

## Loan guide for Personal and Business Banking

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### NYKREDIT'S LOAN GUIDE: THE LOAN PROCESS EXPLAINED

Several factors need consideration before a new mortgage loan is raised. To some, the process and considerations from obtaining a loan offer to the disbursement of a loan are familiar. To others, raising a mortgage loan will be a new experience.

This Loan Guide provides a number of facts aimed to help give an overview of the loan process.

The Loan Guide also contains the information which Nykredit is required by law to provide its borrowers, including Nykredit's General Business Terms for Mortgage Loans and Nykredit's General Business Terms for Mortgage Loan Trades. Finally, a glossary explaining the most commonly used technical terms is provided. We recommend that you keep the Loan Guide with your loan documents and use it as reference if any questions regarding the loan should arise at a later time.

Nykredit's advice is non-independent. That means that the advice includes only products offered by Nykredit.

Naturally, Nykredit will also provide advice and guidance for customers raising a loan.

Contact Nykredit, +45 70 10 90 00, or visit us at [nykredit.com](http://nykredit.com).

Nykredit reserves the right to change terms and fees, etc.

This document is an English translation of the original Danish text. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.

## FROM LOAN OFFER TO LOAN DISBURSEMENT AND SETTLEMENT OF PROCEEDS

Before accepting a loan offer, borrowers must decide on various practical matters.

### Acceptance of loan offer

A loan offer is accepted by signing a loan and mortgage agreement, or by concluding a fixed-price agreement and subsequently signing a loan and mortgage agreement. If the property mortgaged is community property, both spouses must sign.

### Registration

Nykredit prepares an electronic mortgage on the basis of the signed loan and mortgage agreement. The electronic mortgage is then forwarded for registration. The mortgage may differ from the loan and mortgage agreement in terms of contents and layout.

The electronic mortgage cannot, however, impose obligations on the borrower which are not stipulated in the loan offer with related documents, including the loan and mortgage agreement.

### Nykredit's mortgage registration agreement

Nykredit will attend to the practical aspects of mortgage registration, and disbursement and settlement of the loan proceeds.

You may conclude a Nykredit mortgage registration agreement by contacting Nykredit.

### Nykredit's fixed-price agreement

If you require fixed proceeds you may conclude a fixed-price agreement with Nykredit. A fixed-price agreement may be concluded at any time from the issue of the loan offer to the date of disbursement. A Nykredit fixed-price agreement is binding on the borrower as well as on Nykredit. The longer the period from the issue of the loan offer to the disbursement of the loan, the higher the risk of a significant price change. In case of bond loans, a fall in the price of the bonds offered will lead to cash proceeds lower than specified in the loan offer. In case of cash loans, a new loan will have a higher bond principal and consequently a higher cash rate and higher repayments. A fixed-price agreement is a means to ensure unchanged disbursement terms.

To conclude a fixed-price agreement, please contact Nykredit, which may also inform you of the current price of and repayments on a loan.

### Disbursement and settlement of loan proceeds

If a mortgage registration agreement has been concluded with Nykredit, disbursement will be arranged with the borrower who will then not be required to take any further steps.

If no mortgage registration agreement with Nykredit is concluded, the form "Loan disbursement" must be filled in and sent to Nykredit. Before a loan may be disbursed, a mortgage must be registered and submitted to Nykredit. Alternatively, a bank guarantee must be issued for Nykredit's receipt of a registered mortgage without endorsements. Furthermore, other terms for disbursement of a new loan must be fulfilled. The terms for loan disbursement are specified in the loan offer.

If Nykredit Bank has provided a bank guarantee as security for a registered mortgage without endorsements, the loan may be disbursed to a cash account. Until a mortgage has been registered, a borrower will, in principle, not have unrestricted access to the cash account. However, funds may usually be withdrawn from the account to prepay a loan in connection with refinancing or to deposit purchase money.

The final settlement with borrowers usually takes place when a mortgage has been registered without endorsements and all terms for disbursement have been fulfilled. Before this point, no excess proceeds are disbursed to a borrower.

## NYKREDIT MORTGAGE LOANS

The Nykredit Group offers mortgage loans for owner-occupied dwellings, holiday homes and commercial properties in connection with new builds, ownership transfers, conversions and extensions. The Group also offers supplementary mortgages and refinancing of loans with terms of up to 30 years.

The traditional understanding of a mortgage loan as a long-term fixed-rate loan no longer applies. Today, borrowers must decide whether:

- a loan should carry a fixed or a variable interest rate
- a loan should have an interest rate cap
- an interest-only period is relevant
- equity protection/wealth effect is relevant.

Nykredit offers advice and recommendations for the choice of loan type.

### Private residential properties

Nykredit carries out a property valuation for the purpose of determining the loan amount. There may be costs involved in this process.

### Commercial properties

Nykredit uses two-tier mortgaging for the financing of commercial properties except public housing subsidised by the government. Two-tier mortgaging means that commercial properties are financed by a combination of mortgage loans funded by SDOs ("særligt dækkede obligationer") and ROs ("realkreditobligationer").

The part of a loan which in a typical commercial property is secured by mortgage over 0-45% of the property value will be funded by SDOs (base loan), while the top part will be funded by ROs (top loan). For commercial properties for residential use, the part of the loan secured by mortgage over 0-60% of the property value will be funded by SDOs.

This will reduce the Nykredit Group's supplementary collateral requirement in case of falling housing prices. That way we ensure that borrowers may still mortgage properties up to the statutory loan-to-value (LTV) limits during both economic upturns and downturns.

The individual LTV limits for top and base loans depend on the property type, as appears from the table below.

On two-tier mortgaging, the product offer funding the top part of a loan (top loan) is not necessarily identical with the product offer funding the bottom part of a loan (base loan).

Two-tier mortgaging is relevant where the total loan amount exceeds the part that may be funded as a base loan, cf the above table – typically in connection with:

- Raising of loans for purchasing a new property
- Refinancing of existing loans
- Raising of supplementary loans.

There are no changes relating to two-tier mortgaging:

- On interest rate adjustment of existing mortgage loans
- On raising or refinancing loan within the LTV limit of base loans
- On change of interest periods of adjustable-rate mortgage loans (ARMs), for instance from 1-year to 5-year interest rate adjustment.

### Disbursement form

Depending on the loan type, mortgage loans may be raised as either bond loans or cash loans.

### Bond loans

A bond loan is based on the issuance of bonds. Nykredit determines the bond prices, and cash proceeds from the bonds are disbursed to the borrower or the borrower's bank.

The bond price is determined as an average price quoted on Nasdaq Copenhagen less a price spread.

The price at which the bonds are quoted is usually below par (100). This means that the amount disbursed is lower than the bond amount (the loan principal). The bond amount is the actual loan amount and the amount repayable.

The cash amount deriving from the price at which the bonds have been quoted is denoted the market value of the bonds. It is this market value less borrowing costs that is disbursed to borrowers in cash (proceeds).

In connection with the determination of prices, the difference between the loan principal and the market value of the bonds will result in a capital loss, which must be repaid during the term of the loan as part of the principal payments.

In case of bond loans, mortgage registration charges and administration margin are calculated based on the bond amount.

### Cash loans

In case of cash loans, loan proceeds are disbursed in cash.

Nykredit can only grant cash loans by issuing bonds the prices of which are subsequently determined in order to

provide the cash amount required by the borrower. The transaction is executed at an average price quoted on Nasdaq Copenhagen less a price spread.

If the price of the bonds is below par, a capital loss arises. The capital loss must be repaid throughout the term of the loan. Borrowers repay a capital loss by paying a higher loan rate (the cash rate).

The cash rate, calculated on the basis of the cash debt outstanding, is therefore higher than the corresponding bond coupon rate. As interest is deductible for tax purposes, converting capital losses into interest is an advantage. However, this should be seen in the light of the fact that capital gains on cash loan prepayment are often liable to tax.

If the price exceeds par at the date of disbursement, the cash rate will be lower than the bond coupon rate.

Mortgage registration charges and administration margin of cash loans are calculated based on the cash loan amounts.

## Loan rate

Loan rates may be fixed or variable.

The rate of fixed-rate mortgage loans is fixed throughout the loan term. Fixed-rate loans often provide the best homeowner's equity protection.

Variable-rate mortgage loans carry a variable interest rate that may change from time to time throughout the term of a loan. Variable rates may have embedded interest rate caps or floors.

Tilpasningslån (adjustable-rate mortgage loans – ARMs) carry a variable rate. The interest rate is fixed on loan disbursement. Subsequently, loans are subject to interest rate adjustment regularly when the underlying bonds are refinanced. ARMs funded by 1-year bonds are refinanced every year, ARMs funded by 2-year bonds are subject to interest rate adjustment every two years, etc. The interest rate is adjusted in connection with the refinancing of the total loan debt outstanding. ARMs offer no equity protection.

F-kort loans, RenteMax loans and other Cibur1-, Euribor2- or Cita3-linked mortgage loans are floating-rate bond loans. If a loan is funded by bonds with a shorter maturity than the loan term, the interest rate – and any interest rate cap or interest rate floor – will also change in connection with the refinancing of the bonds.

RenteMax provides a low equity protection, whereas F-kort and other Cibur-, Cita- and Euribor-linked mortgage loans offer none.

The interest rate of an F-kort loan is fixed on the basis of the 6-month Cita rate plus an interest rate spread. The size of the spread depends on the maturity of the bond. The longer the maturity, the larger the interest rate spread. The underlying bonds of eg a 30-year F-kort loan will be refinanced on maturity. In connection with refinancing, the following will be fixed:

- a new interest rate
- a new Cita spread
- the next refinancing date.

## Negative interest rates

New or refinanced adjustable-rate mortgages may carry a negative cash rate.

Fixed-rate bond loans and fixed rate cash loans may be paid out at negative interest rates.

Floating-rate bond loans may be paid out, have their interest rate adjusted or be refinanced at negative interest rates, unless the terms applicable to bonds funding the loan stipulate that the loan rate cannot be less than 0%. Bonds opened after 20 May 2015 may have negative interest rates.

For more information, please refer to Nykredit's General Business Terms for Mortgage Loans in this Loan Guide.

