Nykredit

To Nasdaq Copenhagen

15 May 2017

**Nykredit Realkredit A/S publishes new prospectus**

Nykredit Realkredit A/S publishes a new prospectus – Base Prospectus dated 15 May 2017 for the issuance of covered bond and bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Nykredit Realkredit A/S's Base Prospectus dated 15 May 2017 is available for download in Danish and English. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail. The Base Prospectus can be found on Nykredit's website at nykredit.com/ir.

Questions may be addressed to Group Treasury, Morten Bækmand Nielsen, Head of Investor Relations, tel +45 44 55 15 21, or Jimmy Bak, Attorney, tel + 45 44 55 56 31.

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*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.*



Nykredit

# Nykredit Realkredit A/S

(*Incorporated with limited liability in Denmark under business reg (CVR) no 12 71 92 80*)

## Base prospectus (programme) for the issuance of covered bonds and bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act

Under this base prospectus ("**Base Prospectus**") and subject to compliance with all relevant laws, regulations and directives, Nykredit Realkredit A/S ("**Nykredit**" or the "**Issuer**") will from time to time issue covered bonds in the form of SDOs ("*særligt dækkede obligationer*") and ROs ("*realkreditobligationer*"). In addition, Nykredit will issue bonds in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act ("Section 15 Bonds"). Nykredit's Board of Directors has laid down an issuance limit of DKK 100,000,000,000 or the equivalent in other currencies to Section 15 Bonds under this Base Prospectus. The aggregate outstanding amount under this Base Prospectus is not subject to any limit.

Covered bonds are issued for the funding of mortgage loans. These bonds may carry interest at either a fixed or a variable rate and may fund bullet loans or amortising loans or a mix of the two types. Borrowers may prepay their mortgage loans under certain conditions, in which case Nykredit may demand redemption of the underlying bonds. Section 15 Bonds are issued to post supplementary collateral or to increase overcollateralisation in Nykredit's capital centres.

An application may be made for securities issued under this Base Prospectus to be admitted to trading on a regulated market in Denmark and/or Sweden. References in this Base Prospectus to securities being "listed" (and all similar references) mean that such securities have been admitted to the official list of and to trading on a regulated market pursuant to Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments ("**MiFID**"). The securities will be issued in dematerialised form and settled through VP SECURITIES A/S or LuxCSD S.A.

This Base Prospectus has been prepared by Nykredit with a view to having the securities admitted to trading on a regulated market in Denmark and to enabling a public offering in Denmark. This Base Prospectus has been prepared as a prospectus in compliance with the Prospectus Directive (as defined below) and the relevant implementation legislation in Denmark for the purpose of providing information on the issued securities. This Base Prospectus is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The securities are not and will not be registered pursuant to the US Securities Act of 1933 ("**US Securities Act**") and may be subject to US tax law requirements. Subject to certain exceptions, securities may not be offered, sold or delivered within the US or to US persons (as defined in Regulation S of the US Securities Act). The securities may be offered and sold outside the US to non-US persons in accordance with Regulation S of the US Securities Act. For a description of certain restrictions on offers, sales and deliveries of securities and on the distribution of this Base Prospectus and other offering material concerning the securities, see 14 "SUBSCRIPTION, SALE, RECORDING AND SETTLEMENT".

Nykredit has been assigned an issuer rating ("long-term unsecured") of A by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and an issuer rating of A by Fitch Ratings Ltd ("**Fitch**"). S&P has assigned ratings of AAA to Nykredit's Capital Centres D, E, G, H and I. Covered bonds have the same ratings as the capital centre through which they have been issued, while the ratings of Section 15 Bonds are expected to follow Nykredit's issuer rating. S&P and Fitch are operating in the European Union, and they were registered in compliance with Resolution (EC) No 1060/2009 on the date of this Base Prospectus. At its website, the ESMA has published a list of registered and certified credit rating agencies (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs), which was last updated on 1 December 2015). A rating is not a recommendation to buy, sell or hold securities and may be suspended, downgraded or withdrawn by the assigning credit rating agency at any time. Further information on Nykredit's ratings is available in 10.6 "Ratings".

**Investment in securities implies risk. Prospective investors in securities should ensure that they understand the terms governing the securities and the scope of their exposure to risk and that they assess the suitability of the securities as an investment in the light of their own circumstances and financial position. For information on these risks, reference is made to 4 "**RISK FACTORS**" in this Base Prospectus.**

**Arranger**
**Nykredit Realkredit A/S**

# CONTENTS

# 1 INTRODUCTION

This Base Prospectus constitutes a base prospectus for the purposes of the Prospectus Directive and has been prepared for the purpose of providing all information with regard to the Issuer, the Issuer and its subsidiaries and associates taken as a whole (the "**Nykredit Group**") and the securities under this Base Prospectus which, according to the particular nature of the Issuer and of the securities, is necessary to enable investors to make an informed assessment of the assets, liabilities and equity, financial position, results and outlook of the Issuer and the rights pertaining to the securities offered.

The securities issued under this Base Prospectus are governed by the rules of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Securities issued under this Base Prospectus are "**Covered Securities**", which means covered bonds pursuant to section 33 b of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act in the form of "**SDOs**" ("*særligt dækkede obligationer*") and "**ROs**" ("*realkreditobligationer*"), cf section 18 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Further, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act ("**Section 15 Bonds**") may be issued under this Base Prospectus.

Any reference in this Base Prospectus to "**Bonds**" applies to all types of securities issued under this Base Prospectus, ie SDOs, ROs and Section 15 Bonds. Investors holding Bonds are referred to as "**Bondholders**". Where in this Base Prospectus the terms "covered bonds", "mortgage bonds" and "bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act" are written without capital letters, they describe the type of security in general, ie the text applies to securities issued under this Base Prospectus as well as the type of security in general.

Any reference to "**Final Bond Terms**" in this Base Prospectus means the final bond terms which when read in conjunction with this Base Prospectus and information incorporated by reference apply to an ISIN of securities issued under this Base Prospectus. This Base Prospectus will be valid for 12 months from the date of approval, unless a statement to the contrary is issued to the public.

This Base Prospectus has been prepared by Nykredit with a view to having the securities admitted to trading on a regulated market in Denmark, and to enabling a public offering in Denmark. This Base Prospectus has been prepared as a prospectus in compliance with the Prospectus Directive (as defined below) and the relevant implementation legislation in Denmark for the purpose of providing information on the issued securities. This Base Prospectus is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. Any offering of securities in a member state other than Denmark in the European Economic Area ("**EEA**") which has implemented the Prospectus Directive (each a "**Relevant Member State**") will be made pursuant to an exception under the Prospectus Directive as implemented in the Relevant Member State from the requirement to publish a prospectus for the offering of securities. Accordingly, any person making or intending to make an offer of the Bonds in the Relevant Member State may do so only in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. The Issuer has not approved or otherwise authorised any offer of Bonds under circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such offer. The term "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EC), and includes any relevant implementing measures in such Relevant Member State.

**If a financial intermediary uses this Base Prospectus to offer Bonds, the financial intermediary is obliged to inform investors of the terms and conditions for the offering at the time of the offering. Financial intermediaries using this Base Prospectus are also obliged to state on their website that they use this Base Prospectus in accordance with the consent and the related conditions.**

**No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.**

**The distribution of this Base Prospectus or a sale made in this connection shall not, under any circumstances, create any indication that there has not been any changes in the affairs of the Issuer since the date of this Base Prospectus or the date upon which this Base Prospectus was last amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date of this Base Prospectus or the date upon which this Base Prospectus was last amended or supplemented or that any other information supplied in connection with this Base Prospectus is correct at any time subsequent to the date on which it is given.**

**The distribution of this Base Prospectus and the offering or sale of the Bonds in certain jurisdictions may be restricted by law. The Issuer presumes that persons into whose possession this Base Prospectus comes inform themselves about and observe any such restrictions. The Bonds under this Base Prospectus have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the US, and the Bonds may be subject to US tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the US or to, or for the account or benefit of, US persons (as defined in Regulation S of the US Securities Act). For a description of certain restrictions on the offering and sale of the securities concerned and the distribution of this Base Prospectus, see 14 "SUBSCRIPTION, SALE, RECORDING AND SETTLEMENT".**

**The Bonds will be offered and sold outside the US to "non-US persons" pursuant to Regulation S of the US Securities Act. However, the Bonds may be sold within the US to Qualified Institutional Buyers ("QIBs") pursuant to Rule 144a. Prospective investors are hereby notified that sellers of the Bonds are relying on the exemptions from the provisions of Section 5 of the US Securities Act provided by Rule 144A. For a description of these and certain restrictions on offers, sales and transfers of the securities concerned and on the distribution of this Base Prospectus, see 14 "SUBSCRIPTION, SALE, RECORDING AND SETTLEMENT".**

***Enforceability of judgements***

The Issuer is a public limited company organised under the laws of Denmark. None of the members of the Board of Directors or Executive Board of the Issuer are residents of the US, and all or a substantial portion of the assets of the Issuer and such persons are located outside the US. As a result, it may be difficult for investors to effect service of process within the US upon the Issuer or its management or to enforce against the Issuer or its management in the US court judgements obtained in US courts, including judgements predicated upon the civil liability provisions of the securities laws of the US or any state or territory within the US.

# 2 RESPONSIBILITY STATEMENT

## 2.1 Nykredit's responsibility

Nykredit Realkredit A/S, CVR no 12719280, Kalvebod Brygge 1-3, DK-1780 Copenhagen V, accepts responsibility for this Base Prospectus in pursuance of Danish law.

## 2.2 Persons responsible

The persons listed below are responsible for this Base Prospectus on behalf of Nykredit:

Board of Directors:

Steffen Kragh
*(Chairman, Chief Executive Officer)*

Merete Eldrup
*(Deputy Chairman, Chief Executive Officer)*

Nina Smith
*(Deputy Chairman, Professor)*

Helge Leiro Baastad
*(Chief Executive Officer)*

Hans Bang-Hansen
*(Farmer)*

Olav Bredgaard Brusen
*(Staff-elected, Deputy Chairman of NYKREDS)*

Michael Demsitz
*(Chief Executive Officer)*

Per W. Hallgren
*(Chief Executive Officer)*

Marlene Holm
*(Staff-elected, Political Secretary)*

Allan Kristiansen
*(Staff-elected, Chief Relationship Manager)*

Bent Naur
*(former Chief Executive Officer)*

Anders C. Obel
*(Chief Executive Officer)*

Erling Bech Poulsen
*(Farmer)*

Inge Sand
*(Staff-elected)*

Leif Vinther
*(Staff-elected, Chairman of Staff Association)*

In accordance with the powers conferred on them, they have authorised two Group Managing Directors to jointly sign this Base Prospectus and future supplements.

Executive Board:

Michael Rasmussen
(Group Chief Executive)

Anders Jensen
(Group Managing Director)

David Hellemann
(Group Managing Director)

Kim Duus
(Group Managing Director)

Søren Holm
(Group Managing Director)

## 2.3 Statement

The persons responsible, all the members of the Board of Directors and the Executive Board as listed in 2 "RESPONSIBILITY STATEMENT" represent that they have used their best endeavours to ensure that the information contained in this Base Prospectus is consistent with the facts to the best of their knowledge and belief and that nothing has been omitted which is likely to affect its contents, and that all relevant information contained in the minutes of the Board of Directors, auditors' records and other internal documents has been included in this Base Prospectus.

