

**Danish Financial Supervisory
Authority**

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Explanatory account: Claims submitted to courts

Background and purpose

The purpose of this letter is to answer the ten numbered and one additional question(s), raised 4 October 2021 by the Danish Financial Supervisory Authority (the FSA). The questions primarily relate to the handling of Danske Bank A/S's (the bank) claims, processed on behalf of Realkredit Danmark, to estates of deceased persons processed by the probate court. The bank's answers are presented below. We also present further information related to the bank's submission of court cases in general. For the ease of reading this letter, we have included an overview of the different types of court cases and an English/Danish glossary for relevant legal terms in Appendix 1 and 2 respectively.

As previously stated, the bank has had every intention to limit the risk of any wrongful collection to a minimum, and has accordingly made decisions to that effect, and implemented measures to safeguard our customers from the errors in the debt collection systems. However, it is important to note, that the measures deemed necessary have been implemented on an ongoing basis and based on available insight at any given point in time.

The bank's objective is, and has been, only to submit and proceed with court cases that are corrected for known errors, or with only partially corrected court cases where we risk causing detriment to third parties or the customers if we do not submit our claim.

The development in the debt collection case, has called for several changes to our procedures around court cases. As we have become wiser over time, and as a consequence of deeper analysis, we have taken corrective actions based on facts as they have emerged on an ongoing basis, with an aim and intention to continuously do our utmost to safeguard customers and minimise the risk of potential over-collection.

Please note that not all departments and systems have followed the same time line, but some of the most important decisions for handling debt collection cases are:

- Since June 2019, the bank's clear objective as decided by management, has been to correct all court cases for Root Cause 1-4 (RC 1-4) before submission.
- In December 2019 we decided to withdraw court cases that could not be corrected.
- Since April 2021 the corrections to court cases have also included Additional Issue 2 "Reminder fees" (also called "Dunning fees").
- In June 2021 the bank decided to withdraw all civil court cases handled by Debt Management that were not concluded in courts, based on the acknowledgement that court cases might be impacted by several additional issues, and that such impact could not yet be quantified.
- In July 2021 we decided to implement a disclaimer when submitting corrected claims from the Debt Collection System (DCS) for estate cases to the estate handler, stating that our data might not be correct because of additional issues that we are yet unable to quantify. The disclaimer was implemented in 23 July 2021.
- In September 2021 the bank decided to withdraw all estate cases handled by Debt Management that were not concluded in courts.

The Insolvency department handling our largest and most complex cases, has had a separate process and has in general only submitted claims (corrected for RC 1-4 and Additional Issue

2 “Reminder fees”) in cases not initiated by the bank. In addition the Insolvency department has in general had robust processes for minimizing the risk of wrong claims submitted.

The Debt Collection Agencies were instructed later than the internal departments.

As described in our letter of 1 September 2021, the bank continued to analyse our handling of civil court cases and estate cases. Besides the issues identified for the 840 estate cases of deceased persons handled by Danske Bank on behalf of Realkredit Danmark – submitted in the period from 10 January 2020 to 26 August 2021 and as described in our letter of 20 September 2021 – further analysis have uncovered issues related to:

- Less than ten police presentations where Danske Bank’s claims may not have been stated correctly.
- A number of cases related to customers residing in Sweden, where claims have not been fully corrected as intended. Some of the customers residing in Sweden have moved from Denmark to Sweden, and are therefore affected by the already known errors that impacts customers in Denmark. We find it important to emphasise that we have not found any issues in the debt collection systems and procedures related to Danske Bank’s Swedish Branch.

In total the bank withdrew 58 cases at Kronofogden in Sweden by September 2021. The customers will be compensated, if these submissions have caused any detriment to customers before the withdrawal from the bank.

- Approximately 30 estate cases where the intended disclaimer, stating that the claim might still not be correct, was not included when submitting cases to the estate handlers. Danske Bank has implemented mitigating actions, and resubmitted the relevant claims with the disclaimer. The risk that these wrongful submissions have caused any detriment to customers or third parties is small.

The identified issues are presented in more detail in this letter under question 7. We continue analysing, and we will update the FSA about further relevant findings.

The bank is taking measures to withdraw civil court cases and estate cases that have not yet concluded, and will seek to compensate involved third parties for their losses in cases that cannot be withdrawn.

We apologise for the problems that the debt collection case have caused our customers and other involved parties. We would like to reiterate that we are fully committed to resolve the outstanding matters, and compensate our affected customers as quickly as possible.