## Interest rate cap

The interest rate of RenteMax loans is capped for part of or throughout the loan term.

The interest rate of RenteMax is fixed on the basis of 6-month Cibur plus an interest rate spread. If this rate exceeds the interest rate cap, the interest rate of the loan will be fixed at this level. When 6-month Cibur plus an interest rate spread falls below the interest rate cap, the interest rate of the loan will fall accordingly. The interest rate spread constitutes payment for the interest rate cap. The size of the spread depends on the size of the interest rate cap as well as the term of the cap. The longer the term and the lower the interest rate cap, the larger the interest rate spread.

The underlying bonds of eg a 30-year RenteMax loan with an interest rate cap of a shorter period will be refinanced when the interest rate cap expires. In connection with refinancing, the following will be fixed:

- a new interest rate
- a new Cibur spread
- the next refinancing date
- possibly a new interest rate cap.

## Financial contracts

Nykredit offers commercial customers financial contracts in Nykredit Bank in connection with mortgage loans. Through a financial contract, customers may

change the interest payments on a loan for an individually defined period of time in order to pay a fixed interest rate instead of a floating rate or vice versa – or buy an individual interest rate cap. Financial contracts enable customers to take advantage of lower interest rates in currencies other than kroner and euro.

The price of a financial contract is individual and will be based on current market conditions. For example, an individual interest rate cap is typically paid via an interest rate spread. The size of the spread depends on the type of interest rate cap and its maturity.

### Currency

Unless otherwise agreed, Nykredit mortgage loans are raised and disbursed in Danish kroner. However, a number of Nykredit's loan products may be raised and disbursed in euro.

Customers with specific loan types may have foreign exchange risk. This applies to customers with for instance income or assets in currencies other than the loan currency. It may also be customers residing in a country with another currency than the loan currency.

### Green covered bonds

Nykredit offers funding and refinancing using green covered bonds to major corporate clients with properties that satisfy specific requirements, including for energy labelling, at the time of funding/refinancing.

Refinancing of a loan using green covered bonds is always subject to the fulfilment of these specific requirements. In the event of failure to fulfil the specific requirements or if Nykredit no longer issues green covered bonds at the time of refinancing, the loan will be refinanced using traditional mortgage covered bonds.

See the requirements set out in Nykredit's Green Bond Framework, which is available at [nykredit.com/greenbonds](http://nykredit.com/greenbonds)

Green covered bonds have the same characteristics as traditional mortgage covered bonds.

### Callability/prepayment

Callable loans are characterised by the bond debt outstanding of the loan always being callable at par (100) – in respect of callable RenteMax loans at a price of 105. Prepayment is subject to a certain notice prior to a bond payment date. Prepayment of a loan is binding and cannot be withdrawn. A loan is typically prepaid when the market price exceeds the minimum prepayment price. Callable loans may be prepaid by means of a cash payment of the debt outstanding or by way of a delivery of bonds at current market prices.

Fixed-rate bond loans are callable at par following termination subject to two months' notice before the payment date, while callable RenteMax floating-rate loans may be prepaid at a price of 105 subject to the same notice or by way of a delivery of bonds at current market prices.

RenteMax loans based on bonds with maturities shorter than the loan term may also be prepaid at par in the year preceding the refinancing date regardless of whether the loan is based on callable or non-callable bonds.

ARMs subject to full interest rate adjustment are non-callable. As a result, they can only be prepaid by delivering bonds at current market prices. However, full or partial prepayment of the debt outstanding may take place in cash at par in connection with refinancing. See also Prepayment.

### Repayment method

A number of Nykredit's loan products may be offered as loans with interest-only periods.

Any interest-only period must be placed at the beginning of the term of fixed-rate loans or RenteMax, whereas interest-only periods may, subject to certain conditions, be placed freely within the term of ARMs. The aggregate interest-only period may not exceed the maximum interest-only period stipulated by current legislation. After one or more interest-only periods, loan repayments will increase as principal payments will then be payable.

Interest-only periods are, however, granted based on a specific evaluation of each individual case.

### Identification

Pursuant to current legislation, customers are required to provide proof of identification when business relations with Nykredit are established. Nykredit may not disburse loans to an unidentified customer. More details on the rules are available at Nykredit's centres, including the types of identification Nykredit accepts.

## NYKREDIT'S GENERAL BUSINESS TERMS FOR MORTGAGE LOANS

These terms shall apply to all mortgage loans granted by Nykredit unless otherwise agreed between the parties or determined by Nykredit.

Loans are granted on the basis of bonds. A loan and mortgage agreement and a digital mortgage are created as security for loans.

Loans are granted on the basis of the loan offer with related documents and the provisions set out in the loan and mortgage agreement. Current terms, conditions and rates are available upon request.

Until the loan has been disbursed, a loan offer or a loan agreement may lapse if:

- legal proceedings are instituted against the property
- voluntary or compulsory insolvency proceedings are instituted against the borrower
- the borrower dies
- the borrower is in arrears with respect to any other loans with Nykredit.

The borrower shall be liable for any and all costs incidental to a lapse of the loan agreement or loan offer.

### Loan disbursement

Loans must normally be disbursed within six months of the date of the loan offer.

On loan disbursement, front-end fees will be payable as well as other credit costs. Costs relating to property valuation and loan administration as well as any other service charges are specified in Nykredit's current price list.

Loans will be disbursed in the ISIN(s) open for lending at the time of disbursement. Loans may be disbursed on fulfillment of the terms for loan disbursement of the loan offer and against a registered mortgage without endorsements or guarantees that a registered mortgage will be available within the agreed time limit.

Loans will be disbursed to the borrower unless Nykredit has been authorised to disburse the loan to another recipient, or if Nykredit has been notified of assignment or another right. If the loan is settled in cash, it will be disbursed on the basis of the average price denoted Nasdaq CPH consolidated reference price less a price spread, unless otherwise stipulated in the loan offer or agreed with Nykredit. For further information on the quoting of bond prices, please refer to General Business Terms for Mortgage Loan Trades.

Loan costs and commission will be set off against the proceeds, which will be disbursed by bank transfer unless otherwise agreed.

Where the borrower has entered into a fixed-price agreement with Nykredit, the loan will be disbursed on the agreed date and at the agreed price after deduction of loan costs.

If a loan is disbursed by way of a transfer of bonds to an account with VP Securities A/S, loan costs are payable in cash prior to disbursement. Accrued coupon interest is also payable in cash and may be charged in connection with disbursement.

By the date of disbursement of the loan, all repayments due as well as any collection charges and fees payable on loans issued by Nykredit must have been settled. Furthermore, Nykredit may demand evidence showing that no arrears are payable on prior-ranking loans to other mortgagees at the time of disbursement.

Furthermore, Nykredit may offset repayments on loans issued by Nykredit secured on other properties owned by the borrower. Such set-off may take place regardless whether the loan proceeds have been pledged or otherwise assigned to a third party.

### Repayment

Loans must be repaid in accordance with the conditions stipulated in the loan offer with related documents and the provisions set out in the loan and mortgage agreement as well as Nykredit's loan terms. The first payment period and due date will be determined in connection with the disbursement of the loan.

Repayments comprise interest, loan administration margin and principal payments, if any. Furthermore, fees may be charged as well as any other charges as stipulated in the loan offer, the loan and mortgage agreement, other agreements or provisions laid down by Nykredit.

Nykredit may recalculate repayment and interest terms in connection with extraordinary repayments or a change of terms and conditions for payment.

In case of non-payment of a loan repayment or a prepayment amount, default interest will be payable. Default interest will be calculated at the current rate applicable from the due date until payment is made. Nykredit determines the place and form of payment. The due date of payment is the last banking day of the month in which the repayment falls due. A banking day means any day on which Danish payment systems and banks located in Denmark are open for business.

Nykredit will charge a fee for the forwarding of reminder and collection letters in connection with non-payment. If collection procedures are instituted, additional fees will be charged.

Ultimately, the non-performance of payment obligations may lead Nykredit to call a loan, and the mortgaged property may become subject to a forced sale by public auction.

Compliance with the loan terms and conditions implies that on the last payment date, a repayment is made of any amount necessary to settle the debt outstanding in full.

### Settlement through NemKonto

Have you overpaid your mortgage, Nykredit will refund any amount due to you via your NemKonto account.

As this is based on an electronic exchange of NemKonto account no and CPR no/CVR no between Nykredit and the NemKonto system, we are required by the Danish Act on Public Payments etc. to inform you as follows:

KMD A/S manages the NemKonto system on behalf of the Danish Agency for Modernisation on behalf of the Danish Ministry of Finance.

When Nykredit forwards a payment notice and a CPR no/CVR no via PBS to KMD A/S, the CPR no/CVR no is alone used to identify the NemKonto account no which is returned to PBS, after which payment is effected to the NemKonto account.

You may always contact NemKonto Support for information about which data the NemKonto register contains about you, and you can also at any time have any incorrect information corrected or deleted.

If you do not want Nykredit to transfer any amounts due to you via NemKonto, you should contact Nykredit in writing.

### Negative interest rates

Nykredit will decide how to settle negative interest to borrowers with respect to any loan type. It may, for instance, be settled by set-off against the borrower's payments due on the loan with Nykredit, or as an advance payment on the next quarterly loan repayment.

For floating-rate bond loans and fixed-rate loans, Nykredit may decide to settle negative interest by way of an increased principal payment. Nykredit will decide the terms for recalculating loan repayments.

In the event of negative mortgage payments, we will transfer the amount due to the account through which

mortgage payments are usually effected via the Danish direct debit service (Betalingsservice).

If you do not use direct debit, we will transfer the funds to your NemKonto account.

Nykredit may choose to settle negative payments in a different manner.

### Administration margin, fees and other payments (including price spreads)

The size and calculation method of the administration margin will be determined in connection with the granting of a loan.

The administration margin is calculated as a percentage of the debt outstanding of the loan (ie the cash debt outstanding of cash loans and the bond debt outstanding of bond loans).

