

Negative coupons



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In 2016 Realkredit Danmark opened its first floating rate bond (SDRO) without an interest rate floor.

When interest rate fixings lead to negative coupon rates, Realkredit Danmark will have a claim on the Bondholder that falls due on the payment date of the relevant payment period. The payment of the Bondholder to Realkredit Danmark, as a result of the negative coupon, will be charged by Realkredit Danmark in the form of an additional drawing (interest drawing), settled at a price of 100, corresponding to the nominal value of the interest payment.

Generally, the interest drawing will not affect the regular drawings occurring due to repayments, terminations etc. Realkredit Danmark reserves the right, however, to reduce regular drawings as well.

Additional drawing of bonds because of negative coupon rates will take place at the same time as normal drawings in the specific ISIN.

Going forward, Realkredit Danmark will determine whether new bonds will be opened with or without an interest rate floor when opening the bonds. This will be communicated to the market well in advance of any refinancing.

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