average of the money market rate during a period of five business days ending four business days before interest reset plus/less a premium/discount. The rate is rounded to two decimals.

If the relevant money market rate ceases to be quoted and published, Realkredit Danmark will calculate the interest rate as described above on the basis of a similar market rate.

You can see the interest rate for the coming interest period when the next payment on the loan is made or at rd.dk.

Danish legislation lays down guidelines for what mortgage credit institutions, including Realkredit Danmark, must do if, in exceptional circumstances, the yield to maturity of bonds with maturities of up

to two years has risen more than 5 percentage points since the preceding refinancing date. In such case, the increase in the interest rate is capped at 5 percentage points and the cap applies for the next 12 months – unless the interest rate falls at the next interest reset or the loan is refinanced.

### 17. Change of repayment method

If your loan is an interest-only loan, you can change the agreement on interest-only periods to begin repayment of principal at an earlier date than the one originally agreed.

An agreement to change the interest-only period may be concluded orally or in writing. If the agreement is concluded orally, we will subsequently send you written confirmation.

Please note that this section does not apply to FlexLife<sup>®</sup>. Reference is made to 16.3 Refinancing of FlexLife<sup>®</sup> loans and change of profile.

#### 17.1 FlexLån<sup>®</sup>

If your loan is a FlexLån<sup>®</sup> loan, you can change repayment method in connection with ordinary interest reset. The agreement must be concluded not later than 4.00pm on the day before the expiry of the notification period preceding the interest reset date (see the notification dates in Appendix 1).

#### 17.2 Fixed-rate bond loans, FlexGaranti<sup>®</sup>, FlexKort<sup>®</sup>, RD Euribor3<sup>®</sup> and RD Cibor6<sup>®</sup> loans

You must have entered into an agreement with us on change of the interest-only period by 4.00pm on the last business day before

- 31 October for changes to take effect on the 2 January payment date
- 31 January for changes to take effect on the 1 April payment date
- 30 April for changes to take effect on the 1 July payment date
- 31 July for changes to take effect on the 1 October payment date

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### 18. Assumption of debt

You can finance the purchase or take-over of a property fully or partly by taking over the existing loans secured on the property (assumption of debt). When we consider the taking over of loans, we focus on

- the value of the property
- your financial position and how you have complied with any former financial obligations – including whether you have previously directly or indirectly caused Realkredit Danmark a loss.

The terms for taking over debt are based on this information.

#### 18.1 Instructions

If you would like to take over an existing loan extended by Realkredit Danmark, please contact us as soon as possible so that we can review the loan you would like to take over. In that connection, please send us the following documents:

- your most recent annual statement from the Danish tax authorities
- your most recent financial statements, including an auditor's opinion
- the signed contract of sale (if you have inherited, you must submit a copy of the registered letter of administration issued and verified by the probate court or a copy documenting that the deed of conveyance has been registered)

We will process your application once we have received all the documents. If we approve your application, we will send you an assumption of debt form which the persons authorised to bind you have to sign, stating that loan is taken over on the agreed conditions. Please return the signed assumption of debt form to us.

The assumption of debt may be conditional, for example if we have still not received all the documents from you. If that is the case, the letter will say "Conditional assumption of debt", asking you to comply with the conditions by a specific date. It is important that you contact us before the deadline expires - also if you need more time.

If we are unable to approve your application, we will also write to let you know that the assumption of debt cannot go through.

#### 18.2 First payments

When we have finally approved the assumption of debt, you take over the loan and are committed to making the loan payments on time, even if you do not receive the payment forms.

Even if you have registered the payments for direct debit, you must continue to use the payment forms we send until the payment appears in your direct debit summary. Please contact us if you have any questions.

#### 18.3 Reporting of interest expenses to the tax authorities

Every year, we have to report interest expenses to the Danish tax authorities. If the assumption of debt is finalised during the year, we distribute the interest expenses between you and the seller based on the date of conveyance of the property.

### 19. Termination of the loan by the borrower

If you wish to prepay your loan in cash, we must generally receive your notification of the termination in writing before the notification period expires. The notification of termination must be signed by all of the borrowers. You can also send the signed notification to us by fax or e-mail, attaching the signed document.

It is also possible to notify us of termination of the loan by telephone if the amount outstanding is less than DKK 5 million or the equivalent in euros. If the amount outstanding exceeds DKK 5 million, the notice of termination must be in writing. We always send a written acknowledgement of receipt when we have received your notice of termination.

You must observe the notification dates stated in Appendix 1 on the last page together with the payment dates.

If you opt for immediate repayment at par, as stated in 20.2 *Repayment methods*, we will terminate the loan on your behalf.

We must receive notification of termination by 4.00pm on the last business day before the notification period expires.

If you wish to terminate your loan with effect from the payment dates 2 January, 1 April, 1 July or 1 October, we must receive notification of termination by

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31 October, 31 January, 30 April or 31 July, respectively, or by the last business day before these dates if these dates are a Saturday, Sunday or a public holiday.

For example, if you wish to prepay a fixed-interest bond loan on 1 July, we must receive notification of termination by 4.00pm on 30 April.

If you want to prepay a FlexLån®, FlexLife®, FlexKort®, RD Euribor3®, RD Stibor3®, RD Nibor3® or RD Cibor6® loan, we must receive notification of termination by 4.00pm on the date on which the notification period before the refinancing expires. See the notification dates in Appendix 1. If the refinancing date is, for instance, 1 January, we must receive notification of termination by 31 October. If the expiry date of the notification period is a Saturday, Sunday or a public holiday, we must receive notification of termination by 4.00pm on the last business day before the notification period expires.