The administration margin charged for loans to personal customers depends on the property mortgaged, repayment profile, loan type, loan principal and LTV bracket. The LTV bracket is determined based on a valuation of the property when the loan is raised. Nykredit will perform the valuation in a manner that Nykredit finds appropriate. The LTV bracket is redetermined in connection with subsequent loan refinancing, mortgage debt assumption in connection with a sale of the property in the open market or a forced sale by public auction and in case of release of a mortgage. The administration margin will not be changed in connection with ordinary mortgage payments or changes in loan ranking due for instance to redemption of prior-ranking loans.

For customers other than personal customers, the administration margin is determined on an individual basis.

Price spreads represent transaction costs to be paid by the borrower in connection with:

- Loan disbursement
- Loan refinancing
- Loan prepayment

The costs of loan disbursement and refinancing are payable by borrowers and will be charged as a spread deducted from the price.

The costs of loan prepayment is also payable by borrowers as a spread added to the price.

The price spread payable depends on the type of loan and eg loan refinancing frequency.

For more information on price spreads, please refer to Nykredit's General Business Terms for Mortgage Loan Trades and the Glossary of this Loan Guide. Information on the current charges is available in Nykredit's price list, which can be downloaded from [nykredit.dk](http://nykredit.dk).

## Changes to the administration margin, fees and other payments (including price spreads)

The administration margin, fees and other payments are variable. During the term of a loan, Nykredit may thus change the administration margin as well as the calculation method of the margin. For instance, the administration margin may be calculated and regularly adjusted on the basis of more or other conditions than those prevailing when the loan was disbursed, including borrower-specific conditions. Furthermore, Nykredit may change or introduce new types of fees or other payments (including price spreads and trading commission) for existing loans.

Changes to the administration margin, methods to calculate the administration margin and changes to or introduction of new types of fees or other payments (including price spreads and trading commission) may, for existing loans, be justified on the basis of current or expected cost, market, regulatory, risk, competitive, business or similar conditions as well as borrower-specific conditions. Examples of such conditions are listed below. The list is not exhaustive.

- a) amendments to legislation, changes in legal and authorities' practice
- b) changes in requirements and expectations from credit rating agencies and investors, including requirements and expectations that affect the pricing of bonds underlying Nykredit's lending
- c) the cost development in case of eg
  - higher costs of capital
  - changed requirements for capitalisation, capital reserves, liquidity or capital adequacy
  - higher taxes or duties, higher distribution costs or
  - general guarantee schemes
- d) higher losses or risk of losses, loan impairments or loss provisions
- e) a need for changes to the composition of Nykredit's loan portfolio, for instance a reduction in the number of variable-rate loans
- f) a need to motivate Nykredit's customers to opt for selected products, for instance repayment loans
- g) higher risk, including operational risk
- h) falling property prices or structural trends in the property market
- i) administrative conditions or a need to optimise Nykredit's capacity and resource utilisation
- j) other conditions that necessitate higher earnings or a new pricing structure
- k) default of payment by the borrower

- l) changes in borrower-specific assumptions, including the borrower's financial position or the composition, extent or profitability of the borrower's loan facilities with the Nykredit Group or
- m) changes in the LTV, stability of value or marketability of the mortgaged property.

Changes to administration margin and significant changes to other payments are notified individually to borrowers by giving six months' notice. Changes justified by external conditions beyond the control of Nykredit may be made without notice, however. Other changes, including changes to fees or default interest and less significant changes to other payments may be notified by giving six months' notice in Nykredit's price list available at [nykredit.dk](http://nykredit.dk).

For customers other than personal customers, changes to fees and significant changes to other payments in connection with existing loans are notified by giving one month's notice to expire as at a payment date, with effect as from the next payment date, and notice of general changes may be given via the daily newspapers.

## Prepayment

Loans funded by the issuance of callable bonds may be prepaid in cash or by way of a delivery of bonds of the same ISIN.

Prepayment may also be effected by way of payment in cash of the bond debt outstanding at par (100) at a payment date – in respect of callable RenteMax loans, however, at a price of 105. Termination is subject to a notice stipulated by Nykredit with effect from a bond payment date. However, full or partial prepayment of the debt outstanding may take place at par in connection with refinancing.

Loans funded by way of issuance of non-callable bonds may only be prepaid by way of a delivery of bonds of the same ISIN. However, full or partial prepayment of the debt outstanding may take place in cash at par in connection with refinancing.

Where certain loan types are concerned, including loans in foreign currencies, other rules may apply to the prepayment of loans. The terms will appear from the loan offer with related documents as well as the provisions set out in the loan and mortgage agreement and Nykredit's loan terms.

Nykredit will calculate the terms and amounts in relation to prepayment. Calculation and prepayment are subject to payment of a fee.



## Special terms

Where a borrower fails to disclose information or discloses incorrect information which may affect the determination of the loan amount, valuation or credit assessment, Nykredit may terminate the loan agreement or the loan without notice. The loan will fall due for repayment in full without notice if the use of the property changes within two years after disbursement of the loan and the new use would involve another type of loan, a lower loan-to-value ratio, a lower valuation or a shorter loan term than that of the existing loan. The borrower shall notify Nykredit of any new use of the property.

Nykredit may retrieve information about the mortgaged property from the Danish register of buildings and dwellings (Bygnings- og Boligregistret (BBR)) as long as the property is mortgaged in favour of Nykredit. Furthermore, Nykredit may at any time demand that the borrower produce the financial statements of the borrower's business. Nykredit may require evidence showing that the repayments on prior mortgages have been made or may obtain information thereon through other mortgage banks, including by using such mortgage banks' information systems.

Nykredit may ask the borrower to prepare and hand in consolidated financial statements, regardless of whether the borrower is not obliged to prepare such financial statements under the Danish Financial Statements Act. The consolidated financial statements must comprise the relevant ultimate Danish company(ies) as parent as well as direct and indirect subsidiaries and must contain statements of revenue and cash flows consistent with the existing practice as set out in the Financial Statements Act. Failure on the part of the borrower to hand in the consolidated financial statements will entitle Nykredit to charge a fee.

Nykredit shall be liable for damages resulting from any delay or default in performing its obligations if such delay or default is due to errors or negligence. In areas where a stricter statutory liability applies, Nykredit shall not be liable for losses due to:

- the breakdown/lack of access to IT systems or damage to the data of these systems which can be attributed to the events below regardless whether Nykredit itself or an external supplier is responsible for the operation of the systems
- failures in Nykredit's power supply or telecommunications, statutory intervention or administrative acts, natural disasters, war, insurrections, civil riots, sabotage, terror or vandalism, including computer viruses and hacking
- strike, lockout, boycott or blockade regardless whether the conflict is directed at or initiated by Nykredit itself or its organization and regardless of

- the reason for the conflict. This shall also apply where the conflict affects only part of Nykredit
- other circumstances beyond Nykredit's control.

Nykredit's exemption from liability shall not apply:

- if Nykredit should have anticipated the factor which caused the loss when the agreement was entered into or should have avoided or overcome the reason for the loss
- if in any circumstances pursuant to current legislation, Nykredit is liable for the factor which caused the loss.

## Electronic communication and contracting

Nykredit may provide all information in electronic form even if contract documents, terms, etc use words such as "written", "letter", etc. Electronic letters and documents from Nykredit will be sent electronically via MitNykredit or e-Boks. Borrowers may use their NemId code or a solution provided by Nykredit to log on to MitNykredit or e-Boks. Letters and documents will remain in MitNykredit for at least one year.

The letters and documents received digitally may be notifications of interest rate or fee changes, loan payment notices, including reminders, any other documents relating to loans, contract documents, terms or announcements of amendments to such documents.

Electronic letters and documents have the same legal effect as letters and documents received by ordinary post. Borrowers must open and check any information received electronically in the same way as information received by ordinary post. It is the responsibility of borrowers to ensure online access to MitNykredit or e-Boks.

Nykredit may still send borrowers letters and documents by ordinary post if this is considered the best way to convey information.

Borrowers may enter into electronic agreements with Nykredit using their NemId code or a solution provided by Nykredit. By using eg the NemId code to accept an agreement, borrowers sign it electronically. An electronic signature has the same legally binding effect as a signature on a paper document.

## GENERAL BUSINESS TERMS FOR MORTGAGE LOAN TRADES

When Nykredit Realkredit (Nykredit) grants a mortgage loan, Nykredit issues an amount of bonds corresponding to the loan amount. In connection with the disbursement of a new mortgage loan or the remortgaging, refinancing or prepayment of existing mortgage loans, a price of the bonds funding the loan is determined. Nykredit will quote the price based on principles similar to the principles of bond trading. This is why we designate it a mortgage loan trade. A number of relevant factors applying to mortgage loan trades are described below, including the quoting of the prices of the bonds funding a loan.

### General

Prices relating to mortgage loans and consequently mortgage loan trades are quoted in accordance to the principles described in these Business Terms.

Nykredit must and will always endeavour to secure the best outcome under the circumstances for borrowers in connection with the quoting of prices relating to mortgage loans.

When a loan is disbursed to a borrower, bonds are issued when the loan is raised. Nykredit determines the bond price, and the borrower receives cash proceeds corresponding to the value of the bonds (less costs). The opposite applies in connection with prepayment of a loan, where Nykredit determines the bond price and the amount (with the addition of costs) to be paid on the prepayment date. Loans may also be disbursed and prepaid by way of a delivery of bonds, but this disbursement/ prepayment form is not covered by these General Business Terms as it does not imply quoting prices.

Nykredit will endeavour to quote a price on the day of receiving a request within the ordinary trading hours of the Danish bond market (all trading days between 09:00 and 17:00). However, for rarely traded bonds or in case of special market conditions, it may take a couple of days, cf the section General reservations. Disbursement of a loan based on an average price is subject to special rules – see also the subsection Average price transaction (current price) on this page.

Current prices of a wide range of the most liquid bonds are published on Nykredit's website. The prices are updated regularly and are used by Nykredit when quoting the prices used for the settlement of mortgage loans.

The Danish Securities Dealers Association and the Danish mortgage banks have concluded a voluntary agree-

ment for the publication of prices used for the settlement of mortgage loans and all transactions in bonds issued by Danish mortgage banks. The prices are published on Nasdaq Copenhagen's website.

Please contact Nykredit for further information on prices or these General Business Terms for Mortgage Bond Trades.