Control measures implemented

As stated above, the Bank has prioritized to take relevant and adequate measures to minimize any risks of over collection and/or submitting wrongful claims to courts throughout the process based on the knowledge we had of the issues at the time of implementation of such measures. However, we acknowledge that to some extent and in some instances our internal communication around the decisions to correct and withdraw court cases presented above, were not at all times sufficiently clear and understood within the organisation, which in a limited number of cases has potentially led to execution contrary to decisions made and the intention of the bank.

Based on our current insight we now understand that in a limited number of cases, in addition to the 840 Realkredit Danmark Personlig Fordring (PF) estate cases already reported, the implementation of the decisions were not followed through, which unfortunately resulted in the other issues listed above.

In addition, we experienced practical issues related to execution of the withdrawal of court cases. Finally, we can see now that although controls were implemented, they did not work as intended.

Status on withdrawal of court cases

As stated above, the bank's intention is, and has been all along, to only submit and proceed with court cases that are corrected for known errors, or with only partially corrected court cases where we risk causing detriment to third parties or the customers if we do not submit our claim. Below we present the status for cases handled by the departments Debt Management and Insolvency.

Debt Management will withdraw all cases unless they are corrected, or if it is deemed necessary to proceed based on separate approval by Group Legal and Debt Management's management. Since September 2021, we have identified:

- 80 civil court cases and withdrawn 74 of those. The remaining six cases are being analysed individually.
- 473 estate cases whereof 173 have been withdrawn and the remaining 300 are being analysed individually.

Further data quality issues and process complication may emerge also going forward. If more cases are identified, it is our clear ambition to handle these as soon as possible.

From June to September 2021, the bank withdrew more than 240 court cases.

Insolvency has since July 2020 decided whether or not to proceed with cases on a case by case basis. All cases are manually corrected for RC 1-4 and Additional Issue 2 by the quality assurance team (QA team), and approved by senior management within the area.

I. The number of estate of deceased persons cases submitted and dividend received

This section covers the FSA questions 1 and 2:

- 1) *How many cases involving estates of deceased persons were submitted to the probate court each month after 21 September 2020?*
- 2) *How much dividend did the bank receive in cases submitted after 21 September 2020 (total amount and broken down case by case)?*

A summary of the requested data is presented in the table below, and further details are presented in Appendix 3. Please note that data is still being validated, and we will revert if substantial updates are warranted.

As stated in the letter 20 September, the bank has identified 840 PF cases that have been submitted in the period from 10 January 2020 to 26 August 2021. As per the period 21 September 2020 to 19 September 2021, the bank has submitted 330 cases from PF system to the probate court and/or the estate handler:

Estates of deceased persons cases submitted 21 Sep. 2020 – 19 Sep. 2021	Total cases submitted	Avg. number of cases submitted monthly	Total number of cases with dividend received	Total dividend received in cases submitted	Avg. dividend received per case
Estates of deceased persons - Realkredit Danmark, PF system	330	27.5	25	DKK 1,169,868	DKK 46,794

The processes for cases also submitted directly to the estate handler include corrections and controls of the claims before submission.

The bank is working on analysing and validating the remaining estimates, to ensure a complete overview of all estates of deceased persons cases handled as part of the debt collection including cases from DCS.

II. The control failure for pro forma statements

This section covers the FSA's questions 3-6:

- 3) *Why has a four-eye principle or a similar control mechanism not been implemented to enable the bank to detect the error concerning the wrong letter template?*
- 4) *Shouldn't the fact that the operational team used a wrong template have been detected by the "control" team?*

The bank implemented controls for corrections of claims including new court cases in June 2019, in order to validate the manual corrections made.

In January 2020, the bank decided to change the processes for PF estates of deceased persons related to Realkredit Danmark.

The intention was to mirror the process from DCS, and start submitting uncorrected pro forma statements to the probation courts instead of manually corrected cases, since we experienced that many cases ended in appropriation to a beneficiary of all assets of a deceased's estate instead of proceeding to the estate handler, meaning no dividend to the bank. In such cases we found that there was no need for correcting pro forma statements before sending them to the courts, since we would correct the claims if we were informed that there were prospects of dividends.