If we receive your notification after expiry of the notification period, the termination will not take effect until the next payment date. If you still wish to prepay the loan before the next notification date – for instance by the first payment date – you will have to pay interest to the bondholders until the next payment date. This is called interest differential. Read more about interest differential in 20.2 *Repayment methods*. Note that termination is binding from the expiry of the notification period.

### 20. Prepayment

You can always prepay your loan or part of it. However, special rules may apply to the prepayment of loans secured by public authorities and the like.

If you wish to prepay the loan yourself, we will send you a prepayment offer. The offer states the costs of repaying the loan. For some types of loans, prepayment occurs immediately without any prepayment offer being made.

If you want us to prepay the loan on your behalf, we make a separate agreement about the method of prepayment.

#### 20.1 Prepayment offer

The prepayment offer is based on the prepayment method which, in our judgment, is most favourable

for most ordinary taxpayers. It is always the outstanding bond debt that has to be prepaid.

In some cases we recommend that you repay the loan in bonds, in other cases we recommend that you repay the loan in cash at par (100). When repaying RenteDyk™ or FlexGaranti® loans in cash at par, prepayment is executed at a price of 105. For further details, see 20.3 *Prepayment of RenteDyk™ and FlexGaranti® loans*.

When you prepay a loan, you must

- observe the deadline in the offer and any deadlines for termination of existing loans
- send us a signed written notification of prepayment stating the bond amount transferred together with the cash amount repaid. We must receive notification and the amount no later than on the agreed prepayment date

We will send you a contract note, stating how the loan has been repaid. Moreover, we will submit the mortgage for cancellation from the register unless you want to cancel the mortgage personally and have asked us to send the notice of cancellation electronically to your e-signature folder at [www.Tinglysning.dk](http://www.Tinglysning.dk).

If it is possible to transfer the basis for registration fee exemption from the redeemed mortgage to a registration fee mortgage, we will do so unless you specify otherwise. The basis for registration fee exemption may be used for reducing the land registration fee on new mortgages, subject to certain conditions. Do not cancel the redeemed mortgage until we have agreed on the details if you want to maintain the basis for registration fee exemption.

Read more about the transfer of registration fee exemption in the Notice of prepayment enclosed with the prepayment offer.

Special rules apply to mortgages registered in other countries than Denmark.

#### 20.2 Prepayment methods

We originally raised the funds for your loan by selling bonds. When you prepay the loan, you must buy back the bonds.

#### Prepayment by delivery of bonds

You can prepay a loan by buying and delivering bonds equivalent to the outstanding bond debt under

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the loan. The bonds you deliver must be the same type of bonds as those used to fund the loan.

The prepayment offer indicates the bond amount and additional charges payable by you.

You can buy the bonds yourself, or we can do it for you. If you wish to repay the loan in bonds, you have the following options:

- **Delivery of bonds**

If you buy the bonds yourself for the purpose of prepayment, you merely have to transfer the number of bonds equivalent to the outstanding bond debt of the loan to us. The bonds must have the same ISIN as the bonds that fund the loan. We will notify you of the custody account to which the bonds have to be transferred. Note that you have to pay fees, remaining payments, etc., in cash.

- **A fixed-price agreement**

If you want us to buy the bonds on your behalf, you have to enter into a fixed-price agreement under which we agree to buy bonds equivalent to the outstanding bond debt.

In connection with the bond trade, you will have to pay interest and brokerage, and accept additions to/deduction from the price and forward additions or deductions, if any. When you enter into a fixed-price agreement, the amount to be repaid is fixed at the time you enter into the agreement. This will protect you from the effect of future price fluctuations on the amount to be repaid.

See also 11 and 26.3 *Fixed-price agreement*.

### **Prepayment in cash at price 100 (105)**

If the price of the bonds that fund the loan exceeds 100 (105 for FlexGaranti® and RenteDyk™ loans), and the bonds are callable or expire at the next payment date, the most profitable option for you could be to terminate the loan for repayment in cash at price 100 (105) (see 20.3 *Prepayment of FlexGaranti® and RenteDyk™ loans*). This option becomes increasingly favourable as the next notification date approaches. The notification dates appear in the mortgage deed, and you will find an overview of notification dates in Appendix 1. Many loans and bonds have the same payment dates, but there are exceptions.

If you prefer cash repayment at price 100 (105), you have the following options:

- **Termination at par**

You terminate the loan, but do not repay until the date of repayment. You make payments up until the last day of the month of payment, and the amount to be repaid must be paid on the last business day of the month of payment. The date is stated on the confirmation of termination. The notification date appears in the overview of payment dates and notification dates in Appendix 1.

- **Immediate repayment at par**

You repay the loan immediately. You pay the coupon from the last payment date until the time of prepayment and the interest differential from the time of prepayment until the earliest time the loan could have been terminated.

The interest differential is the difference between the coupon paid to bondholders and the interest we offer you for having the amount repaid at our disposal (re-investment rate). The interest differential covers the period from the date you repay the loan to the first bond payment date on which the bonds can be called (or have been called) towards the bondholder. Note that the amount is tax-deductible.

- **Immediate repayment at par with termination**

You terminate the loan and repay it later in the notification period. You pay the coupon from the last payment date until the time of prepayment, but only the interest differential from the time of prepayment to the time of termination. The notification dates appear in the overview of payment dates and notification dates in Appendix 1. For more information about the interest differential, see Immediate repayment at par.

### **Offsetting the repayment of an existing loan against a new loan**

If you do not decide to prepay the loan by concluding a fixed-price agreement or by payment in cash at price 100 (105), we choose the repayment method. This means that we use the method of repayment, which, in our opinion at the time of processing, is the



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most favourable option for ordinary taxpayers (individuals).