### Disbursement methods

On loan disbursement, bond prices are quoted according to one of the following types of transaction:

#### *Average price transaction (current price)*

Loans are disbursed on the basis of the Nasdaq CPH consolidated reference price quoted by Nasdaq Copenhagen, which is an average price used by Nykredit, cf the section General preconditions for mortgage loan trades.

If no official average price is quoted on the day the price is to be determined, Nykredit will determine the price as the last average price quoted.

If Nykredit finds that the average price of the day or the last average price quoted does not reflect a market-consistent price, Nykredit will quote a price that takes into account supply and demand, the prices last traded, national and international events of potential importance to yield and price movements as well as information available on similar bonds from comparable issuers.

The price of the bonds funding the loan is determined as the average price on the first trading day after Nykredit has received the request for disbursement less a spread. Nykredit may set time limits for the submission of requests for disbursement. The request must be made in writing using the disbursement form forwarded together with the loan offer.

#### *Fixed-price agreement – disbursement*

In relation to a fixed-price agreement, bond prices are quoted at the best bid price of the relevant bonds in the bond market.

In connection with a fixed-price agreement, Nykredit determines the best bid price that takes into account supply and demand, the prices last traded, national and international events of importance to yield and price movements as well as information available on similar bonds from comparable issuers, cf the section General reservations. Settlement prices may thus deviate from other prices in the bond market as the price depends on the amount, time and supply of/demand for the relevant bond.

If you enter into a fixed-price agreement, your loan will be disbursed at an agreed price and at an agreed time. The agreed price is the best bid price in the bond market rounded down to the nearest 0.05 point, less a price spread. Moreover, a forward spread for the hedge covering Nykredit's costs arising under the fixed-price agreement during its term is added to/ deducted from the price.

When an offer of a fixed-price agreement is made, the agreed price will remain binding on Nykredit for 15 minutes. Borrowers have to decide on the price offered within those 15 minutes. If Nykredit's offer is accepted within the 15 minutes, the agreement is concluded and will be binding on both parties.

### Calculation of forward spread in connection with loan disbursement on the basis of a fixed-price agreement

The forward spread for the hedge is calculated on the basis of the nominal interest rate of the bond from the date of the agreement to the date of disbursement, corresponding to Nykredit's direct loss/gain of interest during the term of the fixed-price agreement. However, the spread will be reduced by the interest which Nykredit is able to obtain by investing the proceeds from the bond sale in the money market. The proceeds will be placed at a money market rate of the same term as the fixed-price agreement less an interest rate spread. The forward spread is rounded up to the nearest 0.05 point.

### Refinancing methods

Nykredit's ARMs, F-kort as well as RenteMax, Cibor and Euribor loans are refinanced several times a year. The refinancing date appears from the contractual basis between the borrower and Nykredit Realkredit.

The types of transactions for refinancing the individual loan types are described below.

#### ARMs

##### *Auction price and/or average price – refinancing*

Prior to the auctions, Nykredit specifies which bonds are to form the basis of refinancing and determines other terms and conditions for the refinancing. In connection with refinancing of ARMs, Nykredit generally uses a weighted average of the prices obtained by Nykredit at the auctions of the bonds in question prior to the refinancing date. A price spread will be deducted from the weighted price. Should Nykredit find that the amount of bonds to be sold is not sufficient to obtain a market-consistent price by auction, no auction of the relevant bond will be held. Instead the price will be determined

according to the principles applicable to ordinary average price transactions, cf the subsection Average price transaction (current price). This price will be less a price spread and less/plus a forward spread.

Nykredit will announce the dates of price quoting/auctions in a stock exchange announcement, which will be available at nykredit.com. The number of days may vary, depending on what Nykredit finds most optimal on the basis of the current market conditions.

Rules on statutory refinancing of bonds used for the funding of mortgage loans apply in special situations where the maturity of these bonds is shorter than the term of the mortgage loan funded by the bonds.

##### *Fixed-price agreement – refinancing*

Borrowers may also enter into a fixed-price agreement with Nykredit prior to the refinancing of an ARM. This procedure is similar to the procedure for disbursement subject to a fixed-price agreement, cf the subsection Fixed-price agreement – disbursement. The deadline for entering into a fixed-price agreement follows the deadline of the notification period.

### F-kort, RenteMax, Euribor-linked and Cibor-linked loans

##### *Determination of interest rate spread and/or price*

The interest rate spread is changed in connection with loan refinancing.

Loans are refinanced by means of an auction price transaction where Nykredit sells the bonds at auctions prior to the refinancing date. The bonds are sold at a price equal to or exceeding par (100). The size of the reference rate spread added/deducted is determined in connection with or prior to the auctions. The price will be less a spread.

Prior to the auctions, Nykredit specifies which bonds are to form the basis of refinancing and determines any interest rate cap and other terms and conditions for the refinancing. Loans may furthermore be refinanced in another bond series and/or ISIN subject to the loan terms, interest rate spreads, interest rate fixing and refinancing dates of such series. Nykredit may further determine that loans will be refinanced with bonds with longer or shorter maturities than on disbursement of the loan. Nykredit refinances loans up to two months before the refinancing date. However, Nykredit may decide to issue the bonds funding the loans up to 7 months before the refinancing date.

Rules on statutory refinancing of bonds used for the funding of mortgage loans apply in special situations where the maturity of these bonds is shorter than the term of the mortgage loan funded by the bonds.

##### *Interest rate cap on RenteMax loans*

The interest rate cap of RenteMax loans may be changed in connection with loan refinancing. Prior to the auction, Nykredit will determine an interest rate cap on the new bonds. This will represent the new cap on the loan.

## Prepayment methods

In connection with the prepayment of loans, bond prices are fixed according to one of the following types of transaction:

### *Fixed-price agreement – prepayment*

In relation to a fixed-price agreement, bond prices are fixed at the best offer price in the bond market for the relevant transaction.

Nykredit will fix the best offer price in relation to a fixed-price agreement allowing for supply and demand, the prices last traded, national and international events of importance to yield and price movements as well as information available on similar bonds from comparable issuers, of the section General reservations. Settlement prices may thus deviate from other prices in the bond market as the price depends on the amount, time and supply of/demand for the relevant bond.

If a fixed-price agreement is entered into, the loan will be prepaid at agreed price and at an agreed time. The agreed price is the best offer price in the bond market rounded up to the nearest 0.05 point plus a price spread. Moreover, a forward spread for the hedge covering Nykredit's costs of the fixed-price agreement during its term may be added to/ deducted from the price.

When an offer of a fixed-price agreement is made, the agreed price will remain binding on Nykredit for 15 minutes. Borrowers have to decide on the price offered within those 15 minutes. If Nykredit's offer is accepted within 15 minutes, the agreement is concluded and will be binding on both parties.

### **Calculation of forward spread in connection with loan prepayment subject to a fixed-price agreement**

The forward spread for the hedge is calculated on the basis of the money market rate payable by Nykredit to fund the proceeds to purchase of bonds. The proceeds to purchase the bonds will be funded at a money market rate of the same maturity as the fixed price agreement plus an interest rate spread. The forward spread will, however, be adjusted by the interest on the purchased bonds from the time of the agreement until the time of prepayment. The forward spread is rounded up to the nearest 0.05 point.

### *Prepayment subject to an 8-day acceptance period*

A callable loan with a debt outstanding of a market value of a maximum of DKK 300,000 may be prepaid in cash at a price which the borrower has eight trading days to accept. During this period, the price will remain binding on Nykredit. The agreed price for prepayment subject to an 8-day acceptance period is the best offer price in the market, plus a price spread and a risk spread covering Nykredit's capital loss during the eight days in which the offer remains open.

The price risk spread takes into account supply and demand, the prices last traded, national and international events of potential importance to yield and price movements until expiry of the offer as well as information available on similar bonds from comparable issuers.

If Nykredit finds that it will be difficult to buy the bonds in the bond market, the risk spread will be increased to cover any costs incurred by Nykredit in connection with subsequent redemption. The risk spread is rounded up to the nearest 0.05 point.

If the bonds required for a prepayment agreement subject to an 8-day acceptance period are not traded, or if Nykredit finds that the price last traded is not a realistic and current market price, Nykredit will quote a price according to the principles applicable to an ordinary fixed-price agreement, of the subsection Fixed-price agreement – prepayment.

The offer is accepted by transferring the prepayment amount to Nykredit with a value date within the next eight trading days.

- Nykredit may refrain from offering prices subject to an 8-day acceptance period in the event of extraordinary market situations in the bond market and/or the relevant bonds are not traded regularly.
- Nykredit does not offer prices subject to an 8-day acceptance period in relation to the pre-payment of non-callable loans.

### *Fixing of risk spreads on prepayment subject to an 8-day acceptance period*

The risk premium to be paid in addition to the offer price will be fixed on the basis of the following criteria:

- current price sensitivity in bond markets
- trading activity in and liquidity of the relevant bond.

The risk spread will be increased in the event of significant short-term price fluctuations to enable Nykredit to hedge the risk of capital losses.

## *Special order transactions*

A special order transaction is offered in relation to the prepayment of loans with other mortgage banks, prepayment of loans based on Nykredit's index-linked bond series or prepayment of loans based on rarely traded Nykredit bonds. In case of a special order transaction, the price will be fixed at the best possible bid price for Nykredit (as soon as possible, typically one or two trading days). Nykredit reserves the right not to disclose the price until the bonds have in fact been bought. Nykredit will always fix the best price in accordance with the procedures applicable to fixed-price agreements, cf. the subsection Fixed-price agreement – prepayment.

Regardless of the type of transaction used for mortgage loan trades, special rules apply to the price fixing of bonds not traded regularly. Nykredit's principles for the pricing of bonds not traded regularly are described in the section General reservations.

## **Transaction costs**

Total transaction costs consist of:

- in connection with loan disbursement: price spread and trading commission
- in connection with loan refinancing: price spread
- in connection with loan prepayment: price spread and trading commission

Price spreads and trading commission rates may differ and depend on whether they are charged at disbursement, refinancing or prepayment of a loan.

Information on current price spread and trading commission rates and other costs in connection with disbursement, refinancing and prepayment of loans is available in Nykredit's price lists. Price lists can be downloaded from [nykredit.dk](http://nykredit.dk).