This Base Prospectus (including the statements contained herein) is hereby signed on behalf of Nykredit's Management by special authority of Nykredit's Board of Directors:

Copenhagen, 15 May 2017

| | |
|---|---|
| Kim Duus | Søren Holm |
| (Group Managing Director) | (Group Managing Director) |

# 3 SUMMARY

This summary is based on information requirements, each requirement referred to as an element. These elements are numbered in paragraphs A – E (A.1 – E.7).
This summary includes all the elements required of a summary of this type of issuer and security. As not all elements need to be disclosed, the numbering of the elements is interrupted.
Although an element must be included in the summary due to the type of issuer or security, it may not be possible to find relevant information on a given element. In that case, there will be a brief description of the element together with the text "Not relevant".

| ***Paragraph A – Introduction and warnings*** | | |
|---|---|---|
| A.1 | Introduction and warnings | Nykredit draws the attention of prospective investors to the fact that:<br>▪ This summary should be read as an introduction to this Base Prospectus and the relevant Final Bond Terms;<br><br>▪ Any decision to invest in the Bonds should be founded on this Base Prospectus in its entirety, including documents incorporated by reference and the relevant Final Bond Terms;<br><br>▪ If an action involving the information contained in this Base Prospectus and the relevant Final Bond Terms is brought before a court of law pursuant to national law in the member states, the plaintiff investor may be obliged to bear the costs of translating this Base Prospectus and the relevant Final Bond Terms before the proceedings commence; and<br><br>▪ Only the persons who have submitted the summary or any translations thereof may incur civil liability, but only provided that the summary is misleading, incorrect or discrepant when read in conjunction with other parts of this Base Prospectus and the relevant Final Bond Terms, or it does not contain key information when read in conjunction with the other parts of this Base Prospectus and the relevant Final Bond Terms, which key information will facilitate investors' decision on investment in the Bonds. |
| A.2 | Consent to use this Base Prospectus in connection with a subsequent resale | ▪ In connection with an offering of Bonds to the public which is not exempt from the requirement of the Prospectus Directive to publish a prospectus, the Issuer expressly consents to the use of this Base Prospectus and the associated Final Bond Terms by financial intermediaries for the resale or final placement of the Bonds, if this is set out in the relevant Final Bond Terms.<br><br>▪ The consent will be in force as long as this Base Prospectus is valid – ie up to 12 months from the date of approval subject to the prior revocation, cancellation or replacement of this Base Prospectus in which case the Issuer will release a stock exchange announcement to this effect.<br><br>▪ Any conditions relating to the consent made to financial intermediaries will be set out in the Final Bond Terms for the specific issue and the attached summary for the specific issue.<br><br>▪ **If a financial intermediary uses this Base Prospectus to offer Bonds, the financial intermediary is obliged to inform investors of the terms and conditions for the offering at the time of the offering; and** |

| | | |
|---|---|---|
| | | ▪ **Financial intermediaries using this Base Prospectus are obliged to state at their website that they use this Base Prospectus in accordance with the related consent and its conditions.** |
| ***Paragraph B — Issuer*** | | |
| B.1 | Legal name and secondary names of the Issuer | Nykredit Realkredit A/S. The issuer carries on business under the following secondary names: Industrikredit A/S, IRF Erhvervsfinansiering A/S, IRF Industrifinansiering A/S, IRF Industrikredit A/S, Nykredit Industri A/S and Realkreditaktieselskabet Nykredit. |
| B.2 | The Issuer's registered office and legal form, legislation applying to the Issuer and country of incorporation | Nykredit Realkredit A/S is a Danish public limited company.<br>The Issuer carries on mortgage banking activities in accordance with Danish law.<br>Nykredit's registered address is Kalvebod Brygge 1-3, DK-1780 Copenhagen V, Denmark. |
| B.4b | Known trends affecting the Issuer and the sectors within which the Issuer is operating | The prospects for Nykredit and the Nykredit Group have not deteriorated materially since 31 December 2016, and no material changes to Nykredit's or the Nykredit Group's financial or trading position have occurred since 31 December 2016. No material investments have been made since 31 December 2016. |
| B.5 | Description of the group and the Issuer's group affiliation | Nykredit is a wholly owned subsidiary of Nykredit A/S. The following companies are wholly-owned subsidiaries of Nykredit: Totalkredit A/S, Nykredit Bank A/S, Nykredit Mægler A/S, Nykredit Ejendomme A/S, Ejendomsselskabet Kalvebod A/S, Nykredit Portefølje Adm. A/S and Nykredit Leasing A/S. |
| B.9 | If any earnings expectations or forecasts are stated, the figure should be stated | Not relevant; Nykredit does not include any earnings expectations or forecasts. |
| B.10 | Qualifications in the auditors' report concerning historical financial information | Not relevant; the auditors' report concerning historical financial accounting information incorporated in the Base Prospectus by reference did not contain any qualifications. |
| | | |

<table>
<tr><td>B.12</td><td>Selected important historical financial information, statement of no material deterioration of prospects and description of material changes in the financial or trading position</td><td>
<table>
<tr><th>DKK million</th><th>Q1/2017</th><th>Q1/2016</th><th>2016</th><th>2015</th></tr>
<tr><td>Core income from business operations</td><td>3,450</td><td>2,831</td><td>12,159</td><td>12,126</td></tr>
<tr><td>Operating costs and depreciation</td><td>1,178</td><td>1,199</td><td>5,260</td><td>5,005</td></tr>
<tr><td>Profit from core business before impairment losses</td><td>2,165</td><td>1,525</td><td>6,451</td><td>6,488</td></tr>
<tr><td>Impairment losses on loans</td><td>-21</td><td>-51</td><td>680</td><td>920</td></tr>
<tr><td>Profit from core business</td><td>2,189</td><td>1,576</td><td>5,771</td><td>5,568</td></tr>
<tr><td>Investment portfolio income</td><td>465</td><td>60</td><td>1,331</td><td>853</td></tr>
<tr><td>Profit before tax</td><td>2,988</td><td>895</td><td>6,708</td><td>4,685</td></tr>
</table>
The Group's assets totalled DKK 1,401bn at 31 December 2016. The Group's equity amounted to DKK 71.0bn at 31 December 2016, and profit before tax for the financial year ended 31 December 2016 was DKK 6,708m.
The prospects for Nykredit have not deteriorated significantly since the end of the last financial period.
No significant changes in terms of financial or commercial position have been recorded since the period covered by historical financial information.
</td></tr>
<tr><td>B.13</td><td>Recent events which materially affect the assessment of the Issuer's capital adequacy</td><td>Not relevant, as Nykredit has a target towards 2019 of an equity level significantly above the formal regulatory requirement, and which is assumed to be a market-consistent level in relation to credit ratings and bond markets.</td></tr>
<tr><td>B.14</td><td>The Issuer's dependence on other entities in the Group</td><td>Nykredit's financial circumstances depend on the financial circumstances of other group companies.</td></tr>
<tr><td>B.15</td><td>Description of the Issuer's main activities</td><td>Nykredit's main activities are mortgage banking in Denmark and a number of other European countries. By far the largest part of Nykredit's activities are carried on in Denmark. Nykredit and the other companies of the Nykredit Group have two main business areas: Retail and Wholesale. Further, Nykredit carries on banking activities through the subsidiary Nykredit Bank A/S.</td></tr>
<tr><td>B.16</td><td>Statement as to whether the Issuer is directly or indirectly controlled by others, including who and how</td><td>Nykredit is a wholly-owned subsidiary of Nykredit A/S.</td></tr>
</table>

**B.17 Credit assessment of the Issuer**

On the date of the Base Prospectus, the Issuer and its issues of securities were rated by international credit rating agencies as follows:

| Ratings | S&P | Fitch |
|---|---|---|
| Capital Centre E (SDOs) | AAA | |
| Capital Centre E (Section 15 Bonds) | AA- | |
| Capital Centre D (ROs) | AAA | |
| Capital Centre D (Section 15 Bonds) | AA- | |
| Capital Centre C (ROs) | AAA | |
| Capital Centre G (ROs) | AAA | |
| Capital Centre H (SDOs) | AAA | |
| Capital Centre H (Section 15 Bonds) | AA- | |
| Capital Centre I (ROs) | AAA | |
| Nykredit Realkredit In General (ROs) | AAA | |
| Short-term unsecured rating | A-1 | F1 |
| Long-term unsecured rating (issuer rating) | A | A |
| Additional Tier 1 capital | BB+ | BB+ |
| Tier 2 capital | BBB | BBB |

At the time of the Base Prospectus, Nykredit had not applied for a rating of Section 15 Bonds issued through Capital Centres G and I, for which reason they are not listed above.

At the time of the Base Prospectus, S&P had assigned a long-term unsecured issuer rating to Nykredit and a negative outlook, which means that the rating may be lowered within the next two years. This will probably have a corresponding impact on the rated Section 15 Bonds.

***Paragraph C – Securities***

**C.1 Type and class of securities offered**

The Bonds are issued pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and executive orders drafted subject to statutory authority. The following may be issued:

- ROs ("*realkreditobligationer*"), which are issued to fund mortgage loans;
- SDOs ("*særligt dækkede obligationer*"), which are issued to fund mortgage loans;
- Bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act ("*Section 15 Bonds*"), which are issued to provide supplementary collateral or to increase the overcollateralisation of loans funded by ROs or SDOs.

The ISINs of the Bonds will be set out in the Final Bond Terms.

**C.2 Currency of the Bonds**

The currency will be set out in the Final Bond Terms.

**C.5 Description of any restriction of the negotiability**

Not relevant; the Bonds are negotiable instruments issued in bulk.

| | | |
|---|---|---|
| | of the securities | |
| C.8 | Description of the rights pertaining to the Bonds | The holders of Covered Securities have a primary preferential right to all assets in the capital centre through which the relevant Covered Securities were issued. If the assets of Nykredit's capital centres are insufficient to cover the claims of the holders of the Covered Securities, the holders of the residual claims have a preferential right to the assets of Nykredit Realkredit In General.<br><br>The holders of Section 15 Bonds have a secondary preferential right to all assets in the capital centre through which they were issued. Any residual claims may be raised against the assets available for distribution of Nykredit Realkredit In General as unsecured claims.<br><br>Nykredit may purchase the Bonds (or part thereof) prior to their maturity and keep such Bonds as self-issued Bonds or amortise them by cancellation.<br><br>The bond terms are governed by Danish law. |
| C.9 | Interest and yield-to-maturity; deferral of interest; redemption on maturity; name of the bond representative | Interest, including any yield-to-maturity and any deferral of interest payments, redemption, any amortisation, and maturity extension in connection with statutory refinancing are set out in the Final Bond Terms.<br><br>Representation of the Bondholders is not possible. |
| C.10 | Derivative component in the interest payment | Not relevant; the Bonds have no derivative component in the interest payment. |
| C.11 | Admission to trading | If Nykredit applies for admission of the Bonds to trading on a regulated market such as Nasdaq Copenhagen A/S, this information will be set out in the Final Bond Terms together with the expected date of admission to trading and the specific regulated market. |
| ***Paragraph D – Risk*** | | |
| D.2 | Main risks pertaining to the Issuer | Nykredit's activities involve elements of risk. If the management of such risk fails, Nykredit may incur financial losses, and Nykredit's reputation may be damaged. Nykredit has defined and manages the following types of risk:<br>▪ Credit risk<br>▪ Market risk<br>▪ Liquidity risk<br>▪ Risk relating to the implementation of new rules<br>▪ Risk relating to regulatory capital<br>▪ Risk pertaining to the use of risk models |