If we handle the registration for you, we terminate the loan if termination is a requirement for prepayment, or if, in our opinion, it is best to do so. The calculation is made over the last five business days preceding a notification date. You can always cancel termination by contacting us no later than the day before the end of the notification period.

If we do not handle the registration for you, it is up to you to decide whether to terminate the loan, and you have to terminate the loan yourself.

If you or we do not terminate the loan, we decide on another method of repayment up to seven business days before the loan is to be prepaid. If the most favourable option is to repay the loan in cash at price 100 (105), we repay the loan immediately at par. If it is most favourable to buy the bonds to repay the loan, we buy the bonds on the day the method of repayment is decided. If the method is decided three to seven business days before the agreed date of prepayment, we lock in the redemption price through a fixed-price agreement. If the method is decided two business days before the agreed prepayment date, we may choose to lock in the redemption price either through a fixed-price agreement or by using Realkredit Danmark's redemption price. See also 26.3 *Fixed-price agreement* and 26.5 *Realkredit Danmark's redemption price*.

If we trade the bonds for repayment of a loan, you pay an addition to the price. The repayment price increases as a result of the price addition.

You can call us up to three business days before the loan is to be repaid to let us know which repayment method you prefer. However, this does not apply if we have already traded the bonds on your behalf – or the loan has been terminated and the deadline for withdrawing the termination has expired.

### 20.3 Prepayment of FlexGaranti® and RenteDyk™ loans

If you have a FlexGaranti® or RenteDyk™ loan, you can repay the loan at the market price or terminate the loan and repay it in cash at price 105 at any time during the entire term of the loan. The bonds issued to fund FlexGaranti® loans can be redeemed at par in connection with refinancing.

If you have a FlexGaranti® loan that has been converted into a fixed-rate loan, it can be repaid either in cash at par (100) or by buying bonds.

Please note that you cannot lock in the price for the repayment of FlexGaranti® and RenteDyk® loans for a period covering an interest reset date. This is because we do not know the interest rate applicable to the loan after this date and thus not the debt outstanding and the amount of the interest payments.

### 20.4 Prepayment of FlexKort®, RD Euribor3®, RD Stibor3®, RD Nibor3® and RD Cibor6® loans

If you plan to prepay a FlexKort®, RD Euribor3®, RD Stibor3®, RD Nibor3® or RD Cibor6® loan, you should consider the following factors:

- The bonds funding FlexKort®, RD Euribor3®, RD Stibor3®, RD Nibor3® and RD Cibor6® loans are non-callable, and such loans may therefore be prepaid only by buying the underlying bonds.
- Please note that you cannot lock in the price for the repayment of FlexKort®, RD Cibor6®, RD Stibor3®, RD Nibor3® and RD Euribor3® loans for a period covering an interest reset date. This is because we do not know the interest rate applicable to the loan after that date and thus not the debt outstanding and the amount of the interest payments.
- In the period before an interest reset, the loan can be prepaid only if you have terminated the loan in writing no later than on the expiry date of the notification period before the interest reset. See the notification dates in Appendix 1.
- If the period until the next interest reset is shorter than 6 months, the amount to be refinanced can be repaid in cash at par (100) if it is terminated no later than on the expiry date of the notification period before the interest reset. See the notification dates in Appendix 1.

### 20.5 Prepayment of FlexLån® and FlexLife® loans

If you plan to prepay a FlexLån® or a FlexLife® loan, you should consider the following factors:

- In the period before a refinancing, the loan can be prepaid only if you have terminated the loan in writing no later than on the expiry date of the notification period before the refinancing. See the notification dates in Appendix 1.

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- If the period until the next refinancing is shorter than 12 months, the amount to be refinanced can be repaid in cash at par (100) if it is terminated no later than on the expiry date of the notification period before the refinancing. See the notification dates in Appendix 1
- In the period before a refinancing, the amount to be refinanced can be prepaid only if you have terminated it in writing no later than on the expiry date of the notification period before the refinancing. See the notification dates in Appendix 1
- If the amounts you pay are lower than the payment due to the owner(s) of the bonds, you must pay the deficit. You pay the amount at either an ordinary or a minimal interest reset/refinancing, or when repaying the loan. The deficit will be specified in your repayment receipt.

If the period until the next refinancing is longer than 12 months, and you want to repay the entire loan, the bonds expiring within the next 12 months may be prepaid in cash at par (100). Bonds expiring on other dates must be bought at the market price.

Note that partial prepayments – except for termination/prepayment of the amount to be refinanced – must be effected by buying proportionate numbers of bonds of each of the bond series funding the loan. For FlexLife® loans, partial prepayment will affect the loan process, and the loan will not be recalculated according to your choices until at the next refinancing.

Please contact us if you want a prepayment offer.

### 20.6 Prepayment of euro-denominated loans

In principle, euro-denominated loans must be redeemed in euros. Realkredit Danmark can help you with the currency exchange if you wish to pay in Danish kroner. We use Realkredit Danmark's rate applied for deposits when exchanging the amount. Our list of charges shows how Realkredit Danmark calculates the exchange rate.

## 21. Last mortgage payment

The last payment you make on the loan may fall due on a date earlier than the other payment dates. In such case, the mortgage deed will contain information to such effect under due dates. Note also that the last payment will not be for the same amount as

those previously made. Your last mortgage payment must always cover the amount required to fully repay the outstanding debt on the loan.

## 22. Terms of payment

The terms of payment are outlined below. In general, mortgages issued to Realkredit Danmark cannot be assigned to another owner or as security or made the subject-matter of court proceedings. This means, among other things, that you cannot offer your bank the mortgage as security.

### 22.1 Your liability

When you have a loan with Realkredit Danmark, both the mortgaged property and your personal assets may be used to satisfy claims by the owners of bonds in the series that fund your loan.