Price spreads and trading commission rates are subject to change by Nykredit. For more information, please refer to Nykredit's General Business Terms for Mortgage Loans.

## **Cancellation**

Agreements relating to mortgage loans and other agreements directly related thereto cannot be cancelled, as financial products covered by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act are exempted from the provisions on the right of cancellation laid down in the Danish Act on certain consumer agreements.

If the borrower still wants to cancel an agreement entered into, Nykredit will determine on a case-by-case basis whether the borrower's request can be met. In this event, the borrower must pay Nykredit the costs

relating to the part of the services already delivered in accordance with the agreement.

## **General preconditions for mortgage loan trades**

In connection with the quoting of bond prices, the borrower will receive the following information:

- date of quote
- settlement price and type of transaction
- bond settlement value before costs
- transaction costs and fees.

It will always appear whether the price applied is fixed as a current bid or offer price quoted in the bond market or not.

## *Price quoting principles*

Nykredit applies the following price quoting principles:

- fixed-price agreement
- auction price transaction
- prepayment subject to an 8-day acceptance period
- special order transaction
- average price transaction (current price)
- refinancing price.

## *The regulated market*

The regulated market is the market place in which Nykredit's bonds are admitted for trading: Nasdaq Copenhagen.

## *Finance Denmark's industry-wide agreement*

References to Finance Denmark's industry-wide agreement on the quoting of bond prices relate to the industry-wide agreement on post-trade transparency in the mortgage bond market.

## *Nasdaq CPH consolidated reference price*

The members of Finance Denmark and the Danish Securities Dealers Association have entered into an agreement ensuring that Nasdaq Copenhagen quotes daily average prices used for the settlement of mortgage loans.

The average price is the Nasdaq CPH consolidated reference price quoted by Nasdaq Copenhagen. The price is determined as a volume-weighted average of all published standard trades in the relevant bond and all prices disclosed in connection with the settlement of mortgage loans in the relevant bond.

## *Policy on conflicts of interest*

Nykredit has issued a policy for the handling of conflicts of interest. Currently, no potential conflicts of interest have been identified for the quoting of bond prices in connection with mortgage loans. Should any conflicts of interest be identified, all necessary precautions will be taken.

## General reservations

Generally, Nykredit quotes immediate or average bond prices. However, the following exceptions apply if:

- prices of government-guaranteed bonds in Capital Centre J are quoted
- a prepayment price offered, valid for 8 trading days, has been accepted
- Nykredit prepays a loan with another bank by means of a special order transaction
- an index-linked loan or a loan based on rarely traded bonds is prepaid by means of a special order transaction
- refinancing is carried out by means of an auction price transaction
- refinancing is carried out according to the "refinancing price" principle
- extraordinary market situations arise
- the relevant bonds are not traded regularly.

In the last two situations, Nykredit will fix the best price on the basis of the prices that Nykredit can obtain or expects to obtain in the bond market. Regular trading means continuous trading of significant volumes in the relevant bond with current prices being quoted on a daily basis.

As regards rarely traded bonds for which no daily bid or offer prices are quoted, the bond price will be determined so that borrowers obtain the best price possible under the circumstances. If there are no trades in the relevant bond of a fixed-price agreement, Nykredit will apply the price last traded. If Nykredit finds that the price last traded is not a realistic and current market price, a price will be fixed that takes into account supply and demand, the prices last traded, national and international events of potential importance to yield and price movements as well as information available on similar bonds from comparable issuers.

If the price is fixed outside the ordinary trading hours of the bond market (all trading days between 09:00 and 17:00), Nykredit will be able to offer a price within the range of or equivalent to the bid or offer prices quoted in the regulated market if, at the closing of the market, prices have been quoted for the relevant bond. In addition, a higher price spread will be added/ deducted to cover the increased risk of a market closing. If market conditions have changed significantly immediately before or after the closing of the market resulting in a considerable difference between bid and offer prices, Nykredit will quote a price in consideration of the market conditions similarly to trading in rarely traded bonds.

Government-guaranteed bonds are issued through Capital Centre J for the purpose of funding public housing. The bonds must be offered to the Danish central bank. This affects the time and the scope for quoting bond prices, which must comply with special legislation and guidelines laid down by the Danish central bank.

Nykredit reserves the right to record telephone conversations and agreements on mortgage loan trades using electronic media which may serve as evidence of an agreement.

Amendments to the General Business Terms for Mortgage Bond Trades will be announced on Nykredit's website at [nykredit.com](http://nykredit.com).

For rules on liability, please refer to the section Special terms of General Business Terms for Mortgage Loans.

## GENERAL BUSINESS TERMS FOR FIXED-PRICE AGREEMENTS

A fixed-price agreement is an agreement between a borrower and Nykredit on the disbursement of a loan at a fixed price at a fixed time. The fixing of the price is described in General Business Terms for Mortgage Loan Trades.

Fixed-price agreements are contingent on borrowers having met the terms for disbursement not later than 4 banking days before the agreed disbursement date.

If the term of the fixed-price agreement is more than 6 months, Nykredit must have received a signed loan and mortgage agreement no later than 6 months as from the date of the fixed-price agreement.

An offer of a fixed price and a disbursement date through a fixed-price agreement will only be binding on Nykredit if the borrower accepts the offer immediately. Nykredit may demand that the agreement be accepted in writing.

On the conclusion of the agreement, Nykredit will forward a written confirmation. If the forward price or the disbursement date differs from the agreement, the borrower must immediately contact Nykredit.

If the agreement has been concluded by telephone through a loan arranger, Nykredit may demand that the loan arranger certify the confirmation form completed.

These general business terms also apply to fixed-price agreements in connection with interest rate adjustment of Tilpasningslån (ARMs) – but subject to the modifications that come with the fact that it is merely a matter of interest rate adjustment of ARMs and not disbursements of new loans where the date of disbursement equals the date of interest rate adjustment and the loan type cannot be changed, etc.

### Disbursement

Changing the date of disbursement of a fixed-price agreement requires a new agreement. In case of fixed-price agreements with a term of 3 months (+/- 5 days) for loans with a market value of a maximum of DKK 3,000,000/ EUR 400,000, borrowers may, free of charge, have their loans disbursed at the agreed price sooner than originally agreed. Borrowers must, however, meet the terms for disbursement at least 4 banking days before the date of disbursement.

In case of fixed-price agreements with a term of 3 months (+/- 5 days) and a market value of a maximum of DKK 3,000,000/EUR 400,000, borrowers may, free of

charge, change their loan types from a fixed-rate cash loan into a bond loan and vice versa.

If changes to the valuation or customer assessment lead to the disbursement of a smaller loan amount, borrowers must reimburse Nykredit for any costs or losses incurred in this connection.

### Breach

Borrowers failing to comply with the agreement made will be liable for any costs or losses incurred.

Losses are calculated on the basis of the difference between Nykredit's offer price at the time when the breach was ascertained and the agreed settlement price of a fixed-price agreement adjusted for any forward spread.

If the loss calculated is not paid by a fixed due date, default interest will be payable from the due date in accordance with the rules applicable to the non-timely payment of mortgage payments.

## GENERAL BUSINESS TERMS FOR FIXED EXCHANGE RATE AGREEMENTS, PRE-PAYMENT

Fixed exchange rate agreements are agreements stipulating that the prepayment amount of a euro-denominated loan is payable in Danish kroner at a fixed price at a fixed time. The fixing of the price is described in General Business Terms for Foreign Exchange Trading relating to Mortgage Loans in Euro.

Nykredit may refuse to enter into or extend a fixed exchange rate agreement or require that a deposit is paid or other security is provided.

Fixed exchange rate agreements are binding on Nykredit only if the borrower accepts the offer immediately when made. Nykredit may demand that the acceptance is made in writing in order for the agreement to be binding on Nykredit.

Nykredit will forward a written confirmation to the borrower on the day of conclusion of the agreement. If the price or prepayment date stated in the confirmation deviates from the oral acceptance of the borrower, the borrower must contact Nykredit immediately.

A new fixed exchange rate agreement must always be concluded if the borrower wishes to change the prepayment date or the amount of a fixed exchange rate agreement or if the loan's prepayment form is changed.

If prepayment cannot be effected on the agreed date due to circumstances beyond Nykredit's control, the borrower shall be obliged to pay the fee for the fixed exchange rate agreement plus any losses. Gains, if any, are not disbursed to the borrower but accrue to Nykredit.

In case of amendments to or breach of the agreement, Nykredit will calculate the loss with binding effect on the customer. The calculation is made on the basis of the difference between Nykredit's spot exchange rate at the time when the change or breach was ascertained and the agreed exchange rate of the fixed exchange rate agreement adjusted for any forward spread

If the loss calculated is not paid by a fixed due date, default interest will be payable from the due date in accordance with the rules applicable to the non-timely payment of mortgage payments.



## PREPAYMENT

Mortgage loans expire when all repayments have been made. It is possible, however, to prepay the loan, for example in connection with refinancing or change of ownership. The way in which a mortgage loan is prepayable depends on the loan type as well as current market conditions.

With respect to all types of mortgage loan, the bond debt outstanding is repayable in connection with prepayment. Full prepayment of loans may take place on any given trading day, provided that the prescribed time limits are observed. Partial prepayment may only be made on an ordinary payment date.

### Callable loans

Most fixed-rate mortgage loans are callable. Prepayment may take place in various ways. The financially most advantageous prepayment method depends in part on the bond price. There may also be circumstances concerning the individual loan or the individual borrower that imply that one method may be more advantageous than another.

Callable mortgage loans are prepayable by

- prepayment on a payment date subject to notice
- immediate prepayment
- prepayment by way of a delivery of bonds
- prepayment subject to a fixed-price agreement.

Prepayment on a payment date subject to notice and immediate prepayment may be applied when bond prices are above par. Prepayment by way of a delivery of bonds and prepayment subject to a fixed-price agreement are typically applied when bond prices are below par.

Please note that for callable RenteMax loans, the prepayment price is 105. If a RenteMax loan is to be refinanced, however, it is possible to prepay the bond debt outstanding at par at the time of refinancing.

