

**SUPPLEMENT NO. 1 OF 1 OCTOBER 2020**

**Supplement number 1 to “Base Prospectus for mortgage bonds and mortgage covered bonds issued by Realkredit Danmark A/S” of 13 July 2020**

**Purpose of the Supplement**

Realkredit Danmark A/S hereby announces Supplement No. 1 (“the Supplement”) to “Base Prospectus for mortgage bonds and mortgage covered bonds issued by Realkredit Danmark A/S” of 13 July 2020 (“the Base Prospectus”), pursuant to article 23(1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 with subsequent amendments (the “Prospectus Regulation”) and the relevant implementing legislation in Denmark.

As stated in company announcement number 76/2020, Realkredit Danmark will make it possible to open fixed-rate bonds with a negative coupon. As a result, the Base Prospectus is amended as follows:

**Page 10, item 3.2.1 Market risk is replaced by new item:**

**3.2.1 Market risk**

The secondary market in general

There can be no assurance that a liquid market for the Bonds will develop, or, if one does develop, that it will be maintained. If a liquid market for the Bonds does not develop, investors may find it difficult to sell their Bonds or to sell them at prices producing a return comparable to returns on similar investments in the secondary market.

Interest rate risk

An investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Bond holders of Bonds with a negative coupon risk having their Bond holdings reduced by the interest amount when the coupon rate is negative. The reduction of the Bond holdings is, in some cases, calculated on the basis of price 100, and the Bond holder therefore risks capital losses/gains in this connection.

Changes in market rates may be specific to one or more Bonds and may be caused by issues specific to the Issuer. Such matters may, for example, be a deterioration in the Issuer's solvency and may be reflected by a change in the rating of the Issuer and/or the Bonds.

Realkredit Danmark A/S currently has an issuer rating from Fitch Ratings and Scope Ratings. Bonds issued by Realkredit Danmark A/S's capital centres S and T are currently rated by Fitch Ratings, S&P Global Ratings and Scope Ratings, respectively. Bonds issued by Realkredit Danmark's General capital centre are currently rated by S&P Global Ratings. A rating is the result of

the individual credit rating agency's models and assessment and will not necessarily reflect the potential impact of all risks related to the structure, market, or other factors that may affect the value of the Bonds or the creditworthiness of Realkredit Danmark A/S.

A rating is not a recommendation to buy, sell or hold securities, and any credit rating agency may at any time revise, suspend or withdraw a rating assigned by it if, in the judgement of the credit rating agency, the credit quality of the Bonds or Realkredit Danmark A/S, as the case may be, has been impaired.

The credit rating agencies may also at any time change the methodology applied for assigning a rating to Realkredit Danmark A/S and the Bonds, and this may result in revisions to previously assigned ratings.

Furthermore, there can be no assurance that a rating of Bonds and/or Realkredit Danmark A/S will be retained after the date of this Base Prospectus.

Finally, Realkredit Danmark A/S's ratings may deteriorate if the rating of the Kingdom of Denmark is downgraded without any direct correlation with Realkredit Danmark A/S's activities.

Realkredit Danmark A/S may at any time terminate its business relationship with the relevant credit rating agencies or select other credit rating agencies.

If a rating assigned to the Bonds and/or Realkredit Danmark A/S is downgraded, suspended, withdrawn, and/or Realkredit Danmark A/S terminates its business relationship with one or more rating agencies, the market value of the Bonds may decline.

#### Prepayment

Borrowers may prepay their mortgage loans either by (i) buying the Bonds at market price and applying them for redemption; or (ii) in certain cases by prepaying the mortgage loan at a predetermined redemption price; in the latter case the market price is unlikely to rise significantly above such redemption price. Borrowers will often utilise this prepayment option if they can obtain more attractive financing in this way. This means that investors are exposed to a prepayment risk and may have to reinvest at a lower interest rate.

#### Negative coupon

When a coupon rate is negative, Realkredit Danmark will have a claim on the Bond holder that falls due on the payment date of the relevant payment period. The payment of the Bond holder to Realkredit Danmark, as a result of the negative coupon, will be charged by Realkredit Danmark via the drawing (see item 4.8 a in the Securities note).

In this case, Realkredit Danmark reserves the right to reduce regular drawings just as additional drawings (= interest drawings) may take place.

#### Page 36, Section 7 Securities note, item 4.8 a) Nominal rate of interest – replaced by new item 4.8 a) Nominal rate of interest

##### a) Nominal rate of interest

The Bonds may be issued with a fixed or a floating coupon rate.

For fixed-rate Bonds, the nominal rate of interest (coupon rate) is stated in the Final Terms. On floating rate Bonds, the reference rate, the margin, the interest rate floor and the fixing terms are stated in the Final Terms.