Other types of liability may apply to older loans (joint and several liability). The type of liability is stated in the terms of the series and the mortgage deed. If you prepay such a loan, in full or in part, you must be aware that joint and several liability does not cease until we have ascertained, at the end of the financial year, that the reserves at this time as a minimum meet our requirements (according to our articles of association/terms of series) or statutory requirements. Joint and several liability may cease upon prepayment if we are satisfied that the reserves are adequate or that the security provided is sufficient.

### 22.2 Late payment

All payments must be made by the last business day of the month of payment. If your payments are late, the loan will fall due for payment in full, which means that you will have to repay the total amount due plus any expenses paid by us due to the default. You are also liable for penalty interest and fees.

Realkredit Danmark may at any time change the dates for due payment.

If your financial difficulties are of a temporary nature, we may agree to postpone your loan payments or to receive payments in instalments.

Please note that we report default to RKI Kreditinformation and any other relevant credit information agencies if it becomes necessary to place the collection of outstanding payments or outstanding debt

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with a lawyer, also known as debt recovery through the courts.

### 22.3 Penalty interest

If you make a payment after the payment date, penalty interest is added to the amount. The penalty interest is calculated on the basis of the rate stated in our list of charges.

We calculate the penalty interest from the due date of payment. The penalty interest is added immediately after the payment date and subsequently every eleventh day of the month. The penalty interest is payable together with the next regular payment.

### 22.4 Our right to terminate the loan

As long as you meet your obligations as borrower, we cannot terminate the loan. If you do not meet your obligations, we may terminate the loan for immediate repayment in full. We reserve the right to have the property inspected at any time, and in the case of change of ownership, we can demand full or partial repayment of the loan.

A new owner with a registered final deed of conveyance on the property may apply for assumption of the debt of the previous owner (see 18. Assumption of debt).

### 22.5 Payments on loans in currencies other than Danish kroner

Payments on loans in currencies other than Danish kroner are usually made in the currency of the loan. The mortgage payments therefore cannot be carried out with a payment form or by direct debit.

Realkredit Danmark will send a letter containing the information required to transfer the payment to Realkredit Danmark's account.

Payment options:

- Transfer in the currency of the loan. You may ask your financial institution to convert Danish kroner to the amount payable in euros if the loan is in euros. The amount is exchanged according to the institution's exchange rate.
- If the amount payable is in euro, payment in Danish kroner directly to Realkredit Danmark, which converts the amount at an exchange rate set by Realkredit Danmark.

If the loan is in euro, you may opt for payments in Danish kroner. To do so, you must conclude an

agreement on the exchange of mortgage payments (*Aftale om løbende veksling af terminsydelser*) with Realkredit Danmark. We will then register your payments for direct debit and set the exchange rate on the basis of the current rate of exchange (see 6.3.)

### 22.6 If you are due to receive money from Realkredit Danmark

If you are due to receive money from Realkredit Danmark, you will receive the amount in the following way:

1. If your mortgage payment is negative, and the loan is set up for direct debit through Betalingsservice, the amount will be deposited in the same account from which the payment is usually withdrawn.
2. In other situations, we will deposit the amount in the NemKonto belonging to the debtor representative. Please inform us if you do not wish to receive payments from Realkredit Danmark in the NemKonto of the debtor representative. This also applies if you want to switch to another debtor representative.
3. If you do not want to have the amount deposited in the NemKonto of the debtor representative, we will deduct the amount from the next mortgage payment.

If we cannot return the amount via Betalingsservice, NemKonto or by deducting it from an upcoming mortgage payment, we will contact you for information about which account number we should use for the transfer. This will usually result in a delay of the payment.

## 23. Questions

When you call us about your loan, please have your control code ready. You will receive the code when the loan is disbursed/the debt is assumed. We ask for the code for your own security. The code is personal and must always be kept in a safe place. You can always order a new control code.

The person who discloses the control code will gain access to information about the loan, including outstanding debt, arrears and any interest-only period agreed. For example, a real estate agent will ask you for the control code if you wish to sell your property, as it will allow him to calculate the proceeds on the sale.



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### 24. Power of attorney

You may provide another person with a power of attorney to authorise him or her to manage the loan on your behalf. Such powers of attorney must be in writing and carefully describe what the authorised person may do. It is expedient for this person to know the control code. If you wish to adjust or revoke the power of attorney, you must do so in writing or orally with a written confirmation. The adjustment or revocation takes effect as soon as we receive written notification from you. You must then ask for a new control code.

If you authorise Realkredit Danmark to issue and sign documents for registration of title on your behalf, such power of attorney will form part of the agreement you have made with us. In certain circumstances, we will ask you to sign a separate power of attorney. If you want to authorise another person to sign documents for registration on your behalf, you can download a form for that purpose at [www.Tinglysning.dk](http://www.Tinglysning.dk).

### 25. Charges

We are entitled to charge the administration margins, interest, fees and other charges described in the current lists of charges, which is available on [rd.dk](http://rd.dk). The administration margin is determined individually when the loan is disbursed and is renegotiable subject to agreement.

We may at any time adjust our charges for both groups of loans and individual loans. This includes adjustments of the size of and/or calculation method for penalty interest and administration margins, adjustments of existing and/or introduction of new fees as well as introduction of brokerage and/or changes to price deductions in connection with refinancing or price additions in connection with redemption.

#### 25.1 Adjustment of charges

If we adjust the charges for individual loans, you will be notified by mail. If we introduce brokerage and/or changes to price deductions in connection with refinancing, announcement will be made in Danish daily newspapers.

Information about current charges is available at [rd.dk](http://rd.dk). You may also obtain a list of charges at our

Corporate & Institutional Mortgage Finance unit or at one of Danske Bank's finance centres.