#### *Prepayment on a payment date subject to notice*

If a loan is callable, the bond debt outstanding may always be prepaid at par by payment of an equivalent amount – for callable RenteMax loans, however, at a price of 105. Add to this the prepayment costs on the payment date. Prepayment on a payment date subject to notice will typically be advantageous when bond prices are above 100 (for callable RenteMax loans, 105), and it is applied in connection with prepayment of loans without raising a new loan as well as refinancing of loans.

For loans with four annual payment dates, prepayment on a payment date is subject to at least two months' notice.

For loans with two annual payment dates, prepayment on a payment date is subject to five months' notice.

In connection with prepayment on a payment date, prepayment takes place at the end of the settlement period. If prepayment takes place in connection with refinancing into a new loan, the new loan will also be disbursed at the end of the settlement period. As interest rates may change during the notice period, a fixed-price agreement may be concluded to lay down the terms of a new loan already when the notice of prepayment is given.

#### *Immediate prepayment*

In case of immediate prepayment, a loan is prepaid immediately but, in principle, it is prepaid on a specific payment date subject to notice as coupon interest on the bonds is still payable until the payment date at which Nykredit may redeem the bonds. As the prepayment amount is available to Nykredit up to the payment date, Nykredit charges or pays the borrower compensation interest. The difference between the coupon interest and the compensation interest is called prepayment interest or residual interest.

The compensation interest will depend on current market conditions at the time of loan prepayment. It is determined on the basis of Denmark's Nationalbank's certificates of deposit rate less a spread. In EUR, it is determined on the basis of the ECB's deposit facility rate less a spread.

Immediate prepayment is typically applied in connection with the refinancing of a loan into a new loan with a lower interest rate when bond prices are above par and the borrower requires immediate disbursement of the new loan.

#### *Prepayment by way of a delivery of bonds*

Prepayment by way of a delivery of bonds may take place either by Nykredit quoting the bond price, or by a delivery of bonds equivalent to the bond debt outstanding. This will typically be financially advantageous when bond prices are below par (for callable RenteMax loans, 105). The bonds must be of the same ISIN as the bonds underlying the loan.

#### *Prepayment subject to a fixed-price agreement*

Under fixed-price agreements, loans are prepaid at an agreed price at an agreed time. Nykredit will determine the bond price immediately. The price will be determined on the basis of Nykredit's best offer price when the price is offered.

When an offer of a fixed-price agreement is made, the price offered will be binding on Nykredit for 15 minutes.

Consequently, borrowers must decide on the price offered within those 15 minutes. If Nykredit's offer is accepted within the 15 minutes, the agreement is concluded and will be binding on both parties.

Prepayment subject to a fixed-price agreement are settled at the best offer prices obtainable in the market. Nykredit adds 0.10 point to this price and adjusts for any forward hedge spreads.

### **Non-callable loans**

Non-callable loans may be prepaid by a delivery of bonds or at par upon maturity of the bonds.

#### *F-kort and RenteMax*

F-kort and some RenteMax loans are funded by non-callable bonds. These loans may be prepaid by way of a delivery of bonds to Nykredit equivalent to the amount of bonds funding the loan on the date of prepayment. The bonds must be of the same ISIN as the bonds underlying the loan. The market price of the bonds may be above 100.

F-kort and RenteMax loans cannot be prepaid within the last two months before refinancing (the refinancing period), unless a written notice of prepayment has been given by the last banking day two months before refinancing. Nykredit may decide that the refinancing period begins up to 7 months before the refinancing date. In that case, the prepayment notice is moved forward accordingly. Nykredit may change these time limits.

F-kort and RenteMax loans may be prepaid by way of immediate prepayment in the year immediately before refinancing, if notice of prepayment has been given from the beginning of the refinancing period.

The specific rules governing prepayment of F-kort and RenteMax loans appear from the Loan and Mortgage Agreement.

At least 1 month before a refinancing period begins, Nykredit will announce a deadline for giving notice of prepayment in connection with refinancing. Nykredit may change these time limits.

#### *Tilpasningslån (adjustable-rate mortgage loans)*

Adjustable-rate mortgage loans (ARMs) are funded by non-callable bonds. Save the last two months before interest rate adjustment, ARMs may be prepaid at any given time by delivery of bonds equivalent to the amount of bonds funding the loan at the date of prepayment. The bonds must be of the same ISIN as the bonds underlying the loan.

A proportionate repayment must be made for the period up to the date of prepayment, along with a fee and trading commission, if any. The prepayment amount is adjusted so that the interest and principal payments of the repayments equal the interest and principal payments on the underlying bonds. The market price of the bonds may be above 100.

ARMs may not be prepaid in the last two months before interest rate adjustment unless a written notice of prepayment has been given at least two months before the interest rate adjustment. Prepayment is made by way of cash payment.

ARMs may be prepaid by way of immediate prepayment in the year immediately before interest rate adjustment, if notice of prepayment has been given, but not later than two months before interest rate adjustment.

Generally, partial prepayment may be made only on a proportionate basis in each of the bond series funding the loan, except for the prepayment of amounts subject to interest rate adjustment. The specific rules governing the prepayment of ARMs appear from the loan and mortgage agreement.

### **General information**

#### *Euro loans*

Euro-denominated loans may be based on either callable or non-callable bonds. The same rules apply to the prepayment of euro loans as to other mortgage loans, with the only exception that the prepayment amount is payable in euro.

For private borrowers, capital gains on the prepayment of loans are taxable in the assessment year in which the gain is realised, whereas capital losses may be deducted for tax purposes from the personal income in the assessment year in which they are realised. Please see the section General information on mortgage loans in euro for further information on taxation of capital gains/losses on euro loans.

#### *Special tax rules on cash loans*

In connection with the prepayment of cash loans, capital gains are taxable in the assessment year in which they are realised, unless the prepayment is part of a change of ownership of the property.

#### *Prepayment offers*

As soon as Nykredit receives notice that a borrower wishes to prepay a loan, a prepayment offer is prepared. Fees are charged for the prepayment offer and the processing relating to prepayment. These fees appear from the prepayment offer and Nykredit's price list.

## GENERAL INFORMATION ON MORTGAGE LOANS IN EURO

### The loan type in brief

With a euro loan, the borrower may combine the traditional advantages of mortgage loans and the advantages of loans in euro. The foreign exchange risk of euro loans is limited due to Denmark's fixed exchange rate policy vis-à-vis the euro. As a result, the DKK rate may fluctuate within a band against the EUR rate of +/-2.25%. If the DKK rate comes under pressure, the European Central Bank and Danmarks Nationalbank have an obligation to defend it automatically and without limitation.

### Loan types

Euro loans may be offered as Tilpasningslån (ARMs) or Nykredit Euribor. ARMs are offered as cash loans with individual interest rate adjustment. Nykredit Euribor is a floating-rate bond loan.

### Disbursement

The loan proceeds may be paid in EUR or DKK. Disbursements will be made as bank account transfers. For more details, see General Business Terms for Foreign Exchange Trading relating to Mortgage Loans in Euro.

### Mortgage payments

When raising a loan, the borrower and Nykredit usually enter into a currency exchange agreement in order for the mortgage payments to be made in DKK. The borrower may also effect mortgage payments in EUR by way of a Nykredit Bank euro account. For more details, see General Business Terms for Foreign Exchange Trading relating to Mortgage Loans in Euro.

The currency exchange agreement may be terminated by the borrower or Nykredit at two months' notice to expire at a payment date. If a repayment in DKK is not effected pursuant to the provisions governing the loan and the currency exchange agreement, Nykredit is entitled to terminate the agreement without notice. This means that all future mortgage payments must be made in euro. The borrower is liable for the payment of Nykredit's costs relating to breach of the agreement – including costs resulting from any reversal of currency conversion already made in respect of the payment.

### Prepayment

Euro loans may be prepaid in part or in full on the same terms and conditions as loans in Danish kroner, see Prepayment. For further information on prepayment of euro loans, see General Business Terms for Foreign Exchange Trading relating to Mortgage Loans in Euro.

### Costs

No extra charges are payable in connection with euro loans, except for any currency conversion charges.

Mortgage registration charges are payable in Danish kroner. Conversion of euro into Danish kroner must be based on an official euro rate within two weeks before filing for registration.

### Taxation of gains/losses

Specific rules govern the taxation of capital gains and losses on mortgage loans in foreign currency. The rules apply to all borrowers, whether private individuals or companies, irrespective of whether the loans were disbursed as cash loans or bond loans. In general, borrowers must include all gains and losses on mortgage loans in euro in their taxable income for the assessment year in which they were realised.

Gains and losses on mortgage loans in euro consist of:

- exchange gains and losses resulting from movements in the EUR/DKK rate
- capital gains and losses on the bonds funding the euro loan.

Upon repayment, gains and losses are calculated as the difference between the value of the repayment in Danish kroner upon disbursement and the value of the repayment at the time of repayment.

Upon prepayment, gains and losses are calculated as the difference between the value of the debt outstanding in Danish kroner upon disbursement and the value of the debt outstanding at the time of prepayment.

When calculating gains and losses, lending and transaction costs are generally included in connection with the raising and prepayment of the debt, for instance:

- trading commission
- up-front fees
- other fees
- mortgage registration charges.

Costs are generally included on a proportionate basis in the annual statement of gains/losses relative to the repayment of the loan. Costs payable to Nykredit, mortgage registration charges and fees relating to subordination of subsequent mortgages are listed in the specification of loan proceeds. Costs payable to any other advisers are not included in the specification of loan proceeds. In case of claims or debts in foreign currency other than mortgage loans in euro, total gains/losses are calculated as a net amount per assessment year. With respect to private individuals, the net amount is included in the taxable income only if it exceeds DKK 2,000. Nykredit reports interest and administration margin payments on loans in euro and bond debt outstanding to the Danish tax authorities as at 31 December, while it is the borrower's responsibility to include gains and losses on euro loans in its tax return.

## GENERAL BUSINESS TERMS FOR FOREIGN EXCHANGE TRADING RELATING TO MORTGAGE LOANS IN EURO

### Foreign exchange trading relating to euro-denominated loans

In connection with euro loans, Nykredit offers:

- disbursement in Danish kroner
- regular mortgage payments in Danish kroner
- one-off mortgage payment in Danish kroner
- prepayment subject to a fixed exchange rate agreement.