<table>
<tr><td></td><td></td><td>
▪ Operational risk<br>
▪ Business risk<br>
▪ Transfer of funds between capital centres<br>
▪ Competition within mortgage lending<br>
▪ Ratings do not necessarily reflect all risks<br>
▪ Risk pertaining to enforcement<br>
▪ Other risks<br>
▪ Danmarks Nationalbank's fixed exchange rate policy.<br><br>
Nykredit is subject to the balance principle, and hence Nykredit may only to a limited extent assume risk other than credit risk.
</td></tr>
<tr><td>D.3</td><td>Main risks pertaining to the securities</td><td>
Investment in the Bonds is subject to a number of risk factors of which interested investors should be aware. This includes:<br>
▪ No events of default<br>
▪ Interest on delayed payments under the Bonds<br>
▪ Danmarks Nationalbank's fixed exchange rate policy<br>
▪ Eurosystem eligibility<br>
▪ European Monetary Union<br>
▪ EU Savings Directive<br>
▪ Investors to bear the risk of withholding tax<br>
▪ US withholding tax may affect payments under the Bonds<br>
▪ Risks pertaining to bankruptcy rules<br>
▪ Change of law<br>
▪ Exemption from the Issuer's liability<br>
▪ Redemption prior to maturity of Covered Securities<br>
▪ Pre-issues<br>
▪ Non-compliance with the balance principle<br>
▪ Loss of covered bond status<br>
▪ Statutory refinancing<br>
▪ Deferral of payments<br>
▪ Section 15 Bonds may be redeemed prior to maturity in certain cases<br>
▪ Statutory maturity extension<br>
▪ .
</td></tr>
<tr><td colspan="2">Paragraph E – Offering</td><td></td></tr>
<tr><td>E.2b</td><td>The purpose of the offering and use of the proceeds other than the purpose of generating a profit and/or hedging risk</td><td>
The proceeds from the issuance and sale of Covered Securities serve to fund loans secured by mortgages over real estate, unsecured loans to public authorities or loans guaranteed by public authorities.<br><br>
The use of the proceeds from issuing Section 15 Bonds is defined by section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, and the proceeds may solely be used to meet an obligation to provide supplementary collateral, cf section 33 d (i) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, or to increase the overcollateralisation in a capital centre.
</td></tr>
<tr><td>E.3</td><td>Terms and conditions of the offering</td><td>
No investors have any pre-emption rights to purchase Bonds issued under this Base Prospectus.<br><br>
The Bonds may be sold as:
</td></tr>
</table>

| | | |
|---|---|---|
| | | ▪ Private placements;<br>▪ Market sales;<br>▪ Auction sales on Nasdaq Copenhagen A/S or another regulated market; and<br>▪ Syndicated sales via arrangers.<br><br>Only members of Nasdaq Copenhagen A/S may participate in auctions held via the systems of Nasdaq Copenhagen A/S in connection with loan refinancing. Other investors may participate by making bids through a member of Nasdaq Copenhagen A/S. In connection with auctions on other regulated markets, the terms of these markets apply. The terms and conditions of the Bonds will appear from the Final Bond Terms. |
| E.4 | Interests which are material to issuance, including conflicts of interest | With respect to the Bonds, the stakeholders are the borrowers in accordance with the loans which have been funded by the Bonds, the Bondholders, Nykredit and public authorities.<br><br>Nykredit is not aware of any interests and/or conflicts of interest which are of importance to the offering of the Bonds. Any interests and/or conflicts of interest which are of importance to Nykredit in connection with a bond issue, including specification of the persons involved and the nature of the interest, will be set out the Final Bond Terms. |
| E.7 | Estimated expenses of investors | Standard trading costs (trading commission and/or price spread).<br><br>Nykredit is not aware of any expenses which an investor may be charged by a financial intermediary nor are they of relevance to Nykredit. |

# 4 RISK FACTORS

Prospective investors should read the entire Base Prospectus and the appurtenant Final Bond Terms and reach their own views prior to making any investment decisions.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the Issuer may for other reasons be unable to pay interest, principal or other amounts on or in connection with the Bonds. The Issuer does not represent that the statements below regarding the risks of holding the Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Factors which the Issuer believes may be of importance to the assessment of the market risks associated with the Bonds are also described below.

In case of occurrence of one or more of the risk factors described below, investors may lose some or all of their investment in the Bonds. The issuer does not know the probability of the occurence of such an event or risk factor.

## 4.1 Risk factors pertaining to the Issuer

*General information*

The Issuer's business activities involve elements of risk. If the Issuer fails to manage such risk, it may incur financial losses and its reputation may be damaged. In the Issuer's view, efficient risk management is a crucial precondition for competent financial business management, and risk management is therefore seen as one of the Issuer's core competencies. The Issuer's Board of Directors determines the Issuer's overall risk profile and issues instructions and guidelines for measuring, monitoring and reporting risk. The Issuer has defined and manages the following types of risk:

*Credit risk*

Credit risk is defined as the failure of any borrower, bond issuer or counterparty to honour its payment obligations to the Issuer. Credit risk is chiefly related to the Issuer's lending activities and to a lesser extent the Issuer's trading and investing activities. The Group Credits division of the Nykredit Realkredit Group monitors credit risk and reports to Management on a current basis.

Traditional credit risk stems from the loan portfolio, undrawn credit facilities, guarantees and investments. The Issuer has a counterparty risk in connection with financial derivatives in the form of outstanding positive market value, which depends on market factors. The counterparty risk of financial derivatives is reduced through set-off agreements and margin calls in accordance with standard documentation such as the International Swaps and Derivatives Association (ISDA) and the International Capital Market Association (ICMA) with major counterparties.

Securities, derivatives and foreign exchange trading involve settlement and delivery risk. In order to reduce the risk related to foreign exchange transactions, the Issuer participates in the Continuous Linked Settlement cooperation through Nykredit Bank as a third-party member, which ensures that no payment transfers are made until opposite payments have been registered.

The Issuer's credit policy guidelines are laid down in the Board of Directors' credit instructions. The purpose of the credit policy is to ensure that the Issuer's risk pertaining to counterparties or sectors is within the risk limits laid down. As a result of the credit policy, the Issuer is mainly exposed to Danish counterparties and other OECD-based counterparties with zero-risk classification. The Issuer has only limited exposure to non-OECD counterparties.

Adverse changes in the credit quality of the Issuer's borrowers or counterparties could affect the recoverability and value of the Issuer's assets and require an increase in loan loss and other provisions.

*Market risk*
Market risk is defined as the risk of a loss prompted by adverse fluctuations in interest rates, foreign exchange rates and equity prices. The Issuer's overall risk limits are laid down in the Board of Directors' market risk instructions.

The Board of Directors has delegated market risk limits to the Executive Board, which has in turn delegated the limits to the various trading units of the Issuer.

Market risk is monitored on a daily basis in an integrated system. Risk limits are laid down both in general – in the form of Value-at-Risk (VaR) – and in respect of gross/net positions, volatility and gamma risk. The Issuer's exposure to equity price risk is limited.

Fluctuations in fixed income, foreign exchange or equity markets may affect the market value and liquidity of the Issuer's assets. In addition, the occurrence of such events may have an adverse impact on the revenue generated from the Issuer's primary activities.

*Liquidity risk*
Liquidity risk is defined as the risk of markedly higher funding costs and/or inability to honour payments when due. Currently, the Issuer's lending is primarily funded by the issue of match-funded covered bonds, but the issuer may also fund lending by way of issues which are not match-funded. Fixed-rate bond loans have the same funding throughout the loan term. The funding of adjustable-rate mortgage loans is not the same throughout the loan term; they are funded by bonds with maturities between 1 and 11 years. On refinancing, loan rates are adjusted to the yield-to-maturity of the bonds sold for the purpose of refinancing. The liquidity risk is therefore primarily limited to the risk that borrowers do not make timely interest or principal payments on the loans. The Board of Directors' liquidity instructions include liquidity risk limits for the Issuer.

In respect of loans that are not match-funded, the Issuer will seek to hedge liquidity risk by entering into derivatives contracts in accordance with the rules of the Danish Executive Order no 1425 of 16 December 2014 on bond issuance, balance principle and risk management to the extent that Nykredit has access to derivatives counterparties with sufficiently high credit ratings. Any financial difficulties of a derivatives counterparty may affect its ability to honour its contractual obligations to Nykredit.

Liquidity risk may also be related to loss in other risk categories where losses prevent the Issuer from refinancing its short-term debt obligations and/or in the event that Nykredit Bank has provided loans to be withdrawn.

*Risk pertaining to implementation of new regulation*
Each Issuer is subject to financial services and tax laws, regulations, administrative actions and policies in Denmark etc and in any other jurisdiction in which each Issuer carries on business. Changes in supervision and regulation, in particular in Denmark, could materially affect the relevant Issuer's business, the products and services offered or the value of its assets. Although each Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

Various aspects of banking regulation are still under debate internationally, including inter alia, proposals to review standardised approaches for capital requirements for credit, market and operational risk (together with a proposed capital floor based on the revised approaches for banks using internal models).

In December 2010, the Basel Committee on Banking Supervision adopted proposals imposing, among other things, stricter capital and liquidity requirements on banks ("**Basel III"**). On 20 July 2011, the European Commission presented a proposal to review the Capital Requirements Directives (2006/48/EC and 2006/49/EC), including implementation of Basel III in the European Union.

The final versions of the CRR and the CRD IV Directive were adopted in June 2013. The CRR entered into force on 1 January 2014, whereas the CRD IV Directive was implemented in Denmark in March 2014. The framework implemented, among other things, Basel III in the European Union. Each of the CRR and the CRD IV Directive covers a wide range of prudential requirements for banks across Member States, including capital requirements, stricter and aligned definitions of capital, risk exposure amounts, leverage ratio, large exposure framework and liquidity and funding requirements. The CRD IV Directive covers the overall supervisory framework for banks (including the individual risk assessment) and other measures such as the combined capital buffer requirements, systemically important financial institution ("**SIFI"**) requirements and, governance and remuneration requirements.

As a consequence of ongoing changes of already published regulatory technical standards under both the CRR and CRD IV Directive, and ongoing development of regulatory technical standards yet to be published there remains the risk of possible changes. It is the European Banking Authority (the "**EBA"**), which is responsible for publishing and updating technical standards under the CRR and CRD IV Directive.

Under the CRR, credit institutions are required to hold a minimum amount of regulatory capital equal to 8% of Risk Exposure Amounts (of which at least 4.5% must be Common Equity Tier 1 capital, and at least 6% must be Tier 1 capital). In addition to these so-called minimum own funds Pillar 1 requirements (the "**minimum own funds requirement"**), the CRD IV Directive (including, but not limited to, Article 128) also introduces capital buffer requirements in addition to the minimum own funds requirements, which must be met with Common Equity Tier 1 capital. For the Issuers, the capital buffer is comprised of three elements (referred to collectively as the "**combined buffer"**): (i) the capital conservation buffer; (ii) the institution-specific countercyclical buffer; and (iii) the systemic risk buffer. Subject to applicable transitional provisions, some or all of these capital buffers apply to the Issuers.

In June 2014, the Danish Financial Supervisory Authority designated Nykredit Realkredit as a SIFI. In June 2015 and in June 2016, Nykredit Realkredit was re-designated as a SIFI. The systemic risk buffer will be gradually implemented in the period 2015 to 2019. Nykredit Realkredit will be subject to a further buffer requirement of 1.2% as regards Common Equity Tier 1 capital as of 2017. The requirement will gradually rise to 2.0% in 2019. The intention is to bring Danish SIFI capital requirements on a par with the requirements in other comparable Member States. The level of the Danish SIFI capital requirements will be finally determined in 2017, at the latest, on the basis of a comparison with the final requirements in the other Member States. It is still unknown how this in practice will affect the willingness of the Kingdom of Denmark to support its banking sector and in particular the SIFIs.