From January 2020 to November 2020, the intention was to submit uncorrected pro forma statements, and subsequently to correct the actual claims followed by controls if the claims proceeded to estate handlers. The manual corrections, and controls of the intended pro forma statement to courts, were therefore discontinued. It was assumed that any dividends received by the bank therefore would be based on the corrected claims sent to estate handlers.

Although at the time of the decision and with the knowledge within the line organisation at that time, the process was assessed adequate, we can now see that the decision in January 2020 was not properly implemented, validated and controlled, which in some cases lead to wrong processes and unintended submission of uncorrected claims as actual claims.

We can also see, that although there were controls of the claims, these did not capture that the wrong template was used by the line organisation. Therefore the bank

continued sending letters based on a template that did not reflect the intention of being a pro forma statement.

From November 2020, the bank decided not to submit any claims to the estate handlers. With the intention that the initial statement were pro forma, and since we did not send the final corrected claims to the estate handler, we believed that our claims would not be considered. However, we experienced that some of the intended pro forma statements were submitted by the probate court to the estate handlers.

The table below presents an overview of the changes to the processes for PF cases:

Time	Submission to probate court	Correction of claim to the probate court	Submission to estate handler	Correction of the claim to estate handler
Jun 2019 - Dec 2019	Yes	Yes	Yes	Not meaningful
Jan 2020 - Nov 2020	Yes - Intended pro forma	No	Yes	Yes
Nov 2020 - Aug 2021	Yes - Intended pro forma	No	No	Not meaningful
Sep 2021 -	No	Not meaningful	No	Not meaningful

Please note that the description above deviates from the letter of 20 September 2021, since further analysis has been performed. Root cause for the unintended submissions to the estate handlers is primarily insufficient validation of the process changes, and not wrong use of templates.

- 5) *How did the bank specifically become aware that the bank's employees used a wrong letter template?*

The mistake was discovered on 18 August 2021, and registered as ORIS incident 152297, which was escalated internally according to the Escalation Policy on 19 August 2021.

The incident was discovered when one of the employees was contacted by an estate handler, requesting Danske Bank to submit a final claim. The employee got concerned, as the understanding of the procedure at the time was that the probate courts would not share the intended pro forma statement with estate handlers.

The concern raised was investigated further, e.g. through raising the ORIS, and thereby putting focus on the issue, and we confirmed that the template used did not reflect our intention of submitting a pro forma statement.

- 6) *Why didn't the bank react sooner, for instance when the bank was notified that the court had processed a claim submitted using a wrong letter template?*

The ORIS was raised the day after the employee raised the concern. Consequently, the bank reacted as soon as we understood that the used template did not clearly state that it was a pro forma statement, and the procedure with submission of the claim to the court was different than expected.

III. Court cases in general

This section covers the FSA's questions 7-10 and the additional question from the DFSA in the first paragraph after question 10:

- 7) *In continuation of the wording on page 4 of the bank's explanatory account of 20 September 2021 to the effect that "No new cases are submitted before the courts without prior manual calculation and implementation of 4-eyes control in these cases," the bank is requested to indicate whether other cases have been submitted to the courts and describe the process that these cases have undergone?*

The bank has sent other cases to the courts, and the process decided internally in the bank was in general to correct and control the claims before submission. For estates of deceased persons the decided process was to send pro forma statement to the probation court followed by corrected claims to estate handlers.

Overall, the court cases can be summarized into two groups, (1) civil court cases and (2) estate cases. Each can be broken down into different sub-types. An overview of the case types are listed in Appendix 1. As described above, in a limited number of cases, incomplete execution of decisions made, resulted in the bank unintentionally submitting wrong claims.

In the sections below we aim to provide an overview of our current analysis of the two groups of court cases. All of the identified issues are to be handled by the program organisation for the debt management case.

Civil Court Cases

In general most civil court cases are initiated by the creditor, after debtors' breach of contract e.g. failure to pay interests/instalments and disagreements around the outstanding debt. In a civil court case the creditor uses the civil court or enforcement court to obtain a judgement or an execution ruling.

In such cases Danske Bank has aimed at correcting the claims based on the knowledge at the time before proceeding to court.

Though it has been the intention to correct all claims before proceeding to court, the bank has found irregularities in regards to some cases:

Enforcement, where the debtor has not shown up for a scheduled meeting. Requesting the Police to take persons into custody for non-appearance in courts (estimated <10 cases):

If a debtor is absent for a scheduled court hearing, the case will still proceed. In such cases it is normal for a creditor to ask for either court enforcement, where the Police and representatives from the court can show up at the debtors address, or a Police presentation, where the Police help locate the debtor, take the debtor into custody and present the debtor to the court. The creditor will be contacted by phone in order to immediately participate in the court proceeding.