### Disbursement in Danish kroner

Nykredit usually disburses euro-denominated loans in euro. However, a borrower may opt to have Nykredit convert the amount in euro into Danish kroner.

In case of an agreement to disburse a euro loan in Danish kroner, Nykredit will sell euros at the exchange rate ruling on the first trading day after Nykredit has received a request for disbursement.

The foreign exchange transaction will be settled at Nykredit Bank's euro reference rate, which is quoted daily (on business days).

Total foreign exchange transaction costs comprise the exchange rate spread, see the section Foreign exchange transaction costs.

### Regular mortgage payments in Danish kroner

Mortgage payments on euro loans are usually payable in Danish kroner. However, mortgage payments on euro loans may also be made in euro.

In connection with mortgage payments in Danish kroner, the euro rate prevailing on the eighth banking day of the month preceding the month of payment plus an exchange rate spread and a forward spread will be applied.

Translation from euro into Danish kroner of the mortgage payment is specified in the mortgage payment note/statement of payments forwarded. Mortgage payments in Danish kroner must be made by giro or PBS (direct debit).

### One-off mortgage payment in Danish kroner

If mortgage payments on a euro loan are settled in euro, borrowers may arrange with Nykredit to make a one-off mortgage payment in Danish kroner.

In case an agreement on a one-off mortgage payment in Danish kroner is entered into, the same approach is

applied as for regular mortgage payments in Danish kroner.

When an offer of a foreign exchange transaction is made, the exchange rate offered will remain binding on Nykredit for 15 minutes. Consequently, borrowers must decide on the rate offered within those 15 minutes. If Nykredit's offer is accepted within the 15 minutes, the agreement is concluded and will be binding on both parties.

The foreign exchange transaction will be settled at the best offer rate obtainable in the market.

Total foreign exchange transaction costs comprise the exchange rate spread, see the section Foreign exchange transaction costs.

### Prepayment subject to a fixed exchange rate agreement

If a fixed exchange rate agreement has been concluded in connection with the prepayment of a euro loan, the foreign exchange transaction relating to the prepayment of the loan will be settled at an agreed exchange rate at an agreed time.

If a fixed exchange rate agreement is entered into, euros will be bought on the basis of the best offer rate obtainable in the market when the exchange rate is offered.

When an offer of a fixed exchange rate agreement is made, the rate offered will remain binding on Nykredit for 15 minutes. Consequently, borrowers must decide on the rate offered within those 15 minutes. If Nykredit's offer is accepted within the 15 minutes, the agreement is concluded and will be binding on both parties.

The foreign exchange transaction will be settled at the best offer rate obtainable in the market.

In addition, you have to pay a forward spread for the hedge covering Nykredit's costs relating to the fixed exchange rate agreement during its term.

### Calculation of a forward spread relating to prepayment subject to a fixed exchange rate agreement and translation of regular mortgage payments in Danish kroner

The forward spread for the hedge is calculated on the basis of money market rates. Nykredit borrows Danish kroner up to the forward date to buy euros involving a spread. An equivalent amount of euros is placed in the money market less a spread.

The forward spread is calculated as the difference between the money market rates of the two currencies.

The agreed rate is therefore the best offer rate obtainable in the market plus an exchange rate spread and a forward spread. Your total foreign exchange transaction costs equal the exchange rate spread, see the section Foreign exchange transaction costs below.

In connection with the prepayment of a euro loan subject to a fixed exchange rate agreement, total transaction costs comprise mortgage loan transaction costs and foreign exchange transaction costs.

### **Foreign exchange transaction costs**

On disbursement of euro loans in Danish kroner, an exchange rate spread is deducted. In connection with mortgage payments on euro loans in Danish kroner and prepayment under fixed exchange rate agreement, an exchange rate spread is added.

#### *Exchange rate spreads*

On disbursement of a euro loan in Danish kroner, Nykredit will deduct DKK 0.50 per EUR 100 from Nykredit Bank's reference rate, which is quoted daily (on business days).

In connection with regular or one-off mortgage payments on a euro loan in Danish kroner, Nykredit will add an exchange rate spread to Nykredit Bank's reference rate.

For prepayment under a fixed exchange rate agreement, Nykredit will add an exchange rate spread to the exchange rate of euro, which Nykredit buys at the best offer rate obtainable in the market.

Information on spreads and other costs is available from Nykredit's price list.

## GLOSSARY

### Accrued interest

Interest on bonds is payable to bondholders on the coupon payment dates (bond payment dates).

When a bond changes owners, the buyer will receive the full amount notwithstanding that the seller has held the bonds for part of the interest period. The buyer will compensate the seller for this at the time of purchase by paying the seller part of the next coupon payment on the bond. The part payable equals the period in which the seller has held the bond. The amount payable is called the accrued interest of the bond.

For example, if a bond changes owners on 1 March, the buyer must pay accrued interest for the period from 1 January to 1 March in case of a bond with the coupon payment dates: 1 January, 1 April, 1 July and 1 October in addition to the bond price.

### APR

APR is short for the annual percentage rate. APR is a measure of the actual price of a loan including all fees and borrowing costs and can be calculated before tax and after tax. Borrowing costs comprise trading commission, case processing, loan issue, up-front fee and mortgage registration duties (fixed and variable).

Not all future payments on variable-rate loans are known, and the calculation of APR is therefore based on the assumption that the future loan rate is constant.

### Calculation rate

The calculation rate is the rate applied to calculate the present value of cash flows. The present value of cash flows consisting of an annual payment of DKK 100 for two years at a calculation rate of 4% pa is DKK  $100/1.04 + DKK 100/(1.04)^2 = DKK 188.61$ .

### Compensation interest

See explanation for Prepayment interest.

### Completion report for interim loans

Interim loans are granted for construction projects and constitute a mortgage on the expected value of a property after construction has been completed. To ensure that the property obtains the estimated value, the construction project must be inspected and a completion report prepared by Nykredit. If a property does not obtain the expected value, Nykredit may demand repayment of part of the interim loan.

### Effective interest rate, excluding costs

The effective interest rate, excluding costs, is calculated like the APR, the only difference being that the rate does not include the costs of borrowing.

### Effective interest rate, including costs

The effective interest rate of a loan equals the APR. The effective interest rate can be calculated on a pre and post-tax basis.

### Endorsement of postponement

A rider to a mortgage with an endorsement stipulating the loans which rank before a specific mortgage. Any other loans secured on the property must usually be subject to an endorsement of postponement in order for Nykredit's mortgage to be registered without any adverse endorsements.

### Equity protection/wealth effect

Equity protection/wealth effect refers to changes in the market value of a mortgage loan in connection with yield fluctuations. If a loan is said to have good equity protection/a good wealth effect, it means that the value of the mortgage debt will decrease upon small rises in bond yields, and borrowers may therefore prepay mortgage loans at a discount.

### Interest rate adjustment

Interest rate adjustment of Tilpasningslån (ARMs) takes place when the interest rate of an existing ARM is to be reset. The date of interest rate adjustment has been agreed with the customer in the loan agreement, and the interest rate is adjusted by way of Nykredit's refinancing of the underlying bonds.

### Interest rate reset

The coupon rate of several of Nykredit's floating-rate loans (eg F-kort and RenteMax) is linked to a reference rate (eg Cita or Cibor). The coupon rate of the loan is adjusted at predetermined dates once or several times a year. The interval depends on the individual loan type, and the coupon rate is adjusted according to the reference rate's current level. For instance, the interest rate of F-kort loans is adjusted twice a year according to the current level of the 6-month Cita rate. Interest rate adjustment thus covers the two annual changes in the interest rate of this type of loan.

### Interest rate sensitivity

The key figure interest rate sensitivity is used in relation to variable-rate loans such as Tilpasningslån, F-kort, RenteMax and Cibor loans. Interest rate sensitivity reflects the increase in loan repayments at the next interest rate adjustment in case the yield-to-maturity of the bonds funding the loan rises by one percentage point relative to the level at the last interest rate adjustment.

### Interest rate spread

The coupon rate of several of Nykredit's floating-rate loans (eg F-kort and RenteMax) consists of a reference rate (eg Cita or Cibor) and an interest rate spread, which is fixed when the bond is opened or in connection

with refinancing. The spread remains unchanged throughout the maturity of the bond and may be either positive or negative. A new interest rate spread will be fixed when a loan is refinanced. Together with the bond's market price, the interest rate spread may be defined as the bond investors' pricing of credit risk related to the bond, including payment for an interest rate cap, if any.

## Part repayments

The first settlement period of a newly issued loan is usually shorter or longer than an ordinary settlement period.

If a loan is disbursed less than one month before an ordinary payment date, the due date of the first repayment will be postponed and cover a period longer than an ordinary settlement period. As a result, the first repayment (part repayment) will be larger than other repayments on the loan.

If a loan is disbursed more than one month before a scheduled payment date, interest and principal will be payable for the period from the date of issuance of the loan to the next ordinary payment date. As a result, the initial part repayment will be lower than other repayments on the loan.

If a loan is refinanced between two payment dates, a part repayment on the old loan for the period from the last payment date and up to the time of prepayment will be due on the date of prepayment.

## Prepayment interest

A callable loan prepaid at a price of 100 (or in case of callable RenteMax loans 105) may be prepaid immediately by way of payment of the debt outstanding, part repayment and prepayment interest.

Prepayment interest derives from Nykredit's obligations to bondholders in the period to the next payment date. In consequence, in addition to the debt outstanding at the time of prepayment, borrowers must pay the coupon interest added to the bond debt outstanding in the period until the bonds are redeemed.

As borrowers pay the prepayment amount due immediately, and Nykredit does not redistribute the amount until later, Nykredit charges or pays compensation interest of the amount in this period. The compensation interest rate will depend on current market conditions at the time of loan prepayment. It is fixed on the basis of Denmark's Nationalbank's certificates of deposit rate less a spread.

The difference between the coupon interest and the compensation interest is called prepayment interest.

Prepayment interest is therefore the net interest payable by borrowers on the debt outstanding from the time when a loan is prepaid to the time when the underlying bonds are redeemed.

Prepayment interest = the coupon interest from the prepayment date to the next redemption date of the bonds less compensation interest in the same period.