In addition to the minimum own funds requirements described above, the CRD IV Directive (including, but not limited to, Article 104(1)(a)) contemplates that competent authorities may require additional "Pillar 2" capital to be maintained by a credit institution relating to elements of risks which are not fully captured by the minimum own funds requirements (the "**additional own funds requirements"**) or to address macro-prudential requirements.

The EBA published guidelines on 19 December 2014 addressed to national supervisors on common procedures and methodologies for the supervisory review and evaluation process ("SREP"). The guidelines propose a common approach to determining the amount and composition of additional own funds requirements and were implemented on 1 January 2016 and in Denmark with effect from the same date by Executive Order no 1587 of 3 December 2015 on Capital to Fulfil the Individual Solvency Requirement of Credit Institutions. According thereto institutions' additional own funds requirement shall be met with at least 56% Common Equity Tier 1 capital and at least 75% Tier 1 capital. The remaining 25% of the additional own funds requirement may be fulfilled with Common Equity Tier 1 capital, Additional Tier 1 capital or Tier 2 capital. Additional Tier 1 Capital or Tier 2 capital instruments issued prior to 31 December 2015 that until 31 December 2015 were eligible to cover institutions' additional own funds requirements will be grandfathered until 31 December 2021.

The capital requirements applicable to the Issuer are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors.

In addition, the CRR and the CRD IV Directive includes a requirement for credit institutions to calculate, report, monitor and publish their leverage ratios, defined as their Tier 1 capital, as a percentage of their total exposure measure. The leverage ratio is expected to be maintained at a level of at least 3%. This requirement will be harmonised at European Union level from 1 January 2018, until which date regulators may apply such measures as they consider appropriate.

On 23 November 2016 the European Commission proposed a reform of the CRR and the CRD IV Directive by way of a proposal (COM (2016) 850) to amend the CRR and by way of a proposal (COM(2016) 852) to amend the CRD IV Directive (together the "**CRD IV Amendment Proposal**"). The CRD IV Amendment Proposal introduces, among other things, a leverage ratio requirement of 3% Common Equity Tier 1 capital, harmonised binding requirement for stable funding (the Net Stable Funding Ratio or NSFR), strengthening of the conditions for use of internal models and changes to the relevant regulator's application of the institution specific Pillar 2 capital add-ons (referred to above as the additional own funds requirement). At the date of this Base Prospectus it is still uncertain whether and if so, to what extent, the CRD IV Amendment Proposal will impose additional capital and/or liquidity requirements on each of the Issuers, which in turn may affect the relevant Issuer's capacity to make payments on the Notes.

If Denmark should join the European Banking Union, it is most likely that Nykredit Realkredit will be become subject to supervision by the European Central Bank ("**ECB**") rather than the Danish FSA from the start of the membership due to its SIFI designation.

On 2 July 2014, the EU Recovery and Resolution Directive (2014/59/EU) concerning failing credit institutions ("**BRRD**") came into force. The Directive has been implemented into Danish law. In connection with the implementation, it was adopted that all Danish mortgage banks must have a debt buffer calculated on the basis of the total unweighted lending of the individual mortgage bank. The implementation of the debt buffer is a political agreement, and the debt buffer requirement must be evaluated until 2018. If such evaluation results in a higher requirement than the agreed 2%, it may have an impact on Nykredit's financial position.

Concurrently with the BRRD, the Financial Stability Board ("**FSB**") has published a proposal for minimum requirements for the total loss absorbing capacity ("**TLAC**") which a global systemically important bank ("*G-SIB*") must meet. If the proposal is adopted in its present form, similar requirements will apply to national SIFIs. Consequently, the Issuer may also become subject to the TLAC requirements.

There is a risk that the capital requirements for the Issuer will change further in the coming years. First, specific discussions are taking place at the Basel Committee and at the EBA, which may result in the introduction of minimum risk weights for home loans and other loans. Secondly, a new capital floor is in the pipeline for IRB institutions in 2017. This is likely to be based on the Basel Committee's proposal for a new standardised approach for credit risk, which was published in December 2015. Thirdly, the EBA is working on technical standards on model calculations for IRB institutions. Each of the said regulatory measures will lead to increased capital requirements for lending with a low risk of loss, including especially mortgage lending.

*Risk pertaining to regulatory capital*
The Issuer is supervised by the Danish FSA, and there are minimum statutory capital levels comparable with those of other banks in Western Europe. Non-compliance with capital requirements may result in administrative actions or sanctions against the Issuer, which may affect the Issuer's ability to fulfil its obligations under the Bonds.

*Risk pertaining to the use of risk models*
Nykredit uses internal ratings-based risk models to determine risk-weighted assets and credit risk. The models are in accordance with current national and international guidelines. As they are internal models, it is not certain that they capture the real credit risk satisfactorily. Nykredit's internal models may be changed as a result of various factors, including changes in credit markets, changes in national or international legislation, and changes in supervision practice. Changes to the models may result in increased capital requirements for Nykredit and thereby reduce the current capital level.

*Operational risk*
Operational risk arises from human errors and system faults, insufficient or defective internal procedures or external events. Operational risk also includes risk pertaining to reputation and strategy as well as legal risk.

Operational risk is chiefly managed by way of comprehensive business procedures and controls. These include IT contingency plans. Internal Audit monitors the contents of and compliance with business procedures on a continuous basis.

If any of these procedures and controls fail, the Issuer may be exposed to additional costs and liabilities.

*Business risk*
Given that the Issuer's lending through its capital centres is secured by mortgages over real estate, the credit risk may partly pertain to the performance of the real estate and housing markets primarily in Denmark, but also in other countries where the Issuer is operating or will operate in future.

There can be no assurance regarding the future development of the value of the collateral. Should real estate and housing prices decline substantially, this could affect the Issuer's financial position and, in turn, its ability to service the Bonds.

There are many circumstances that affect the level of credit losses, prepayments, redemptions and final payments of interest and principal amounts, such as changes in the economic climate, both nationally and internationally, and changes in taxation, interest rates, inflation and/or the political environment. Borrowers may default on their loans as a result of interest rate increases or an adverse development in their personal circumstances, such as unemployment or divorce. In addition, the initial interest-only period of the loans of many borrowers will expire in the coming years, which may deteriorate borrowers' finances. Borrower defaults could jeopardise the Issuer's ability to make payments in full or on a timely basis in connection with the Bonds.

*Transfer of funds between capital centres*
Nykredit may transfer funds (overcollateralisation) between Nykredit's capital centres in order to fulfil capital adequacy requirements, requirements of supplementary collateral or additional overcollateralisation, for example for the purpose of capital centre ratings. Transfer of funds is subject to the condition that the capital adequacy requirement of the relevant capital centre remains fulfilled. If the value of the assets in a capital centres falls, for example due to declining property valuations, there will be less capital to cover the Covered Securities in the capital centre concerned. A fall in the value of the assets in a capital centre may also have an effect on payments to holders of Section 15 Bonds, which rank after the Covered Securities in the ranking of creditors. In case of Nykredit's bankruptcy, Bondholders will only have a claim against Nykredit subject to the general law of damages in Denmark for any loss incurred by the Bondholder upon the transfer of funds from one capital centre to another capital centre.

*Competition in the mortgage sector*
Competition in the Danish mortgage sector is keen. Both existing and new lenders advertise extensively. They use targeted marketing and loyalty schemes to expand their presence in, or to facilitate their entry into, the market and compete for customers. Increased competition may adversely affect the Issuer's

position in the mortgage market, which could adversely affect the Issuer's financial position and, in turn, its ability to service the Bonds.

*Credit ratings may not reflect all risks*
Nykredit and some Bonds are rated by S&P and Fitch. These ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed in this paragraph and other factors that may affect the value of the Bonds or the financial standing of the Issuer. A rating is not a recommendation to buy, sell or hold securities and any credit rating agency may at any time revise, suspend or withdraw a rating assigned by it.

There can be no assurance that any rating of the Bonds and/or the Issuer will be maintained after the date of this Base Prospectus, and accordingly Nykredit does not accept any form of liability or issue any guarantee in connection with the rating of the Issuer, the Bonds, the subsidiaries or otherwise. If any rating assigned to the Bonds and/or the Issuer is downgraded, suspended, withdrawn or not maintained by the Issuer, the market value of the Bonds may decline.

Finally, Nykredit's ratings may decline if the rating of the Kingdom of Denmark declines irrespective that there is no direct connection with Nykredit's activities.

*Risk pertaining to a sale by order of the court*
Although the terms of the Bonds are governed by Danish law and by far most of the Issuer's assets are placed in Denmark where the method and time horizon for a sale by order of the court are known, other assets will be placed in other jurisdictions in which legal rules, such as mandatory consumer protection rules, may cause the sale of assets by order of the court to take longer time than expected and may involve costs reducing the funds arising from or in connection with a sale by order of the court. This may eventually limit Investors' dividend from the Issuer's estate in bankruptcy.

*Other risks*
The Issuer is subject to extensive legislation, and amendments thereof may have an adverse effect on the Issuers' potential for maintaining its current business volumes and therefore also on its financial position and the results of its operations.

The Issuer is operating on a consolidated market where competition is keen and new entrants may erode business volumes. This continued pressure may have an adverse impact on the Issuer's financial position and the results of its operations.

*Danmarks Nationalbank's fixed exchange rate policy*
The Danish central bank has a fixed exchange rate policy, which keeps the currency cross DKK/EUR within a fixed spread. The policy is an integrated part of the central bank's monetary regime. Failure to maintain the fixed exchange rate policy could result in a significant change in the value of the DKK relative to the EUR, which may have an adverse effect on the Danish economy and on the results and capital structure of the Issuer.

### 4.2 Risks pertaining to the market in general

*The secondary market in general*
There can be no assurance of a liquid market for the Bonds following issuance. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a return comparable with returns on similar investments in the secondary market.

*Exchange rate risk and foreign exchange controls*
The Issuer makes interest and principal payments on the Bonds in the currency ("**Denomination Currency**") set out in the Final Bond Terms. This presents certain risks relating to currency conversion if an investor's financial activities are denominated principally in a currency or currency unit ("**Investor's**

**Currency**") other than the Denomination Currency. These risks include the risk that exchange rates may significantly change (including changes due to devaluation of the Denomination Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify foreign exchange controls. An appreciation in the value of the Investor's Currency relative to the Denomination Currency would decrease (i) the Investor's currency-equivalent yield on the Bonds, (ii) the Investor's currency-equivalent principal payments on the Bonds, and (iii) the Investor's currency-equivalent market value of the Bonds.

Government and monetary authorities may impose foreign exchange controls (as some have done in the past) that could adversely affect an applicable exchange rate. As a result, investors may receive lower interest or principal payments than expected or even no interest or principal payments.

*Interest rate risk*
Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds, and there is also a risk that the coupon on floating-rate bonds will be negative.

### 4.3 Factors important to the assessment of market risk

*Bonds may not be a suitable investment for all investors*
Prospective investors in the Bonds must determine the suitability of that investment in light of their own circumstances and any prospective investor should consult their legal advisers to determine whether and to what extent (i) the Bonds are legal investments for the investors, (ii) the Bonds can be used as collateral for various types of borrowing, and (iii) whether other restrictions apply to the purchase or use as collateral of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate classification of the Bonds under any applicable risk-based capital requirements.