In some cases the bank uses this process, and we identified and withdrew or corrected all active and known cases in January to March 2020. The intention was to correct all cases where needed, but unfortunately we were not able to verify all cases when extracting data in January to March 2020. The cases not captured were therefore not corrected according to the knowledge we had at that time. As a consequence of this, the bank has potentially claimed too high amounts in creditors' assets. Our current estimate is that this mistake has happened in less than ten cases since March 2020.

Process changes have been implemented to make sure that we do not participate in such court hearings based on uncorrected claims. All the cases will be handled as part of our remediation efforts towards the customers.

By September 2021 the bank identified and withdrew another 10 cases where we potentially had requested the Police to find the debtors, but where the potential Police presentation had not yet taken place.

Enforcement court cases in Sweden:

If a customer resides in Sweden, creditors can request Kronofogden to collect the debt on behalf of the creditor. This procedure has been used by Danske Bank Denmark in cases where the debtors reside in Sweden. All cases submitted to Kronofogden were corrected before submission based on the correction procedures at the time. Unfortunately the bank failed to re-submit corrected claims to Kronofogden, when we were able to correct for new knowledge such as Additional Issue 2 (Reminder Fees).

In total the bank withdrew 58 cases at Kronofogden by September 2021.

We find it important to state that we have not found any issues in the debt collection systems and procedures related to Danske Bank's Swedish Branch.

Estate Cases

For estate cases it is usually the debtor, another creditor or a competent authority that initiate the case. The bank is requested to submit the engagements that the debtor potentially has, including outstanding debt.

In such cases Danske Bank decided to either:

- correct the claims before submitting, or
- to submit pro forma statement and at a later stage submit corrected claims. The corrected claims should since the implementation 23 July 2021 include a disclaimer explaining that the bank has identified Additional Issues that we are not able to correct for at this stage, and that the claim will subsequently be reduced, when the issues have been analysed and concluded.

In addition to the mistake described when answering question 3 and 4, we have identified around 30 cases where the following disclaimer was unfortunately missing in the final claim letters:

"Vi har desværre konstateret fejl i vores gældsinddrivelsessystem. Vi er i gang med at undersøge fejlene og deres betydning for vores kunder men kan endnu ikke sige, om denne sag er berørt. Hvis sagen er berørt af fejlene, kan det betyde, at det anførte beløb ikke er retvisende. Vi vil stille vores berørte kunder som om, at fejlene ikke var sket, og det kan medføre, at vi vil nedjustere eventuel eksisterende gæld på sagen eller tilbagebetale penge. Det er vores forventning, at undersøgelserne desværre vil strække sig ind i 2022. Vi vender tilbage, hvis det viser sig, at denne sag er berørt af fejlene, og I skal derfor ikke selv gøre noget i den forbindelse."

As soon as the issue about the missing disclaimer was identified on 9 September 2021, we re-instated the requirement to include the disclaimer and educated all

relevant employees. The instruction was reiterated verbally and in writing. Furthermore, Danske Bank resubmitted the claims with the disclaimer to the courts, and the matter is considered to be closed. The incident is reported as ORIS number 153003 on 17 September 2021 and escalated following the Escalation Policy.

The risk that these wrongful submissions have caused any detriment to customers or third parties is small.

Cases handled outside Debt Management

Case handling in Insolvency:

Due to their size and complexity, a number of cases are handled by specialists and assessed conservatively on a case by case basis. In most cases we have found it necessary to proceed with handling court cases. Since July 2020, all new cases have been corrected for RC 1-4 and Additional Issue 2 by the QA team in the program responsible for the debt collection case.

Case handling related to additional issues:

Cases specifically resulting from Additional Issue 2 (Reminder Fees) and Additional Issue 14 (Nordania Denmark) are handled outside the debt collection department, and we are currently investigating how cases have been handled.

- 8) *Does the bank solely submit pro forma claims in cases involving estates of deceased persons?*

Danske Bank is currently analysing all processes involved in submitting both civil court cases and estate cases to the different courts.

So far, we have identified that we have only used pro forma statements when claims to estates of deceased persons are sent.