### 26. Order execution policy – How we trade mortgage bonds

When you raise or repay a loan with Realkredit Danmark, we buy or sell bonds. This paragraph outlines how a trade is executed and the type of loan settlements we offer. The paragraph also explains price additions/deductions and forward additions/deductions.

#### 26.1 Execution of a trade

When you ask us to trade bonds, we take all reasonable steps to obtain the best possible result for you under the circumstances – we call this “best execution”.

If your instructions limit, say, the way, place, time or price of trading, we may be unable to execute your order in whole or in part according to our policy principles.

In most cases, price and costs will be the key criteria, which means that the total amount will determine best execution, unless the purpose of execution of the order means that we consider other criteria, such as the probability of execution and settlement.

When you raise or prepay a loan with Realkredit Danmark, we buy or sell bonds through our own holdings of bonds and not through Nasdaq Copenhagen A/S or another regulated market. Your securities dealer is thus Realkredit Danmark A/S, Lersø Parkallé 100, DK-2100 København Ø.

We buy or sell bonds through our own holdings of bonds to ensure

- that you obtain the best possible price
- the highest probability that the trade is executed at the desired time
- the highest probability that the trade is executed to the desired extent

We do not offer to buy or sell bonds for you directly on a regulated market or under a multilateral trading facility (see 26.8 Stock exchange trading).

We always execute your order as quickly as possible based on the date of receipt, but it may take up to seven business days. This also applies when you wish to repay a loan.

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The list of charges is available on our website.

We do not trade on a commission basis.

### 26.2 Setting the price

There are various methods for raising and repaying loans:

Disbursement:

- A fixed-price agreement (a market price) See also 26.3.
- Realkredit Danmark's disbursement price See also 26.4.

Repayment:

- A fixed-price agreement (a market price) See also 26.3.
- Realkredit Danmark's redemption price (a price fixed by Realkredit Danmark) See also 26.5.

If you enter into a fixed-price agreement, the price is fixed on the same day the order is executed. Otherwise, the loan will be disbursed on the basis of Realkredit Danmark's disbursement price on the first business day after we have executed your order. Once the order has been executed, you will receive a contract note.

### 26.3 Fixed-price agreement

Under a fixed-price agreement, the price at which the loan is disbursed or repaid is fixed when you place the order. This method eliminates the price risk you would otherwise incur in the period from the conclusion of the agreement until the loan is disbursed or repaid. The minimum term of such an agreement is three days and the maximum term is 360 days.

Please contact us if you would like to have a fixed-price agreement.

#### If no bid/ask price is available at Nasdaq Copenhagen A/S

If, at the time of entering into a fixed-price agreement, no bid/ask price is available in the trading system of Nasdaq Copenhagen A/S, we will set a price that factors in

- interest rate and price trends
- information about supply and demand in the market
- the prices of similar securities
- the order amount

- other market conditions

Your contract note will show if a bid/ask price was not available in the trading system of Nasdaq Copenhagen A/S at the time of trading, and we therefore set a price.

#### Price deductions and additions

When we disburse a loan, we make a deduction from a market price. When you repay a loan, we make an addition to a market price. Our list of charges shows the current rates that apply to deductions and additions.

Price deductions and additions are thus the price difference between your settlement price and a market price.

The price addition or deduction appears on the contract note you receive on settlement of the trade. Our list of charges shows the current rates that apply to deductions and additions.

#### Forward deductions and additions

Forward deductions and additions are calculated when the loan is settled more than two business days after the conclusion of the fixed-price agreement. This applies both to the raising and repayment of loans.

The forward deduction or addition is calculated on the basis of the difference between the interest rate on the mortgage loan and the interest rate we set on an ongoing basis for short-term deposits and loans, and the number of days between the trade and the settlement.

#### Change, termination and default

If you want to change a fixed-price agreement, we will terminate the original agreement and enter into a new one. We calculate a new forward price on the basis of the original agreement and factor in any loss or gain on the original agreement.

If a fixed-price agreement is terminated or breached, Realkredit Danmark will calculate resulting losses or gains.

Losses or gains are calculated as the amount of the agreement times the difference between the forward price according to the agreement and the forward price calculated by Realkredit Danmark on the day the default comes to its notice (the default price). The

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forward price is a market price +/- additions/deductions +/- forward additions/deductions for the period from the calculation date until the settlement date originally agreed.

Realkredit Danmark's expense or income because of the change, termination or default on the fixed-price agreement reflects the change in the bond price since the date of the agreement and the termination of the money market transaction that Realkredit Danmark entered into in connection with the fixed-price agreement.

### 26.4 Realkredit Danmark's disbursement price

When using Realkredit Danmark's disbursement price, we settle at the weighted average price ("average price, all trades") calculated by Nasdaq Copenhagen A/S at the end of the business day at 5.00pm. Realkredit Danmark's usual price deduction is deducted from this price. Our list of charges shows the current price deduction.

If the bond is not traded at this particular day, then we use the weighted average price from the latest day the bond was traded.

An average price trade levels out the risk of price fluctuations during the business day on which the price of the bond is set.

### If the bond is not listed on Nasdaq Copenhagen A/S

If the bond is not listed, we will set a price that factors in

- interest rate and price trends
- information about supply and demand in the market
- the prices of similar securities
- the order amount
- other market conditions

Your contract note will show if an official "average price, all trades" was not registered on Nasdaq Copenhagen A/S on the business day in question.