### 4.4 General risks pertaining to the Bonds

*No events of default*
The terms of the Covered Securities and Section 15 Bonds do not include any events of default relating to the Issuer and/or the Capital Centres, and holders of Covered Bonds or Section 15 Bonds may not rely on a bankruptcy order issued against Nykredit as a ground for acceleration of payments. Correspondingly, in the event that the Covered Securities and Section 15 Bonds become subject to the rules governing statutory refinancing, this may not be relied on as a ground for acceleration of payments. Finally, Bondholders may not rely on Nykredit's failure to fulfil its obligation to provide supplementary collateral with respect to SDOs as a ground for acceleration of payments. This does not affect any rights that Bondholders may have as to the acceleration of payments under the Covered Securities and Section 15 Bonds under the general principles of Danish law.

*Interest on delayed payments under the Bonds*
Holders of Bonds will only receive the amounts as and when they fall due under the terms of the Bonds. If any payment of interest and/or principal due in respect of the Bonds is not made on the relevant due date and such delay is not a result of the circumstances set out in 6.6 "Deferral of payments", no interest will accrue in respect of such payments during such delay according to the terms of the Bonds. This does not affect any rights that holders of Bonds may have with regard to interest on any such payments under the general rules of Danish law.

*No provisions for calling meetings of Bondholders or modifications to Bond terms*
The terms of the Bonds do not contain provisions for calling meetings of Bondholders to consider matters generally affecting their interests. Therefore, any modifications to the terms of the Bonds will require the unanimous consent of the Bondholders as well as the approval of the Issuer.

*Eurosystem eligibility*

The Bonds are intended to be held in a manner which will allow Eurosystem eligibility, and therefore they will be deposited with an eligible securities depositary as a common safe-keeper following issuance. This does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy operations and intraday credit, either upon issuance or during their maturity. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met.

*European Monetary Union*
It is possible that prior to the maturity of the Bonds the euro may become the official currency of Denmark. In that event (i) all amounts payable in respect of any Bonds denominated in DKK may become payable in EUR; (ii) legislation may allow or require such Bonds to be re-denominated into EUR and additional measures to be taken in respect of such Bonds; and (iii) that the deposit rates in DKK used to determine the rates of interest on the Bonds may no longer be published, or changes may be made in the way those rates are calculated, quoted and published or displayed. The introduction of the euro in any jurisdiction could also cause a volatile interest rate environment, which could adversely affect investors in the relevant Bonds.

*Risks pertaining to bankruptcy rules*
According to Danish bankruptcy rules, a claim may be raised against an estate in bankruptcy for repayment of funds received by a company within a period of up to three months from the bankruptcy of the company. This may reduce the value of the assets available for satisfying the Bondholders' claims. For consolidated entities, a claim may be raised against the estate in bankruptcy for repayment of funds received by the company within a period of up to two years from its bankruptcy. Where it is found that a repayment must be made, such repayment will reduce the assets available for satisfying the Bondholders' claims.

Further, investors should assess the ranking of creditors related to an estate in bankruptcy under which the holders of Covered Securities together with certain derivatives counterparties have a primary preferential right to all assets in Nykredit's capital centres, and the holders of Section 15 Bonds have a secondary preferential right to all assets in Nykredit's capital centres. Any residual claims from the holders of Covered Securities rank before unsecured claims against the assets of any estate in bankruptcy of the Issuer, while the residual claims from the holders of Section 15 Bonds may be proved as unsecured claims against the Issuer's estate in bankruptcy.

*Change of law*
The terms of the Bonds are subject to and based on Danish law in effect as at the issue date. There can be no assurance as to the impact of any possible judicial decision or change to Danish law or administrative practice after the issue date of the Bonds.

*Exemption from the Issuer's liability*
Even in areas where stricter statutory liability applies, Nykredit is not liable for losses due to (i) interruption/lack of access to IT systems or damage to the data of these systems which can be attributed to the events below regardless of whether Nykredit or an external supplier is responsible for the operation of the systems; (ii) failures in Nykredit's power supply or telecommunications, statutory intervention or administrative acts, natural disasters, war, insurrection, civil unrest, sabotage, terrorism or vandalism (including computer viruses and hacking); (iii) strike, lockout, boycott or blockade regardless of whether the conflict is directed at or initiated by Nykredit or its organisation and regardless of the reason for the conflict. This shall also apply where the conflict only affects part of Nykredit or its organisation; and (iv) other circumstances beyond Nykredit's control. Nykredit's exemption from liability does not apply if (i) Nykredit should have anticipated the factor causing the loss when the agreement or contract was concluded; (ii) should have avoided or overcome the cause of the loss; or (iii) Nykredit is liable for the factor causing the loss pursuant to Danish law.

### 4.4.1 Risks pertaining to the bond structure of covered bonds

*Redemption prior to maturity of Covered Securities*

Borrowers may prepay mortgage loans either by (i) buying bonds at market price and applying them for prepayment; or (ii) in certain cases by prepaying the mortgage loan at a predetermined price, and therefore the market price will generally hardly rise significantly above this price. Borrowers will often utilise this prepayment option, if they can obtain more attractive financing in this way. Therefore, investors have prepayment risk and may have to reinvest at a lower interest rate.

Further, in case of negative Coupon Interest, the Issuer may make an extraordinary redemption against which the negative Coupon Interest may be offset, which will reduce the nominal principal. The amount redeemed extraordinarily due to negative Coupon Interest will be based on par (100) or market prices. The nominal amount redeemed extraordinarily at par may deviate from the amount at which the redeemed bonds could have been sold in the market. In case of extraordinary redemption at market prices, the redemption proceeds may deviate from the nominal amount redeemed and thus from the proceeds if the Bonds had been redeemed ordinarily at maturity.

Further, the Issuer reserves the right to redeem the Covered Securities in part or in full prior to the Maturity Date, alternatively to offer Bondholders to exchange them for new bonds in part or in full, if the terms of the loans funded by the Covered Securities are changed as a result of legislative changes, orders by the authorities and/or market conditions. Redemption of Covered Securities as a result of prepayment by the Issuer may take place at the pre-fixed redemption price of the relevant ISIN upon prepayment immediately or at a later point in time.

*Pre-issues*

The Issuer may pre-issue an amount of Covered Securities equivalent to the expected amount of mortgage loans to be disbursed in the following six months. At the expiry of the six months, any amount of Covered Securities for which no mortgage loans have been granted must be cancelled, and the outstanding amounts of the relevant ISINs will be reduced correspondingly. This may have an effect on the price of the Covered Securities which is unfavourable to investors.

*Non-compliance with the balance principle*

As described in 5 "LEGAL FRAMEWORK FOR NYKREDIT'S BUSINESS ACTIVITIES" of this Base Prospectus, under Danish mortgage law, the Issuer must manage the capital centres in a manner which ensures an appropriate balance between the payment obligations on the outstanding liabilities and the assets of the capital centres in terms of currency, interest rate, option and maturity structure. This is known as the balance principle.

In order to comply with these requirements, the Issuer may for instance enter into derivatives contracts in accordance with the rules of the Executive Order on Bonds, the balance principle and risk management to the extent that the Issuer has access to derivatives counterparties with sufficiently high credit ratings. Any financial difficulties of a derivatives counterparty may affect its ability to honour its contractual obligations to the Issuer.

Non-compliance with the balance principle may cause the Issuer to lose its authorisation to issue Covered Securities and Section 15 Bonds, which may have an effect on the price of the Bonds which is unfavourable to investors.

*Loss of covered bond status*

If Nykredit fails to provide supplementary collateral for SDOs as set out in Danish law, the Bonds will lose their covered bond status, which may affect their value.

*Statutory refinancing*

Under the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, Nykredit is obliged to extend the maturity of covered bonds in certain special circumstances as set out in 6.10 "Statutory

Refinancing". Nykredit is obliged to decide whether, and if so when, the conditions for statutory refinancing have been met. The decision will be made by Nykredit based on the method described in 6.10.3 "Notices concerning statutory refinancing" and Nykredit must inform the market thereof without delay by way of a stock exchange announcement and on its website, nykredit.com.

### 4.4.2 Risks pertaining to the structure of Section 15 Bonds

*Deferral of payments*

As stated in 6.6 "Deferral of coupon payments", payment of amounts due in connection with Section 15 Bonds may be deferred under certain conditions, if the Issuer fails to comply with the balance principle or if the payments in question would have prevented the Issuer from complying with the balance principle. In addition, such payments will be deferred if a bankruptcy order has been issued against the Issuer or the Issuer has commenced reconstruction proceedings pursuant to the Danish Bankruptcy Act. According to the terms applying to Section 15 Bonds, interest will not continue to accrue in respect of the deferred payments.

*Section 15 Bonds may be redeemed prior to maturity in certain cases*

If the Final Bond Terms stipulate that the Issuer may redeem the bonds prior to maturity, it will probably lower the market value of the Bonds. It is also probable that the price of the Bonds will not be significantly higher than the redemption price. It should be expected that the Issuer will redeem the bonds, if it can issue other Section 15 Bonds at a lower interest rate than the rate currently paid. In such situations, it will generally be difficult for investors to reinvest the redemption proceeds at a corresponding interest rate, and therefore investors should consider such reinvestment risk before investing in Section 15 Bonds.

*Statutory maturity extension*

Under the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, Nykredit is obliged to extend the maturity of Section 15 Bonds in certain special circumstances as set out in 6.10.2. Nykredit is obliged to decide whether, and if so when, the conditions for statutory maturity extension have been met. The decision is made by Nykredit based on the method described in 6.10.3 and Nykredit must inform the market thereof without delay by way of a stock exchange announcement and on its website, nykredit.com.

# 5 LEGAL FRAMEWORK FOR NYKREDIT'S BUSINESS ACTIVITIES

## 5.1 Legislation

Nykredit is a Danish mortgage bank.

As credit institutions, mortgage banks are governed by the Danish Financial Business Act and related executive orders with regard to rules on authorisations, exclusivity, business area, good practice, ownership structure, management, structuring of business activities, disclosure of confidential information, capital, placement of funds, liquidity, intercompany rules, consolidation, annual report, audit, appropriation of profit for the year, mergers and conversions, discontinuation of financial business, crisis management, supervision, duties and joint funding.

Danish mortgage banks are also governed by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and related executive orders. The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act lays down rules governing mortgage banks' lending against registered mortgages over real estate, unsecured loans to public authorities, loans guaranteed by public authorities or loans granted against other unsubordinated claims against and guarantees issued by credit institutions with respect to security for loans, terms, repayment profiles, LTV limits, disbursements against guarantees, valuation of real estate, granting of loans, supplementary collateral and lending outside Denmark.

The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act also provides rules on the issuance of ROs, SDROs ("særligt dækkede realkreditobligationer", a type of mortgage covered bond) SDOs and Section 15 Bonds, including rules on exclusivity, bond issuance, balance principle and liability. The Act also provides rules on supervision.

Danish mortgage banks may not carry on any business other than mortgage banking subject to the following exceptions:

- Danish mortgage banks may be authorised by the Danish FSA to carry on business as securities dealers;
- Danish mortgage banks may carry on ancillary business. The Danish FSA may decide that the ancillary business activities must be carried on through another company; and
- Danish mortgage banks may carry on other financial business through subsidiaries.

As at 1 January 2014, Nykredit's business activities are also regulated by Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("**CRR**"). The scope of application of the CRR is as follows:

- Own funds requirements;
- Requirements limiting large exposures;
- Liquidity requirements;
- Reporting requirements in connection with own funds requirements, limitation of large exposures, liquidity and leverage; and
- Public disclosure requirements in connection with own funds requirements, limitation of large exposures, liquidity and leverage.

If legislation regulating Nykredit's business activities is amended, Nykredit reserves the right to revise this Base Prospectus by way of a supplement in order that Nykredit's future bond issuance under this Base Prospectus complies with national and EU legislation in force for the time being and the ensuing business framework.