For Bonds whose term to maturity may be extended in accordance with section 6 of *the Mortgage Credit Loans and Mortgage Credit Bonds, etc. Act*, the following applies:

Pursuant to section 6 of *the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act*, Realkredit Danmark A/S may decide that Bonds in a specific ISIN be fully or partly extended by 12 months from the ordinary maturity date of the Bonds.

The extension rate on Bonds that can be extended will be determined by Realkredit Danmark A/S in accordance with section 6 of *the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act*, and announced on Realkredit Danmark A/S' website, [www.rd/investor](http://www.rd/investor), and in a company announcement, and will take effect at the time of the first extension of maturity. The coupon set for the first extension of maturity also applies to any further extensions of maturity.

**Negative coupon**

If the coupon rate is negative, Realkredit Danmark has a claim against the Bondholder which is due for payment on the payment date for the relevant payment period.

The claim against Bond holder will be collected via the drawings in one of the following ways:

1) The "Installment model"

Bond holder's payment to Realkredit Danmark, as a result of a negative coupon rate, will be charged by Realkredit Danmark in the form of an extra drawing (interest drawing). The size of the interest drawing is calculated on the basis of par (100) or market price. The interest drawing is settled to the Bondholder without proceeds.

As a general rule, the interest drawing does not affect ordinary / extraordinary drawings regarding installments, terminations etc. However, Realkredit Danmark reserves the right to also collect the negative coupon payment via the ordinary / extraordinary withdrawals.

2) The “Liquidity Model”

The Bond holder's payment to Realkredit Danmark as a result of a negative coupon rate will be charged by Realkredit Danmark in the form of a reduced drawing, corresponding to the nominal value of the interest payment. If the drawing is not sufficient to cover Realkredit Danmark's claims, a further drawing (interest drawing) will be made. The interest drawing can be calculated on the basis of market price or par (100). The interest drawing is settled to the Bond holder without proceeds.

The size of the interest drawing is calculated immediately before the term.

Interest drawing on the basis of market price will be conducted at a market price set by Realkredit Danmark.

The collection method reflects the current technical solution in VP Securities. If VP Securities changes the technical solution, Realkredit Danmark will change the collection method on the basis of these changes. In that case, Realkredit Danmark will update the Base Prospectus via a Supplement or prepare a new Base Prospectus.

It will be stated in the Final Terms which model that will be used for the specific ISIN for the collection of negative coupon.

## **Right to withdraw**

Investors, who have agreed to purchase or subscribe for bonds prior to the announcement of this supplement, have the right to withdraw their acceptance within a period of at least two business days after publication of the Supplement on 1 October 2020, pursuant to art. 23(2) of the Prospectus Directive.

## **Statement of responsibility**

Realkredit Danmark A/S, Lersø Parkalle 100, 2100 Copenhagen Ø, is responsible for this Base Prospectus under applicable Danish law.

The following persons are responsible for the information in the Base Prospectus on behalf of Realkredit Danmark A/S:

Board of Directors:

- Chief Risk Officer, Carsten Rasch Egeriis, chairman
- Global Head of WM Banking, Claus Harder
- Senior Vice President, Head of Digital Banking, Line Munkholm Haukrogh
- Professional boardmember, Jesper Koefoed
- Senior Business Advisor, Lisbeth Sahlertz Nielsen, employee representative
- Seniorconsultant, cand. Polyt. Majken Hammer Sløk, employee representative
- Specialist Advisor, Anna-Marie Mikkelsen, employee representative

- who by authority to the Executive Board as of 9 March 2020 has authorised:

Executive Board:

- Chief Executive Officer, Carsten Nøddebo Rasmussen
- Member of the Executive Board, Klaus Kristiansen

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

to sign the Base Prospectus.

For information about the Board of Directors, the Executive Board and auditors, see the most recent annual report of Realkredit Danmark A/S, or go to rd.dk or danskebank.com.

Realkredit Danmark A/S hereby declares:

- a) the Prospectus has been approved by the Danish FSA as a competent authority under Regulation (EU) 2017/1129
- b) the Danish FSA only approves that this Prospectus complies with the standards for completeness, comprehensibility and uniformity in accordance with Regulation (EU) 2017/1129
- c) the approval cannot be considered an approval of the Issuer (Realkredit Danmark A/S) comprised by this Prospectus
- d) investors shall make their own assessment of whether these securities are a suitable investment for them.

The persons responsible for the information provided in this Base Prospectus, cf. above, hereby declare to have taken all reasonable care to ensure that, to the best of their knowledge and belief, the information provided in the Base Prospectus is in accordance with the facts and contains no omissions likely to affect the content thereof.

*Copenhagen, 1 October 2020*

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Carsten Nøddebo Rasmussen  
Chief Executive Officer

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Klaus Kristiansen  
Director  
Member of the Executive Board