### 26.5 Realkredit Danmark's redemption price

Using "Realkredit Danmark's redemption price", the price at which the loan is repaid is fixed. The price is fixed during the trading date, factoring in

- interest rate and price trends

- information about supply and demand in the market
- the prices of similar securities
- the order amount
- other market conditions

### Price addition

When we repay a loan, we make an addition to the "Price of the day". Our list of charges shows our current price addition. The price addition is the price difference between your settlement price and the price that we set. The price addition appears on the contract note you receive on settlement of the trade.

### 26.6 Ordinary refinancing of FlexLån®, FlexLife® and floating-rate loans

When it is time for refinancing of FlexLån®, FlexLife® and floating-rate loans, we offer

- a fixed-price agreement
- settlement at auction price (auction price trade)

### Auction price (auction price trade)

Ahead of regular refinancing, we usually sell the new bonds that will replace the maturing bonds at auctions.

If you have not concluded a fixed-price agreement, we set the interest rate of the loan on the basis of the price(s) obtained at the auction of the new bonds to fund your loan.

If we sell bonds of the same type at more than one auction, we set the interest rate on the basis of a weighted average of the prices obtained at the auctions.

If we decide not to auction a type of bond, we set the bond price on the basis of Realkredit Danmark's disbursement price (see 26.4).

The auctions or trades at Realkredit Danmark's disbursement price are usually effected up to six months ahead of the regular refinancings. The time is set and published in advance through Nasdaq Copenhagen A/S.

In connection with refinancing, we deduct a price deduction from the auction price. Our list of charges shows the current price deduction.

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**26.7 Refinancing of FlexKort®, RD Euribor3®, RD Stibor3®, RD Nibor3® and RD Cibor6® loans**  
For refinancing of FlexKort®, RD Euribor3®, RD Stibor3®, RD Nibor3® and RD Cibor6® loans, we set an interest premium to or an interest discount on the reference rate.

Before the auction, Realkredit Danmark decides whether the interest premium or discount set at the auction will apply until maturity of the bond or only until the next refinancing.

If we decide not to auction bonds from one or several bond series, we will instead reset interest rates on the basis of the premium or discount calculated by Realkredit Danmark's trading unit.

### **Interest discounts and premiums**

Before an ordinary refinancing we usually auction the new bonds that we need to sell to replace the maturing bonds.

We set the interest discount/premium on the basis of the discount/premium we achieve at the auction of the new underlying bonds.

Auctions may be held up to six months before an ordinary refinancing. We will announce the auction dates in advance through Nasdaq Copenhagen A/S.

In connection with refinancing, we deduct a price deduction from the auction price or from the price we have set. Our list of charges shows the current price deduction.

### **26.8 Stock exchange trading**

Realkredit Danmark does not offer direct stock exchange trading through a regulated market such as Nasdaq Copenhagen A/S or a multilateral trading facility.

### **26.9 Monitoring, evaluation and changes**

We monitor and evaluate the efficiency of our order execution policy and the steps we have taken to comply with this policy. On the basis of the evaluation, we make any necessary adjustments.

Furthermore, we regularly review whether trading through our own holdings of bonds, which we offer you as best execution, meets our requirements. If that is not the case, we make the necessary adjustments.

We announce adjustments to our order execution policy on our website.

### **26.10 Customer category**

Under the executive order on investor protection in connection with securities trading issued by the Danish Financial Supervisory Authority, customers trading in bonds must be divided into the following categories:

- Eligible counterparties (banks, pension funds, insurance companies, etc.)
- Professional investment customers (typically very large business customers)
- Personal customers (all other customers)

The division into these categories is based on objective criteria. The categorisation is important because it defines the information and advice we have to provide. We have decided to categorise all our customers as personal customers to ensure they enjoy the highest level of protection.

### **26.11 Conflicts of interest**

We have drawn up a policy on conflicts of interest. Based on this policy, we have taken organisational and administrative measures to prevent conflicts of interest when carrying out the bond transactions underlying disbursements, repayments, interest resetting and refinancing of loans at Realkredit Danmark.

## **27. Communicating with you**

### **Documents in e-Boks**

Realkredit Danmark sends a variety of letters and documents (mail) via e-Boks. We will regularly extend the types and scope of materials sent digitally. The mail is stored in e-Boks in accordance with applicable terms and conditions of e-Boks.

As a customer, you normally receive letters and documents via e-Boks if you have a Danish business registration number.

You can deregister for receiving Realkredit Danmark documents in e-Boks or contact us if you do not wish to receive documents via e-Boks.

Mail received via e-Boks has the same legal effect as ordinary mail. This means that you must open and verify mail in e-Boks in the same way as you would ordinary mail.

Realkredit Danmark is not responsible or liable for matters relating to or losses caused by e-Boks A/S or your use of e-Boks in general.

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### E-mail

We contact you by e-mail if you have given us your e-mail address. If you no longer wish to be contacted by e-mail, you must ask us to delete your e-mail address.

## 28. Processing of customer information

We register and use data about you – as a natural person – to offer you the best advice and solutions and to comply with statutory requirements for us as a financial institution. Read more about which data we register, how we use personal data, and your rights in our privacy notice, which is available at [rd.dk/persondata-erhverv](http://rd.dk/persondata-erhverv). You may also order a print version of the document. Here you can see who to contact if you have any questions:

When you as a customer or anyone acting on behalf of you as a customer disclose/discloses information about persons such as employees or authorised signatories to us, you guarantee that you are entitled to disclose such information. You must also ensure that any such persons have been informed about the contents of our privacy notice.

## 29. Liability

Realkredit Danmark is liable for the tardy or defective performance of its contractual obligations resulting from error or negligence.