### 5.2 Supervision

Danish mortgage banks – and thus also Nykredit – are supervised by the FSA, which monitors compliance with the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the Danish Financial Business Act as well as rules issued in pursuance thereof.

### 5.3 SIFI

Pursuant to Danish legislation, Danish banks and mortgage lenders must be designated as systemically important financial institutions (SIFI), if they exceed the threshold values of one or more of the following three indicators:

- The institution's total assets represent more than 6.5% of Denmark's gross domestic product.
- The institution's lending in Denmark represents more than 5% of total lending in Denmark by Danish banks and mortgage lenders.
- The institution's deposits in Denmark represent more than 5% of total deposits of Danish banks in Denmark.

The Danish FSA designates the Danish SIFI institutions once a year. SIFI institutions are subject to higher capital requirements ("SIFI buffer requirement") and increased supervision. The Danish FSA designated Nykredit as a SIFI institution on 24 June 2014 and on 30 June 2015. Nykredit is expected to be designated continuously as a SIFI institution. The designation of SIFIs takes place annually on or before 30 June, and the phasing in of the SIFI buffer requirements commenced on 1 January 2015, with full effect on 1 January 2019. For 2017, the SIFI buffer requirement is 1.2%, and it increases by 0.4 percentage point annually until fully phased in (2.0%) in 2019.

### 5.4 Funding of lending

The rules governing the issuance of covered bonds for the funding of lending against registered mortgages over real estate, unsecured loans to public authorities, loans guaranteed by public authorities or loans granted against other unsubordinated claims against and guarantees issued by credit institutions are set out in the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and the Executive Order on bond issuance, balance principle and risk management of mortgage banks (the "**Executive Order on Bonds**") issued in pursuance thereof.

### 5.5 Balance principle

*General*

Despite the risk limits of the balance principle, Nykredit has in practice structured its lending business in such a manner that it does not assume significant financial risk with respect to lending and underlying funding activities.

The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and the Executive Order on Bonds require that mortgage banks observe a specific balance principle and a set of risk management rules in connection with the issuance of ROs, SDROs or SDOs.

The Executive Order on Bonds provides limits to the differences allowed between the payments from borrowers (interest and principal payments) against mortgages over real estate, unsecured loans to public authorities or loans granted against public authority guarantees, other placement of funds in eligible assets (eg other unsubordinated claims against and guarantees issued by credit institutions), derivative financial instruments hedging cash flow differences and placement of funds pursuant to section 4(5) of the Executive Order on Bonds on the one hand, and payments to the holders of the issued ROs, SDROs, SDOs (interest and principal payments), other securities issued by mortgage banks conferring a preferential right on the holders and financial derivative instruments hedging cash flow differences on the other hand.

The Executive Order on Bonds sets forth loss limits to the interest rate, foreign exchange, option and liquidity risk resulting from cash flow differences in the balance sheet. The Executive Order contains a number of other provisions limiting financial risk.

For mortgage banks, the balance principle applies to each capital centre as well as Nykredit Realkredit In General. Reference is made to 5.9 "Capital centres" and 5.10 "Nykredit's capital centres" for a description of the capital centres.

The balance principle and risk management are based on the following two main elements:

1) The statutory requirement for placing the proceeds in eligible assets in connection with the issuance by mortgage banks of ROs, SDROs or SDOs and other securities issued by mortgage banks which confer a preferential right on the holders; and
2) Interest rate, foreign exchange and option risk exposures are allowed only to a limited extent.

However, owing to various technical aspects of the lending activities of a mortgage bank, a number of placements of funds are not subject to the statutory limit on other unsubordinated claims against and guarantees issued by credit institutions in connection with the issuance of SDOs:

- Placement of funds in connection with the disbursement of new loans, refinancing, remortgaging or the prepayment of existing loans, which will lead to an amount of outstanding bonds for which the credit institution has not yet obtained a mortgage over real estate (disbursements and refinancing) or awaits redemption of outstanding bonds (remortgaging and prepayment);
- Registration guarantees for registered mortgages with an endorsement only relating to existing loans which are to be prepaid with the proceeds of the new loan;
- Loss guarantees for which do not constitute an actual claim against the credit institution providing the guarantee; and
- Self-issued bonds issued through the same capital centre (only applicable under the general balance principle).

Pursuant to the Executive Order on Bonds, mortgage banks may for each capital centre choose between two types of balance principle irrespective of whether they issue ROs, SDROs or SDOs:

- The general balance principle; or
- The specific balance principle.

Issuance of covered bonds through Nykredit's capital centres complies with the general balance principle.

The proceeds deriving from Section 15 Bonds are subject to the same risk management rules as the securities portfolio and are therefore subject to the interest rate and foreign exchange risk rules applicable thereto. In consequence, interest rate and foreign exchange risk may not exceed 8% and 10%, respectively, of the own funds of the capital centres, cf sections 13 and 15 of the Danish Executive Order on Bonds.

Management of interest rate, foreign exchange and option risk is regulated through stress tests and related loss limits. In addition, other structural provisions limit liquidity risk.

*Interest rate risk*
Interest rate risk is determined for each currency as the largest decrease in the present value of the cash flow differences based on an assumed yield curve development in two sets of stress tests – a small and a large one – in six different scenarios in accordance with section 7(2) and (4) of the Executive Order on Bonds.

The interest rate exposure of a mortgage bank must not exceed an amount equal to 1% of the capital requirement + 2% of additional capital in the capital centre according to the small stress test, and 5% of the capital requirement + 10% of additional capital in the capital centre according to the large stress test.

Interest rate exposures are added up for each currency, and netting of interest rate exposures between the different currencies is generally not allowed – however, interest rate exposures in DKK and EUR may be netted by up to 50% of the interest rate exposure in the currency with the numerically lower interest rate exposure.

*Foreign exchange risk*
Foreign exchange risk is determined as the largest decrease in the present value of the cash flow differences based on an assumed exchange rate development in four different scenarios according to section 9(2) of the Executive Order on Bonds.

The foreign exchange exposure of a mortgage bank must not exceed an amount equal to 10% of the capital requirement + 10% of additional capital in the capital centre determined with respect to EUR and 1% of the capital requirement + 1% of additional capital in the capital centre determined with respect to other currencies.

*Option risk*
Option risk is determined for each currency as the largest decrease in the present value of the cash flow differences based on an assumed volatility curve development in two different scenarios according to section 10(3) of the Executive Order on Bonds.

The option exposure of a mortgage bank must not exceed an amount equal to 0.5% of the capital requirement + 1% of additional capital in the capital centre.

Option exposures are added up for each currency, and netting of option exposures between the various currencies is generally not allowed – however, option exposures in DKK and EUR may be netted by up to 50% of the option exposure in the currency with the numerically lower option exposure.

*Liquidity risk*
Interest received must exceed interest paid within a period of 12 consecutive months. Interest payments include any overcollateralisation in the capital centre and placement of liquidity provided that it has been placed in secure and liquid securities, claims against central governments and central banks in zone A countries or deposits with credit institutions in zone A countries. The present value of future amounts receivable must at any time exceed the present value of future amounts payable.

*Comments on Nykredit's compliance with the balance principle*
It should be noted that the balance principle regulates the actual issuance of ROs, SDROs, SDOs and other securities issued by mortgage banks and conferring a preferential right on the holders.

The actual bond issuance does not appear directly from the financial highlights in the annual and interim reports presented in accordance with the IFRS. This is due to the fact that, under IAS 39, "Issued bonds" under "Liabilities and equity" must be reduced by any holdings that the mortgage bank may have of self-issued ROs, SDROs, SDOs and other securities issued by mortgage banks and conferring a preferential right on the holders.

Correspondingly, placement of funds in secure liquid securities in accordance with the Executive Order on Bonds will not appear directly under "Assets". This is due to the fact that under the IFRS any holdings of self-issued ROs, SDROs, SDOs and other securities issued by mortgage banks and conferring a preferential right on the holders must be eliminated from the item "Issued bonds" under "Liabilities and equity".

## 5.6 Bond issuance

*SDOs and ROs*

The issuance of SDOs and ROs by mortgage banks serves to fund loans granted against registered mortgages over real estate, unsecured loans to public authorities and loans guaranteed by public authorities. Further, loans granted against other unsubordinated claims against and guarantees issued by credit institutions are funded through regular issuance of SDOs.

SDOs and ROs may also be pre-issued for the purpose of fixed-price agreements or projected lending activity, cf the provisions of the Executive Order on Bonds.

*Supplementary collateral and overcollateralisation*

The issuance of Section 15 Bonds by mortgage banks serves to provide supplementary collateral if required or to increase overcollateralisation in a capital centre (see 5.9 "Capital centres" below). The bonds may be issued before or after a requirement for supplementary collateral arises.

## 5.7 Lending

Mortgage banks are authorised to grant loans against registered mortgages over real estate, unsecured loans to public authorities, loans guaranteed by public authorities or loans against other unsubordinated claims against and guarantees issued by credit institutions based on the issuance of covered bonds.

*Rules governing lending against mortgages over real estate*

Mortgage banks carry out valuations and grant loans in connection with lending against mortgages over real estate funded through the issuance of covered bonds pursuant to the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and the Executive Orders on the valuation of security and loans granted against mortgages over real estate provided as security for the issuance of covered bonds issued in pursuance thereof.

Loans against mortgages over real estate are granted on the basis of the value of the mortgaged property. The purpose of the rules on the valuation and granting of loans is to ensure that loans are granted within the statutory limits.

Generally, lending against mortgages over real estate may not breach the statutory loan-to-value ("LTV") limit. Under certain circumstances, statutory LTV limits may be breached at the time the loans are granted, including when customers switch mortgage banks. However, the latter is subject to a legislative amendment with respect to the time of publication of this Base Prospectus. The legislative amendment allowing a mortgage bank switch in the event that the statutory LTV limit is breached is expected to come into effect in early July 2017. For SDOs, statutory LTV limits may only be breached if supplementary collateral is provided in proportion to the breach at the same time.

**Statutory LTV limits by property category**

| | |
|---|---|
| Private residential properties for all-year habitation* | 80% |
| Private cooperative housing | |
| Private residential rental properties | |
| Non-profit housing | |
| Youth housing | |
| Property used for social, cultural and educational purposes*** | 60/80% |
| Holiday homes | 75% |
| Agricultural and forestry properties, market gardens, etc** | 60/70% |
| Office and retail properties** | |
| Industry and trades properties** | |
| Utilities** | |
| Other properties – including undeveloped land | 40% |

* Some loan types offered for residential housing are subject to a lower LTV limit than 80%, but no supplementary collateral is required unless the LTV ratio exceeds 80% (SDOs).

** The LTV limit may be extended up to 70% against supplementary collateral which must constitute at least 10% of the part of the loan which exceeds the LTV limit of 60% (SDOs).

*** The LTV limit for properties used for social etc purposes is 60% (which may be extended to 70% against supplementary collateral) in connection with issuance of SDOs. The LTV limit is 80% in connection with issuance of ROs.

### 5.8 Types of loans granted against mortgages over real estate

The maximum term of a loan granted against a mortgage over real estate is 30 years. However, loans for non-profit housing, youth housing and private cooperative housing are subject to a maximum term of 35 years, if lending is granted on the basis of subsidy commitments made in accordance with the Danish act governing non-profit housing and subsidised private cooperative housing.

Irrespective of the ranking of the security, loans for private residential properties for all-year habitation and holiday homes cannot be amortised for a period exceeding that of a 30-year annuity loan. Within the term of the loan, this requirement may be derogated from for a period of up to 10 years.