- 9) *The bank is requested to give a detailed account of the content and assessment of the "Consideration for debtors and third parties" section on page 4 of the bank's explanatory account of 1 September 2021, including the following statements:*

- a. *"A debtor and/or a third party may be put in an inferior position if the bank's claim is not proved against an estate or is withdrawn."*
- b. *"The future process for co-debtors and guarantors becomes complicated if the bank does not prove and calculate its claims against the respective estates."*

There can be some complicating factors involved in the debt collection particularly towards estate cases, especially if third parties are involved. The bank has not cancelled/deleted all registered debt, including rightfully registered debt that has not yet been paid. Danske Bank's intention is to restart collection once the systems and claims have been corrected. If debt is not claimed with an estate and not cancelled/foregone by the bank, it can have detrimental effect and complicate the process for co-debtors who are also liable for the same debt.

If the bank does not file the claim against the estate, and thereby does not receive any dividend that can reduce the debt, any co-debtor will as a starting point need to pay off a higher debt than what could have been the case if the claim had been filed. However,

considerations must be made in relation to what the impact of the bank not filing the claim is in relation to the co-debtor's potential repayment obligation.

These challenges are worsened if a debtor has provided additional security such as a valid mortgage, which should be considered.

The same challenges for co-debtors generally apply for guarantors.

Please, find some examples of detriment below.

1. There may be cases where debt reliefs are stalled if the bank does not file its claims. This is most likely due to the legal requirements connected to a debt relief that
 - a) the customer's financial situation is unclear when the bank does not file a claim (the bank often holds a significant claim, entailing a significant impact on the case); or
 - b) the customer is without the registered debt not necessarily prevented from repaying debt to the extent necessary for the conditions for obtaining debt relief.It could thus be detrimental and keeping the customer in debt, if the bank does not file its claim in debt relief processes.
2. A principal debt from when a loan originally was taken out is already stated in the Land Registry and it has been seen in practice that an auctioneer or an administrator in estates includes this misleading debt figure (stated in the Land Registry) in an estate and/or in a foreclosure sales process.

It has also been seen that debt to the bank has been registered based on information collected from elsewhere (such as in annual statements or from other non-updated registrations).

Some administrators, trustees and attorneys of execution creditors (auctioneers) insist that the bank files its claim in the interest of the estate handling.

In these cases the bank's claim risks being stated with a misleading and too high a claim, if the bank does not file its claim, meaning that the bank at detriment to the customer, heirs and to other creditors could receive too high a pay-out, if the bank does not file a more updated claim to the best of the bank's ability.
3. In cases of foreclosure sales of mortgaged property, a missing proof of claim from the bank could stall the process of a forced sale of a mortgaged property, since it is crucial to the foreclosure sales process, e.g. for a bidder at the auction and for the auctioneer (the attorneys of execution creditors), that all debt encumbered to a property is stated as correctly as possible.
4. Some administrators have cut off the bank from information on the ongoing process, if the bank has not filed a claim, since the bank in that case will not be regarded as a creditor, even though the bank expectedly still holds a claim to some extent (the full financial impact of all Additional Issues are not known). This lack of information will amongst others complicate the dialogue with co-debtors and guarantors.
5. Without closure on an estate and in particularly in debt relief cases or in foreclosure sales the customer and any co-debtors and guarantors could unintentionally be kept in debt.

- 10) *The bank is requested to confirm or deny that the claims submitted to the probate court are based on a recalculation of both root causes 1-4 and the additional issues.*

The claims submitted to the probate court were not corrected. The intention was to submit uncorrected pro forma statements, followed by corrected claims to the estate handler with a disclaimer informing about the additional issues.

Issues with corrections of civil court cases will be handled as part of the general correction in the additional issue directly towards the customers.

Corrections of closed estate cases towards other creditors will be handle through Additional Issue 1 in dialogue with the Danish Court Administration.

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The request from the FSA as of 4 October 2021 has been shared with the Danske Bank A/S Executive Leadership team for information. This response letter has been approved by Danske Bank A/S Executive Leadership Team by the 29 October 2021.

The bank will update the FSA on the results of our continued work related to court cases.

Danske Bank is always available should the FSA have any additional questions or requests for information.