Even in areas of increased liability, Realkredit Danmark is not liable for losses arising from

- breakdown of or lack of access to IT systems or damage to data in these systems due to any of the factors listed below and regardless of whether Realkredit Danmark or a third-party supplier is responsible for the operation of these systems
- power failure or a breakdown of Realkredit Danmark's telecommunications, legislative or administrative intervention, acts of God, war, revolution, civil unrest, sabotage, terrorism or vandalism (including computer virus attacks or hacking)
- strikes, lockouts, boycotts or picketing, regardless of whether Realkredit Danmark or its organisation is itself a party to or has started such conflict and regardless of its cause (this also applies if the conflict affects only part of Realkredit Danmark)

- other circumstances beyond Realkredit Danmark's control

Realkredit Danmark is not exempt from liability if

- Realkredit Danmark ought to have foreseen the cause of a loss when the agreement was concluded or ought to have avoided or overcome the cause of the loss; or if
- under Danish law, Realkredit Danmark is liable for the cause of the loss under any circumstances.

## 30. Environment

Realkredit Danmark cares about the environment. When you enter into a loan agreement with Realkredit Danmark, you declare that you will comply with environmental regulations and environmental approvals of your business in force at any time.

You must notify Realkredit Danmark if the environmental classification of your business changes.

## 31. Complaints

Please contact your finance centre if you disagree with us on a business matter or call our hotline (Realkredit Erhverv Direkte) Mondays to Fridays on +45 70 15 15 21. In this way, we ensure that the disagreement is not based on a misunderstanding.

If you do not agree or if you are dissatisfied with the result, you can file a complaint with the secretariat of Realkredit Danmark. The address is

Realkredit Danmark A/S  
Sekretariatet  
Lersø Parkallé 100  
DK-2100 Copenhagen Ø

If you have any questions or if you need information about the complaint procedure, please call us on +45 45 12 53 00. The line is open on business days from 8.30am to 4.30pm, Fridays until 4.00pm.

## 32. Executive order on good business practice for financial undertakings

The Danish Financial Supervisory Authority has issued an executive order on good business practice

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for financial undertakings. The executive order can be downloaded from [finansstilsynet.dk](https://finansstilsynet.dk).

The executive order sets out rules on how to provide advisory services and defines the information customers must receive.

The contractual relationship between you and Realkredit Danmark is governed by Danish law.



## Loan types and business terms – Business customers

### Appendix 1

#### Payment dates and notification dates

If the notification date falls on a non-business day, notification must be made on the preceding business day by 4.00pm at the latest.

<b>Fixed-rate annuity loans – quarterly payment dates</b>	
Callable loan that can be repaid at market price or terminated at par (100) in connection with a payment date at any time during the term of the loan.	
<b>Lender</b>	<b>Series*)</b>
Realkredit Danmark or Kreditforeningen Danmark	20-24, 26-27, 43
<i>Payment date</i>	<i>Notification date</i>
2 January	31 October (previous year)
1 April	31 January
1 July	30 April
1 October	31 July

<b>Fixed-rate annuity loans – semi-annual payment dates – January and July</b>	
Callable loan that can be repaid at market price or terminated at par (100) in connection with a payment date at any time during the term of the loan.	
<b>Lender</b>	<b>Series</b>
Realkredit Danmark or Kreditforeningen Danmark	43-44, 63-64 and 93-94
Jydsk Grundejer Kreditforening, Ny Jydsk Kjøbstads Creditforening**), Ny Jysk Grundejer Kreditforening, Østifternes Kreditforening, Grundejernes Hypotekforening, Provinshypotekforeningen, Husmandshypotekforeningen and Østifternes Landhypotekforening	All series
<i>Payment date</i>	<i>Notification date</i>
2 January	31 July (previous year)
1 July	31 January

<b>Fixed-rate annuity loans – semi-annual payment dates – April and October</b>	
Callable loan that can be repaid at market price or terminated at par (100) in connection with a payment date at any time during the term of the loan.	
<b>Lender</b>	<b>Series</b>
Kreditforeningen Danmark	73.75 and 83
<i>Payment date</i>	<i>Notification date</i>
1 April	31 October (previous year)
1 October	30 April

<b>FlexGaranti® – quarterly payment dates, series 30S, 31S, 32S, 33S, 73D and 83D</b>	
Callable loan that can be repaid at market price or terminated at 105 in connection with a payment date at any time during the term of the loan. The underlying bonds can be redeemed at par in connection with refinancing.	
<b>Lender</b>	<b>Series</b>
Realkredit Danmark	30S, 31S, 32S, 33S, 73D and 83D
<i>Payment date</i>	<i>Notification date</i>
1 January	31 October (previous year)
1 April	31 January
1 July	30 April
1 October	31 July

<b>FlexGaranti® – quarterly payment dates, series 53D and 63D</b>	
Callable loan that can be repaid at market price or terminated at par (100) in connection with a payment date at any time during the term of the loan.	
<b>Lender</b>	<b>Series</b>
Realkredit Danmark	53D, 63D
<i>Payment date</i>	<i>Notification date</i>
1 January	31 October (previous year)

## Loan types and business terms – Business customers

1 April	31 January
1 July	30 April
1 October	31 July

<b>FlexKort®</b>	
Non-callable loan that can be prepaid at market price only, but loan amounts subject to interest reset may be terminated at par (100) in connection with refinancing.	
Lender	Series
Realkredit Danmark	11F
<i>Refinancing date/bond maturity date</i>	<i>Notification date</i>
1 July	30 April

<b>RenteDyk® – semi-annual payment dates</b>	
Callable loan that can be repaid at market price or terminated at a price of 105 in connection with a payment date at any time during the term of the loan.	
Lender	Series
Realkredit Danmark	40S, 40Q, 41S, 41Q
<i>Payment date</i>	<i>Notification date</i>
1 April	31 October (previous year)
1 October	30 April