If LTV ratios do not exceed 75% for loans funded by SDOs, the above requirements relating to maximum term, amortisation and maximum interest-only periods do not apply to loans granted for private residential properties for all-year habitation, private cooperative housing units, private residential rental properties, non-profit housing, youth and senior housing, etc, and properties used for social, cultural and educational purposes. The term of these loans may be markedly longer or even perpetual.

Nykredit has not made use of the legal option of issuing perpetual loans, as the maturity of its mortgage loans is maximum 30 years.

### 5.9 Capital centres

Covered bonds are issued in series. A capital centre consists of a series or a group of series with a joint series reserve fund and joint liability. The value of the cover assets behind the SDOs issued must at least equal the value of the SDOs issued, and the mortgage security behind individual loans must at any time comply with the LTV limits thereof.

If the value of the cover assets no longer equals the value of the SDOs issued – for example as a result of the declining market value of the mortgaged real estate – the mortgage bank must provide supplementary collateral to satisfy the requirement, cf section 33 d(1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. This rule does not apply to ROs.

In order to provide supplementary collateral or increase overcollateralisation in a capital centre, mortgage banks may raise loans, cf section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit

Bonds etc. Act. Loans are raised by issuing bonds through a capital centre. The proceeds deriving from loans raised for the purpose of providing supplementary collateral or increasing overcollateralisation may exclusively be placed in assets eligible under the said Act as security for the issuance of SDOs such as mortgages over real estate, government bonds or claims against credit institutions.

**5.10 Nykredit's capital centres**

Nykredit issues covered securities and Section 15 Bonds through its capital centres. ROs and SDOs cannot be issued from the same capital centre.

Under this Base Prospectus, ROs are issued through Nykredit's Capital Centres D, G and I.

Under this Base Prospectus, SDOs are issued through Nykredit's Capital Centres E and H.

Under this Base Prospectus, Section 15 Bonds may be issued through all Nykredit's active capital centres (currently Capital Centres D, E, G, H and I).

Bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act may be issued through the capital centres issuing SDOs to provide supplementary collateral or to increase overcollateralisation in the individual capital centre.

Bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act may be issued through the capital centres issuing ROs to increase overcollateralisation in the capital centre.

Nykredit has adopted and published the terms applicable to each capital centre. These terms state that Nykredit accepts no liability for any changes in the bond ratings. The full terms for the capital centres form an integral part of this Base Prospectus. See 8 "DOCUMENTS INCORPORATED IN THE BASE PROSPECTUS BY REFERENCE" for these terms, which are also available at nykredit.com.

If Nykredit opens additional capital centres in future, such capital centres may be included in this Base Prospectus subject to publication of a supplement to this Base Prospectus.

Each capital centre consists of a group of series with a joint series reserve fund and joint liability. The assets of each capital centre consist of all the mortgages relating to the loans granted through the capital centre against registered mortgages over real estate, bonds, debt instruments and other debt certificates pertaining to unsecured loans granted to public authorities, loans guaranteed by public authorities, one or more master securities issued by Totalkredit A/S (see 5.15.1 "Intercompany Funding") and the reserve funds of each capital centre.

The liabilities of each capital centre consist of bondholders' claims under any ROs, SDOs, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act through the individual capital centre and its series reserve funds.

Further, each capital centre may include off-balance sheet items such as derivative financial instruments. Derivative financial instruments may be included only if used to hedge the risk between assets relating to the series and liabilities in the form of issued ROs and SDOs, and only if contracts for derivative financial instruments stipulate that the reconstruction proceedings, bankruptcy or failure to provide security of the mortgage bank does not constitute an event of default.

Income in each capital centre consists of interest etc on mortgages, bonds, debt instruments and other claims, upfront fees, other fees and similar income as well as returns on other assets in each capital centre and off-balance sheet items.

Expenses in each capital centre consist of interest on issued SDOs, ROs and Section 15 Bonds, administrative expenses etc, losses on and write-down of assets in the capital centre, off-balance sheet items and the proportion of Nykredit's tax payable by the capital centre.

Nykredit and each capital centre are liable for obligations under the ROs and SDOs in compliance with the rules set out in the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. The capital centres are not subject to cross liability. If the claims of the holders of ROs and SDOs are not fully satisfied by the funds of a capital centre, they have preferential rights to the assets available for distribution, cf section 31 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

The series reserve funds of the capital centres in the form of securities and bank deposits must be placed in separate cash accounts or in separate custody accounts belonging to the relevant capital centre.

The own funds requirement of section 124 of the Danish Financial Business Act and Article 92(1)(c) of the CRR applies to Danish mortgage banks at the level of their individual series with series reserve funds and at the level of Nykredit Realkredit In General. Each series reserve fund must therefore always fulfil the statutory own funds requirement, which has been 8% of the risk exposure amount of each capital centre since its opening.

Nykredit may transfer funds from each capital centre to Nykredit Realkredit In General provided that the series reserve fund of the capital centre exceeds the regulatory own funds requirement. Nykredit may transfer funds from Nykredit Realkredit In General to one or more of the series reserve funds. Such transfers may take place to cover the rating-induced overcollateralisation of the capital centres.

Funds must be transferred to a series reserve fund from Nykredit Realkredit In General if required to satisfy the regulatory own funds requirement unless such transfer prevents Nykredit Realkredit In General from fulfilling the own funds requirement.

Nykredit's capital centres may also consist of assets and liabilities deriving from loans raised to enable Nykredit to fulfil requirements for supplementary collateral for instance in connection with lending against mortgages over real estate or loans raised to increase overcollateralisation in the capital centres.

Nykredit may raise loans to provide supplementary collateral or to increase overcollateralisation in pursuance of section 15(1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. The loans are funded through the issuance of bonds. The loan agreement must specify to which capital centre the loan proceeds relate. In connection with issuance, the relevant capital centre will appear from the Final Bond Terms.

The proceeds from the issuance of Section 15 Bonds must be placed in particularly secure assets such as mortgages over real estate, government bonds or claims against credit institutions, cf section 152 c(1) of the Danish Financial Business Act, and in separate cash accounts, in custody accounts dedicated to the relevant capital centre or otherwise registered as deriving from the loan in question until the assets serve as supplementary collateral or overcollateralisation, if necessary.

In pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, a distinction is made between:

- Funds/cover assets not used for supplementary collateral or to increase overcollateralisation (funds not forming part of a capital centre); and
- Funds/cover assets used for providing supplementary collateral or overcollateralisation (funds transferred to a capital centre).

*Handling of and placing requirements for funds not forming part of the capital centres*
As long as the funds do not serve as supplementary collateral or overcollateralisation in a capital centre, the funds/cover assets are in principle not part of the capital centre. The funds are regulated as follows:

- According to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the requirement to place funds in particularly secure assets pursuant to section 152 c(1) of the Danish Financial Business Act takes immediate effect; and
- The funds are regulated by the same risk management rules of the general balance principle as those applying to Nykredit's securities portfolio, cf part 2 of the Danish Executive Order on Bonds.

*Handling of and placing requirements for cover assets when transferred to a capital centre*
There is no registration or segregation requirement in relation to supplementary cover assets once transferred to a capital centre. The cover assets transferred therefore form part of the ordinary cover pool of a capital centre. These cover assets have therefore not been reserved solely to satisfy the claims of the holders of Section 15 Bonds. Reference is also made to the description of the preferential rights of holders of Section 15 Bonds in 5.11 "Bankruptcy remoteness".

The requirement to place funds in particularly secure assets in accordance with section 152 c(1) of the Danish Financial Business Act also applies when the assets have been transferred to a capital centre.

*List of Nykredit's capital centres*

- *Capital Centre D*
  Nykredit may issue ROs, Section 15 Bonds and Senior Unsecured Debt through Capital Centre D. The series of Capital Centre D were opened for bond issuance to fund mortgage loans disbursed from and including 1 September 2002. The terms of Nykredit's Capital Centre D were adopted by Nykredit's Board of Directors on 20 February 2002 and revised by Nykredit's Board of Directors on 24 February 2005 and 7 March 2013.

- *Capital Centre E*
  Nykredit may issue SDOs, Section 15 Bonds and Senior Unsecured Debt through Capital Centre E.

  The series of Capital Centre E were opened for bond issuance to fund mortgage loans disbursed from and including 16 November 2007. The terms of Nykredit's Capital Centre E were adopted by Nykredit's Board of Directors on 8 November 2007 and revised by Nykredit's Board of Directors on 7 March 2013.

- *Capital Centre G*
  Nykredit may issue ROs, Section 15 Bonds and Senior Unsecured Debt through Capital Centre G. The series of Capital Centre G were opened for bond issuance to fund mortgage loans disbursed from and including 15 January 2009. The terms of Nykredit's Capital Centre G were adopted by Nykredit's Board of Directors on 8 January 2009 and revised by Nykredit's Board of Directors on 7 March 2013. The Capital Centre is primarily used for funding loans that are not secured by way of first mortgages over the mortgaged real estate. The LTV ratios of new lending in Capital Centre G are generally within the top quarter of the LTV bracket for the relevant property category stipulated by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

- *Capital Centre H*
  Nykredit may issue SDOs, Section 15 Bonds and Senior Unsecured Debt through Capital Centre H. The series of Capital Centre H were opened for bond issuance to fund mortgage loans disbursed from and including 18 August 2011. The terms of Nykredit's Capital Centre H were adopted by Nykredit's Board of Directors on 18 August 2011 and revised by Nykredit's Board of Directors on 7 March 2013.

- *Capital Centre I*
  Nykredit may issue ROs, Section 15 Bonds and Senior Unsecured Debt through Capital Centre I. The series of Capital Centre I were opened for bond issuance to fund mortgage loans disbursed from and including 19 April 2012. The terms of Nykredit's Capital Centre I were adopted by Nykredit's Board of Directors on 19 April 2012 and revised by Nykredit's Board of Directors on 7 March 2013.

  The Capital Centre is primarily used for funding loans that are not secured by way of first mortgages over the mortgaged real estate. The LTV ratios of new lending in Capital Centre I are generally within the top quarter of the LTV bracket for the relevant property category stipulated by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

In connection with major or significant changes in the capital centre terms, including the composition of loans, bond maturity, repayment profile, LTV limit and other capital centre characteristics, a supplement to this Base Prospectus will be published describing the future use of the capital centre.

### 5.11 Exclusion of asset-backed securities as collateral security

According to the rules of the European Central Bank ("**ECB**"), capital centres must not contain asset-backed securities ("**ABS**") unless they meet the eligibility criteria set out by the ECB.

Nykredit's capital centres do not contain ABS, unless they (i) satisfy certain requirements of the CRR, (ii) derive from the Issuer's Group, and (iii) are used as a technical tool to transfer mortgages on real estate or guaranteed loans secured by mortgages on real estate from the unit from which they derive as collateral security for the relevant Covered Securities.

For the purpose of the legal basis for the monetary policy of the Euro System, Covered Securities are not regarded as ABS.

Nykredit does not apply ABS as collateral security for Covered Securities which do not meet the eligibility criteria of the ECB. In case of any changes to the eligibility criteria of the ECB, Nykredit will adhere to such changes.

### 5.12 Liability

For loans granted against mortgages over real estate, borrowers are liable personally and to the extent of the mortgaged property. Nykredit may waive the requirement of personal liability for loans funded by SDOs, but not for loans funded by ROs.

### 5.13 Recovery and resolution

Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 (BRRD), which has been implemented into Danish law through the Danish Financial Business Act and the Act on restructuring and resolution of certain financial undertakings, establishes a framework for the recovery and resolution of credit institutions and investment firms. The purpose of the rules on recovery and resolution is to protect the financial system in the event an institution is failing or likely to fail, and thereby to avoid that the public has to contribute in its resolution.