Yours faithfully
Danske Bank A/S

Frans Woelders
Group COO

Rob De Ridder
COO, LC&I

Appendix 1:
Overview of case types

Case category	Court	Case type	Debtor	Characteristics
Civil Court Case	Civil Court (Civilretten)	Writ of Summons (Stævninger)	Physical and legal entity	<ul style="list-style-type: none"> Is filed in order to achieve a judgment as basis for forced execution since the debtor does not voluntarily recognize the amount or existence of the debt. Filing of a writ of summons has interrupting effect to the limitation period Writ of summons are often used by the bank to determine the debt amount, e.g. in relation to open credits lines and towards guarantors who will not recognize the debt or the debt amount. The bank does always weighed out whether it makes sense to file a writ for summons in which connection the payment ability of the debtor is estimated and the possibility of achieving a ruling in favour of the bank is considered, since initiating a civil court case entails costs to be paid if the bank loses the case, or if the debtor is not abler to pay the costs of the case
	Enforcement Court (Fogedretten)	Enforcement Court Cases (Fogedretssager)	Physical and legal entity	<ul style="list-style-type: none"> Is initiated in order to achieve an execution ruling (DK: udlæg) where after the bank's claim can be enforced (DK: tvangsfuldbyrdes). Dependent on that a basis for forced execution exists The debtor shall under liability to punishment answer to questions about the debtor's economic status in order to clarify what assets can be executed against as security for the debt. Execution can happen in all assets of the debtor – except assets exempt from executions such as assets necessary to uphold a worthy life – such as real estate, vehicles, expensive electronics, expensive designer assets etc. Once the case has been handled in the Enforcement Court then the costs of the case are added in and the executed assets can subsequently be sold by auction according to a set procedure. Absent debtors in the Enforcement Court can be forced to appear by the use of a police arrest for non-appearance (DK: politifremstilling) Enforcement Court cases can be avoided by the debtor by filing a declaration of insolvency where after the debtor is protected from Enforcement Court cases in a period of 6 months
		In-court demand for payment (Betalingspåkrav)	Physical and legal entity	<ul style="list-style-type: none"> Simplified, speedy collection process in the Enforcement Court: For all small claims cases (less than DKK 100,000 in principal) without a basis for forced execution can be sent an expectedly undisputed claim to the Enforcement Court in order to achieve a basis for forced execution and an execution ruling
		Foreclosure Sale (Tvangsauktioner)	Physical and legal entity	<ul style="list-style-type: none"> Separate in-court process for forced sale of real estate. Is carried out on the initiative of the creditor when the debtor defaults on a loan with mortgage in the debtor's real estate. A voluntary auction sale can be carried out on the debtor's own initiative. During the auction process all mortgage liability/debt related to the real estate is determined and after the auction/foreclosure sale has been carried out the revenue is distributed in the order of priorities. Some mortgagees will prepare offer instructions and defend their mortgage by bidding at the auction

Case category	Court	Case type	Debtor	Characteristics
Estate cases (Bosager)	Probate Court (Skifteretten)	Debt Relief (Gældssanering)	Only physical entity	<ul style="list-style-type: none"> In debt relief cases the debtor's debt is cancelled entirely or in part based on the Probate Court's court ruling. Debt relief presupposes that the debtor is insolvent and that this is not expected to change within the near future. The debtor can file for initiation of debt relief and creditors will be informed of the initiation of the case – the known creditors will be informed individually and other creditors by announcement in the official Danish Gazette, Statstidende. A court ruling on debt relief includes all claims established before the initiation of the debt relief case and in order for creditors to achieve coverage the creditors need to file their claims within 8 weeks from announcement in Statstidende – claims secured by mortgage are not affected. The court's administrator (an attorney) will draw-up a statement of assets and liabilities and a proposal to the Probate Court where after the Probate Court will deliver a court ruling on debt relief (no coverage or dividends). The conditions for debt relief shall be met before a ruling can be issued.
		Bankruptcies (Konkurser)	Physical and legal entity	<ul style="list-style-type: none"> The trustee (an attorney) is appointed to handle the case. Could end up in no coverage to creditors or dividends. Private debtors keep being liable for the debt not covered through the bankruptcy proceedings whereas companies are dissolved.
		Estates of deceased (Dødsboer)	Only physical entity	<ul style="list-style-type: none"> Initiated when a person dies where after known heirs are summoned to a meeting in the Probate Court. Here it is determined how the estate shall be handled; as an undivided possession of the estate (DK: uskiftet bo) (laid out to the surviving spouse), appropriation to a beneficiary of all assets of a deceased's estate (bo-udlæg) (in case of assets of max. DKK ~63k the assets will be appropriated to the nearest next of kin), administration by beneficiaries (privat skifte) (appropriated to heirs splitting the estate), executor estate (bobestyrerbo) (attorney is appointed). Once it is determined how the estate is appropriated then the bank can file it's proof of claim
		In-court Restructuring (Rekonstruktion – indenretlig)	Physical and legal entity	<ul style="list-style-type: none"> A process with an appointed restructuring who in collaboration with the management of the business and possibly with an appointed accountant expert works towards a restructuring of the business in a period of 1-12 months in the form of either a compulsory composition (tvangsakkord) (dividend pay-out – possibly down to 0%) – possibly in connection with a moratorium – and/or a business transfer, complete or in part. Filed restructuring proceedings often end in bankruptcy proceedings. The creditors, including the bank, shall vote on whether the creditors object to the restructuring plan. The plan can be voted down by a majority of creditors according to specific voting rules based on the claim amounts, prospects of dividends and any satisfactory securities.
		Liquidation/forced dissolution Likvidation/ Tvangsopløsning	Only legal entity	<ul style="list-style-type: none"> A liquidator is appointed (often an attorney) to assist in clarifying how the company shall be handled. Is often initiated due to mishandling by the registered management. In cases where the liquidator is appointed by the Probate Court based on a request from the Danish Business Authority the management may not have been authorised to act on behalf of the company in a longer period of time. A forced dissolution can end up in 1) bankruptcy proceedings, 2) resumption of the company, 3) a fusion or 4) a solvent dissolution of the company. Forced dissolutions often end in bankruptcy proceedings within three months. The bank has very few liquidation cases, since the bank often await the initiation of bankruptcy proceedings.