## Refinancing

Refinancing takes place when Nykredit sells new bonds in the bond market to replace bonds maturing at the time of refinancing. The sale of new bonds will typically take place immediately before the time of financing.

## Refinancing period

The refinancing period is the period up to the refinancing date when Nykredit refinances the bonds behind your loan. Nykredit generally refinances loans over a refinancing period of up to two months before the refinancing date. However, Nykredit may decide to issue the bonds funding the loans up to 7 months before the refinancing date. Prepayment is not possible in the refinancing period. At least 1 month before a refinancing period begins, debtors will be notified of the deadline for giving notice of prepayment in connection with the refinancing. Nykredit may change these time limits.

## Spreads

Price spreads represent trading costs to be paid by the borrower in connection with:

- Loan disbursement
- Loan refinancing
- Loan prepayment

### *Loan disbursement*

The borrower must always pay a spread that is deducted from the price when the loan is disbursed.

- When bond loans are disbursed, the price spread is deducted from the loan amount. This means a reduction of the loan amount disbursed to the borrower.
- When cash loans (for instance adjustable-rate mortgages) are disbursed, the price spread is included in the cash loan rate. This means that the borrower will pay a current price spread by means of a higher cash loan rate.

### *Loan refinancing*

The borrower must always pay a price spread that is deduced when the loan is refinanced.

- When cash loans (for instance adjustable-rate mortgages) are refinanced, the price spread forms part of the cash loan rate. This means that the borrower

pays a current price spread by means of a higher cash loan rate.

- When floating-rate bond loans (for instance Rente-Max and F-kort) are refinanced, the price spread forms part of the loan rate. This means that the borrower pays the current price spread by means of a higher loan rate.
- When adjustable-rate mortgages are refinanced, the price spread depends on the refinancing frequency of the loan. Generally, the shorter refinancing interval, the higher the price spread.

#### *Loan prepayment*

When a loan is prepaid, the borrower pays a price spread in connection with the mortgage loan trade. This means a rise in the amount required for prepayment.

However, the borrower will not pay a price spread when a loan is prepaid if due notice has been given prior to a payment date or refinancing.

For more information on the current rates, see Nykredit's price list.

#### **Tax-deductible capital loss account**

The rules on the continuance of the right of deduction for tax purposes of capital losses on prepaid cash loans took effect in connection with the tax reform of 1993. The rules prescribe that borrowers may, under certain circumstances in connection with the prepayment of cash loans raised before 19 May 1993, deduct the part of the capital loss on the loan prepaid remaining at the time of prepayment.

These rules apply to loans first refinanced in the period from 26 June 1993 to 1 January 1996.

This is conditional upon a new mortgage loan being granted with a market value and loan term at least equal to that of the loan prepaid. On assumption of a mortgage loan by a new borrower, the remaining right of deduction for tax purposes accrues to the new borrower – ie, the right of deduction follows the property and not the borrower.

If a new loan is prepaid or repaid on extraordinary terms, the annual amounts deductible for tax purposes will be reduced proportionately.

The capital losses deductible are administered through accounts attached to the individual loans.

#### **Weighted time-to-maturity**

Tilpasningslån (ARMs) are funded by the issuance of bonds with different maturities. For example, ARMs subject to interest rate adjustment every five years are funded by the issuance of five different bonds with ma-

turities of 1, 2, 3, 4 and 5 years. The bond debt outstanding of ARMs will therefore be distributed on bonds with different times-to-maturity. However, this does not apply to ARMs subject to annual interest rate adjustment, which are funded by only one type of bond.

The weighted time-to-maturity of an ARM equals the weighted total of the times-to-maturity of the bonds funding the loan. The time-to-maturity of each bond is weighted relative to the share of the bond debt outstanding funded by the bond in question.



## FORENET KREDIT

Everyone who has a mortgage loan with Nykredit Realkredit A/S is also a member of Forenet Kredit (the Nykredit Association) which has about 300,000 members.

Moreover, customers of Nykredit Bank automatically become members if they have deposits and/or loans of a total of at least DKK 50,000. Totalkredit's borrowers are eligible for membership of the association.

### Financial business is the object

The object of Forenet Kredit is to be an owner of the Nykredit Group and to ensure Nykredit's ability to carry on financially sustainable mortgage and other financial business at present and in future to the benefit of Nykredit's customers. Accordingly, Forenet Kredit contributes to securing Nykredit's independence as a company, also in the long term, which offers attractive products and plays an important role in the Danish financial services sector.

Forenet Kredit is a principal shareholder of Nykredit Holding A/S with a stake of close to 90% of the shares.

Membership of Forenet Kredit involves neither financial obligations nor rights for individual members. Members are not liable for the obligations of the Association, nor are they entitled to a share of the assets of the Association upon discontinuation of membership. Membership automatically lapses on the date on which a borrower ceases having a mortgage loan with Nykredit Realkredit or Totalkredit or no longer has a balance in favour of Nykredit Bank exceeding DKK 50,000.

### Influence

The Committee of Representatives, which has 104 members, is the supreme authority of Forenet Kredit. Together with Nykredit's Board of Directors and Executive Board, the Committee makes up the management of Forenet Kredit. Some of the key tasks of the Committee of Representatives are to elect members for the Board of Directors and approve annual reports and amendments to the Articles of Association of Forenet Kredit.

Through their membership of Foreningen, borrowers of Nykredit Realkredit may influence the election of members for Nykredit's Committee of Representatives and consequently the election of members for Nykredit's Board of Directors. 66 of the 104 members of the Committee of Representatives are elected by and among the borrowers of Nykredit Realkredit, while the other members of the Committee are primarily elected by and among the bondholders.

The Committee of Representatives convenes twice a year in connection with Nykredit's publication of annual and H1 interim reports. Members of the Committee of Representatives are elected for a term of four years and receive an annual fee of DKK 22,000.

Elections for the Committee of Representatives are announced on Nykredit's website and in the daily newspapers.

### Information about Nykredit

Forenetkredit.dk provides more information in Danish about the objects, Articles of Association and election rules of Forenet Kredit.

At [nykredit.com/samfundsansvar](http://nykredit.com/samfundsansvar), you will find relevant information about Nykredit, for instance the Corporate Responsibility Report and the Risk and Capital Management Report.

## GENERAL INFORMATION ON NYKREDIT REALKREDIT

Like any other Danish mortgage bank, Nykredit Realkredit is subject to supervision by the Danish Financial Supervisory Authority (FSA) on a regular basis. Nykredit Realkredit is registered in the Central Business Register (CVR) under the CVR number 12 71 92 80.

### Right of cancellation

Agreements on the purchase of mortgage loans and other directly related agreements are not covered by the right of cancellation laid down in the Danish Consumer Contracts Act or the Danish Credit Agreements Act. Consequently, such agreements cannot be cancelled.

### Complaints

Disagreements regarding Nykredit's case processing, products, etc must initially be directed at the department in charge of the case processing. For all parties involved, this is the fastest and easiest way to solve disputes.

Another possibility is to contact Nykredit's Customer Ambassador if a case progresses contrary to expectations.

The customer ambassador may be contacted by telephone +45 44 55 14 79 between 8:30 and 15:30 on business days. You may also write to the customer ambassador at [kundeambassador@nykredit.dk](mailto:kundeambassador@nykredit.dk).

In case no agreement is reached, please contact Nykredit's complaints division at the following address:

Nykredit, Group Legal Affairs  
Complaints  
Kalvebod Brygge 1-3  
DK-1780 Copenhagen V

or by e-mail:  
[klageansvarlig@nykredit.dk](mailto:klageansvarlig@nykredit.dk).

Information on customers' right of complaint is also available at [nykredit.dk](http://nykredit.dk).

If agreement is still not reached, please forward your complaint to:

Det finansielle ankenævn  
(the Danish Financial Complaints Board)  
Realkreditankenævnet  
(Mortgage Credit Complaint Board)  
Store Kongensgade 62, 2. sal  
DK-1264 Copenhagen K  
Tel +45 35 43 63 33  
[www.fanke.dk](http://www.fanke.dk)

You may also log a complaint at the European Commission's Online Dispute Resolution site. This would be particularly relevant if you are a consumer residing in another EU country. If you log a complaint, please state this email address: [klageansvarlig@nykredit.dk](mailto:klageansvarlig@nykredit.dk).

## PROTECTION OF YOUR PERSONAL DATA

It is important to Nykredit Realkredit that our customers feel safe. All data received about you, for instance when processing your loan application or advising you on your financial circumstances, will be handled responsibly, with respect for your privacy and – of course – in accordance with applicable personal data protection and other legislation.

For more information on how we process your personal data, see "Privacy Policy and Cookies" at [nykredit.dk/personoplysninger](https://nykredit.dk/personoplysninger).

If you are dissatisfied with the way we process your personal data, you can file a complaint with:

Nykredit Realkredit A/S  
Complaints  
Kalvebod Brygge 1-3  
DK-1780 Copenhagen V  
[klageansvarlig@nykredit.dk](mailto:klageansvarlig@nykredit.dk)

or:

Datatilsynet  
(The Danish Data Protection Agency)  
Borgergade 28, 5.  
DK-1300 Copenhagen K  
[dt@datatilsynet.dk](mailto:dt@datatilsynet.dk)

If you have any questions about the way we process your data, do not hesitate to contact our Data Protection Officer:

Nykredit Realkredit's Data Protection Officer  
Kalvebod Brygge 1-3  
DK-1780 Copenhagen V  
[databeskyttelsesraadgiver@nykredit.dk](mailto:databeskyttelsesraadgiver@nykredit.dk)

## COMMISSIONS

Nykredit Realkredit A/S receives the commission below, cf section 12(2) of the Danish Executive Order on Good Business Practice for Financial Undertakings

Business partners	Referral commission	Sales commission	Other commission
Gjensidige Forsikring	•		
Nybolig Mægler and Estate Mægler	•		
Ejendomsmæglerfirmaet Jesper Nielsen	•		
Nykredit Bank	•	•	•
Nykredit Livsforsikring A/S		•	•
Nykredit Forsikring A/S	•	•	•
Topdanmark A/S	•	•	
Totalkredit A/S		•	•