<b>FlexLån® and FlexLife®</b>	
Non-callable loan that can be prepaid at market price only, but loan amounts subject to refinancing may be terminated at par (100) in connection with refinancing.	
Lender	Series
Realkredit Danmark	10D, 10E, 10F, 10G, 10Q, 10S, 10T and 10U
<i>Interest reset date/refinancing date</i>	<i>Notification date</i>
1 January	31 October (previous year)
1 April	31 January

<b>RD Cibor6®</b>	
Non-callable loan that can be prepaid at market price only, but loan amounts subject to interest reset may be terminated at par (100) in connection with refinancing.	
Lender	Series
Realkredit Danmark	12F, 12R, 12S
<i>Refinancing date/bond maturity date</i>	<i>Notification date</i>
1 July	30 April

<b>RD Euribor3®</b>	
Non-callable loan that can be prepaid at market price only, but loan amounts subject to interest reset may be terminated at par (100) in connection with refinancing.	
Lender	Series
Realkredit Danmark	12G, 12Q
<i>Refinancing date/bond /maturity date</i>	<i>Notification date</i>
1 July	30 April
1 January	31 October (previous year)

<b>RD Stibor3®</b>	
Non-callable loan that can be prepaid at market price only, but loan amounts subject to interest reset may be terminated at par (100) in connection with refinancing.	
Lender	Series
Realkredit Danmark	15G, 15U
<i>Refinancing date/bond maturity date</i>	<i>Notification date</i>
1 April	31 January
1 October	31 July

<b>RD Nibor3®</b>	
Non-callable loan that can be prepaid at market price only, but loan amounts subject to interest reset may be terminated at par (100) in connection with refinancing.	



## Loan types and business terms – Business customers

Lender	Series
Realkredit Danmark	16G, 16U
<i>Refinancing date/bond maturity date</i>	<i>Notification date</i>
1 April	31 January
1 October	31 July

Non-callable loans	
Lender	Series*)
Realkredit Danmark or Kreditforeningen Danmark	12-14, 16 (except 16C and 16U), 17, 30, 32, 33, 35 and 37-39***)
*) A letter, A, B, C, D or E, has been added to the name of some series. The letter does not affect the notification date. **) Payment dates for certain series are 11 June and 11 December, but the notification dates are the same: 31 January and 31 July. ***) Certain loans in series 37 and 37A can be repaid at par (100) if terminated in connection with change of ownership/refinancing.	

## Loan types and business terms – Business customers

### Appendix 2

#### Information sheet – Basic information about protection of deposits

Deposits in Realkredit Danmark are protected by:	The Guarantee Fund ( <i>Garantiformuen</i> ). (1)
Limit of protection:	EUR 100,000, corresponding to approx. DKK 750,000 per depositor per credit institution. (2)
If you have more deposits at the same credit institution:	All your deposits at the same credit institution are 'aggregated' and the total is subject to the limit of EUR 100,000 (approx. DKK 750,000).
If you have a joint account with other persons:	The limit of EUR 100,000 (approx. DKK 750,000) applies to each depositor separately. (3)
Reimbursement period in case of credit institution's failure to meet its obligations:	Seven working days. (4)
Currency of reimbursement:	Danish kroner or other relevant currency.
Contact:	Garantiformuen Sankt Annæ Plads 13, 2nd floor left DK-1250 Copenhagen K Denmark Phone: (+45) 33 14 62 45 E-mail: <a href="mailto:gii@gii.dk">gii@gii.dk</a>
More information:	<a href="http://gii.dk">gii.dk</a>
Depositor's acknowledgement of receipt:	When you sign the 'Financing and registration agreement', you confirm that you have been provided with the information in this sheet.

#### Additional information:

##### (1) Scheme responsible for the protection of your deposit.

##### (2) General limit of protection.

If a covered deposit is unavailable because a credit institution is unable to meet its financial obligations, depositors are repaid by a deposit guarantee scheme. This repayment covers a maximum of EUR 100,000 (approx. DKK 750,000) per credit institution. This means that all eligible deposits at the same credit institution are added up in order to determine the coverage level. If, for instance, a depositor holds a savings account with a balance of EUR 90,000 and a current account with a balance of EUR 20,000, he or she will only be repaid EUR 100,000 (approx. DKK 750,000).

In some cases deposits are protected above EUR 100,000 (approx. DKK 750,000). For example, deposits resulting from real property transactions are covered up to an amount equal to EUR 10 million (approx. DKK 75 million) until 12 months after the amount is deposited, provided the real property has primarily been used or will be used for non-commercial purposes.

For more information, go to [gii.dk](http://gii.dk).

##### (3) Limit of protection for joint accounts

In case of joint accounts, the limit of EUR 100,000 (approx. DKK 750,000) applies to each depositor.

##### (4) Reimbursement

The responsible deposit guarantee scheme is:

Garantiformuen  
Sankt Annæ Plads 13, 2nd floor left  
DK-1250 Copenhagen K  
Denmark  
Phone: (+45) 33 14 62 45  
e-mail: [gii@gii.dk](mailto:gii@gii.dk),  
website: [gii.dk](http://gii.dk).

Deposits (up to EUR 100,000) will be repaid via the scheme within seven working days.

If you have not been repaid within these deadlines, you should contact the deposit guarantee scheme since the time to claim reimbursement may be barred after a certain time limit.

For more information, go to [gii.dk](http://gii.dk).

## Loan types and business terms – Business customers

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### **Other important information**

In general, all retail depositors and businesses are covered by deposit guarantee schemes. Exceptions for certain deposits are stated on the website of the responsible deposit guarantee scheme. Your credit institution will also inform you on request whether certain products are covered or not. If deposits are eligible, the credit institution will also confirm this on the statement of account.