Case category	Court	Case type	Debtor	Characteristics
Out-of-court	Debtor	Out-of-court restructuring	Physical and legal entity	<p>Restructuring of the debtor's debt through voluntary negotiation between the bank and the debtor. It could for instance entail:</p> <ul style="list-style-type: none"> - Approval of deficit trades – here the bank will accept the sale of a mortgaged asset at a value lower than the bank's receivable, since it is assessed that the deficit trade is the best achievable result on the present basis - Renegotiation of a banking facility, e.g. syndicated loans, in order to save the debtor's business so future revenue can be achieved - Repayment from the debtor, co-debtor and/or guarantor of the entire remaining debt, possibly with a reduction if it is assessed that this is the best achievable result on the present basis

Appendix 2: Glossary

English	Danish
2nd notation	2. påtegning
Appropriation to a beneficiary of all assets of a deceased's estate	Boudlæg
Bills of exchange	Veksler
Civilretlige sager	Civil Court Cases
Civilretten	Civil Court
Court settlement	Retsforlig
Debt Relief	Gældssanering
Document of indebtedness	Gældsbrev
Enforcement Court	Fogedretten
Enforcement Court Cases	Fogedretssager
Estate cases	Bosager
Estate handler	Bobestyrer
Estates of deceased	Dødsboer
Foreclosure Sale	Tvangsauktioner
In-court demand for payment	Betalingspåkrav
In-court demand for payment	Betalingspåkrav
In-court Restructuring	Rekonstruktion - indenretlig
Land Registry	Tingbogen
Letters of indemnity	Skadesløsbreve
Liquidation/forced dissolution	Likvidation/ Tvangsopløsning
Out-of-court	Udenretlige sager
Out-of-court restructuring	Udenretlig rekonstruktion
Pledge (physical)	Håndpant
Probate Court	Skifteretten
Writ of Summons	Stævninger

Appendix 3:

Monthly breakdown of cases involving estates of deceased persons submitted to the probate court each month from 21 September 2020 to 19 September 2021

REALKREDIT DANMARK - PF SYSTEM			
	Number of cases	Dividend	Number of cases with dividend
SEP-20	12	DKK 216,579	3
OKT-20	49	DKK 403,017	11
NOV-20	28	DKK 174,969	2
DEC-20	23	DKK 181,429	4
JAN-21	23	DKK -	0
FEB-21	31	DKK 133,365	3
MAR-21	19	DKK -	0
APR-21	22	DKK -	0
MAY-21	34	DKK -	0
JUN-21	36	DKK 60,509	2
JUL-21	28	DKK -	0
AUG-21	25	DKK -	0
SEP-21	0	DKK -	0
MONTHLY AVERAGE	27.5	DKK 97,489	2.08
TOTAL	330	DKK 1,169,868	25