Resolution of an institution as a going concern is governed by the Danish Financial Business Act, and the Danish FSA is the competent authority. Institutions under resolution are governed by the Danish Act on restructuring and resolution of certain financial undertakings. Financial Stabilitet is the competent authority and will also be appointed as the resolution authority.

The elements of recovery and resolution under the Danish Financial Business Act and the Act on restructuring and resolution of certain financial undertakings are as follows:

- Nykredit must draw up and maintain a recovery plan. The plan must be updated at least once a year. Nykredit is a SIFI and must therefore prepare a detailed recovery plan.
- With the assistance of Finansiel Stabilitet, the Danish FSA  must draw up a resolution plan for Nykredit detailing the resolution of Nykredit.
- In 2015-2024, Nykredit must make payments to a resolution fund that can contribute to the resolution of a failing institution. The contribution of mortgage banks is smaller than the contribution of commercial banks, as mortgage banks do not accept deposits.
- Nykredit must have a debt buffer calculated on the basis of Nykredit's and Totalkredit's total unweighted lending. The debt buffer may be fulfilled in accordance with section 125i of the Danish Financial Business Act. Unlike banks, Nykredit is not required to have bail-inable liabilities.
- In case of markedly deteriorated conditions for Nykredit, the Danish FSA may require Nykredit to implement relevant measures.
- If Nykredit is placed under resolution, Finansiel Stabilitet must write down or convert Nykredit's relevant capital instruments to Common Equity Tier 1 capital instruments when the conditions for resolution have been met. Finansiel Stabilitet may subsequently apply the following resolution tools:
  - sale of all or some of the shares or the institution's assets or liabilities to a third party
  - transfer to a temporary, state-owned company
  - transfer to a portfolio administration company and/or
  - writedown/conversion ("bail-in") of obligations to which Nykredit is contractually bound. Other than capital instruments, mortgage banks are explicitly exempt from mandatory writedown/conversion (bail-in).

### 5.14 Bankruptcy remoteness

The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act confers a primary preferential right on the holders of SDOs, ROs and certain counterparties relating to derivative financial instruments in the event of bankruptcy.

The preferential right implies that the holders of the covered bonds issued through the capital centres and the counterparties relating to the derivative financial instruments hedging the risk are primary secured creditors in respect of the following claims against the funds of the relevant capital centre, after deduction of expenses relating to the administration of the estate in bankruptcy, consisting of the mortgages, bonds, debt instruments, other debt certificates and other assets in the relevant series reserve fund:

- Payment of claims under the issued SDOs, ROs and contracts for derivative financial instruments; and
- Claims for interest accrued on the above claims from the issue of the bankruptcy order.

The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act confers a secondary preferential right on holders of Section 15 Bonds, cf section 27 b of the said Act, as follows:

- Together with certain derivatives counterparties, holders of covered bonds have a primary preferential right to all assets in Nykredit's capital centres; and
- The holders of Section 15 Bonds have a secondary preferential right to all assets in Nykredit's capital centres, cf the third sentence of section 27(1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

The claims of holders of bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act therefore rank before all other debt (unsecured creditors, Tier 2 capital and Additional Tier 1 capital) – save costs relating to the estate in bankruptcy and claims from holders of covered bonds in the capital centres and counterparties to financial contracts hedging financial risk in connection with the issuance of SDOs and ROs.

If in the event of bankruptcy, Nykredit's capital centres do not have sufficient assets to satisfy the claims of the holders of bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, such holders may raise residual claims against the assets available for distribution of Nykredit Realkredit In General, albeit only as unsecured claims (section 97 of the Danish Bankruptcy Act) in contrast to holders of covered bonds, which rank for payment after claims made in accordance with section 96 of the Danish Bankruptcy Act, but before claims made in accordance with section 97 of the Danish Bankruptcy Act (unsecured claims) if the capital centres do not have sufficient assets.

Where Nykredit does not provide the requisite supplementary collateral, Nykredit's SDOs may lose their eligibility as covered bonds (SDOs), cf section 33 d(2) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. The holders of bonds that are no longer eligible will, however, maintain their primary preferential rights, cf section 27 a of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Similarly, the holders of bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act maintain their secondary preferential rights, cf the second sentence of section 27 a(1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

If a bankruptcy order is issued against Nykredit, and the proceeds from the issuance of Section 15 Bonds do not serve as supplementary collateral yet, the holders of covered bonds have preferential rights to these proceeds, cf section 27 b of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Any excess proceeds must be paid to the holders of Section 15 Bonds.

The holders of SDOs, ROs or Section 15 Bonds may not rely on the issuance of a bankruptcy order against Nykredit as a ground for acceleration of payments, cf section 28(1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Correspondingly, the imposition of statutory refinancing rules on SDOs, ROs or Section 15 Bonds cannot be relied upon as a ground for acceleration of payments, cf sections 6, 15 a and 32 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Finally, bondholders may not rely on Nykredit's failure to fulfil its obligation to provide supplementary collateral as a ground for acceleration of payments, cf section 28(2) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. This applies to holders of SDOs, ROs and bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

In accordance with section 58 l of the Danish Securities Trading Act, supplementary collateral is as a general rule not subsequently voidable, cf section 33 d(5) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

In case of reconstruction proceedings, Nykredit must as far as possible continue to make timely payments to holders of covered bonds and counterparties relating to derivative financial instruments unless the appointed reconstruction administrator decides otherwise. In case of bankruptcy, a trustee in bankruptcy shall to the widest extent possible continue or resume honouring Nykredit's obligations to the bondholders and the counterparties of derivative financial instruments, cf the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

A trustee in bankruptcy may issue bonds ("**Refinancing Bonds**") for the sole purpose of replacing maturing SDOs or ROs in a given series. The same applies under reconstruction. The issuance of a bankruptcy order or the commencement of reconstruction proceedings does not per se imply that payments on maturing bonds are not made as they fall due. Maturing bonds to be refinanced for the purpose of the continued funding of a mortgage loan the term of which exceeds the maturity of the bonds may be extended by 12 months at a time if, after issuance of the Refinancing Bonds, it cannot be expected that there are sufficient funds to cover creditors' claims as stated in section 32(4) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act or if there are insufficient purchasers for the Refinancing Bonds. The trustee in bankruptcy or the reconstruction administrator fixes the interest rate of the extended bonds based on a 1-year key reference rate (eg Cita) in the same currency as the extended bonds plus 5 percentage points. This may continue throughout the remaining term of the mortgage loan. Refinancing Bonds cannot be issued under this Base Prospectus.

The trustee in bankruptcy may transfer a capital centre to another mortgage bank in pursuance of section 33 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Such transfer is subject to authorisation by the Danish minister responsible for this area. Bondholders may not rely on such transfer as a ground for acceleration of payments. The same applies under reconstruction proceedings.

Nykredit will defer payments to the holders of Section 15 Bonds if:

1) tests show that such payments will cause a breach of the balance principle applicable at any time; or
2) the balance principle applicable at any time has already been breached.

If Nykredit again complies with the balance principle within one week, payments will not be deferred. Nykredit will resume payments to the holders of Section 15 of Bonds as from the time when the above-mentioned tests show that the balance principle is no longer breached.

Payments to the holders of Section 15 Bonds will furthermore be deferred if Nykredit has commenced reconstruction proceedings in accordance with the Danish Bankruptcy Act, or a bankruptcy order has been issued against Nykredit.

### 5.15 Joint funding

Covered bonds issued through Nykredit's capital centres may serve to fund lending granted by other credit institutions. Funding may be based on one of two models:

1) Intercompany funding of loans granted by credit institutions belonging to the same group ("**Intercompany Funding**"); or
2) Joint funding of loans initially granted by credit institutions whether belonging to the Issuer's group or not ("**Joint funding within or outside the group**").

#### 5.15.1 Intercompany Funding

The issuance of SDOs through Nykredit's Capital Centres E and H may serve as Intercompany Funding of loans granted by Totalkredit (Totalkredit's Capital Centres E and H).

ROs issued through Nykredit's Capital Centres D, G and I may serve as Intercompany Funding of loans granted by Totalkredit (Totalkredit's Capital Centres D, G and I).

As security for the funding, Totalkredit's capital centres issue master securities. The master securities satisfy the requirements for SDOs issued through Capital Centres E and H and for ROs issued through Capital Centres D, G and I.

Nykredit is the only primary secured creditor in respect of the assets of Totalkredit's capital centres in the form of mortgages, bonds, debt instruments, other debt certificates and reserve funds.

Totalkredit's capital centres may also raise loans by issuing bonds pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. The holders of such bonds issued by Totalkredit in pursuance thereof will have a secondary preferential right in respect of the assets in Totalkredit's capital centres, whereas Nykredit will have a primary preferential right.

Totalkredit's capital centres may also raise Senior Unsecured Debt, Additional Tier 1 capital or Tier 2 capital in order to supplement the reserve funds. However, such capital ranks after Nykredit's claims in accordance with the master securities of Totalkredit's relevant capital centres and after the claims of the holders of bonds issued by Totalkredit pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Totalkredit is obliged to monitor mortgaged assets and to provide supplementary collateral for the capital centres issuing SDOs, but the task is performed in association with Nykredit.

The payments from Totalkredit which are to be passed through to Nykredit's bondholders will be made subject to at least the same level of security as if they were made directly from Nykredit's mortgage borrowers.

#### 5.15.2 Joint funding within or outside the group

Subject to FSA approval, SDOs may be issued for the joint funding of lending against mortgages over real estate originally granted by other credit institutions – both within and outside the Issuer's own group.

The original lender shall transfer title to the loans and mortgages to the mortgage bank. The joint funding is regulated by sections 16 b to 16 g and section 120 b of the Danish Financial Business Act.

On 4 June 2009, the Danish Financial Supervisory Authority authorised Nykredit to carry on joint funding with Totalkredit in pursuance of section 16 b of the Danish Financial Business Act, but Nykredit has so far not made use of this authorisation.

# 6 TERMS AND CONDITIONS OF THE BONDS

## 6.1 Introduction

The following terms and conditions as well as the relevant Final Bond Terms apply to the Bonds.

All information set out in this paragraph "TERMS AND CONDITIONS OF THE BONDS" also applies to the Final Bond Terms, unless otherwise stated in the relevant Final Bond Terms. A reservation is made for slight differences which sometimes occur between the wording of the Final Bond Terms and that of this paragraph, whereas material changes or additional information will be incorporated by way of a new Base Prospectus or a supplement to this Base Prospectus.

## 6.2 Form, title, denomination and currency

All Bonds issued under this Base Prospectus will be recorded electronically in dematerialised form with one of the following securities depositaries: VP Securities A/S ("**VP**"), Weidekampsgade 14, DK-2300 Copenhagen S, CVR no 21 59 93 36, or LuxCSD S.A. ("**LuxCSD**"), 42, Avenue J.F. Kennedy, L-1855 Luxembourg. No physical Bonds will be issued.

Nykredit entered into an agreement with VP concerning VP services on 19 July 1993. Within the framework of this agreement, Nykredit may in its own data systems record bonds electronically in dematerialised form which are approved by VP before they are recorded.

In connection with issuance through LuxCSD, BNP Paribas Payment Services, 60 Avenue J.F. Kennedy, L-1855 Luxembourg, ("**BNP**") is used as a Luxembourg Principal Agent ("**LPA**"), which has been approved as LPA by LuxCSD. An agreement dated 24 October 2016 has been concluded between Nykredit and BNP, and Nykredit and LuxCSD have concluded an issuer agreement of the same date.

The title to the Bonds exclusively appears from the entry in the books of VP or LuxCSD, as the case may be. Accordingly, title to the Bonds can only be transferred by recording of the title transfer at VP or LuxCSD, as the case may be, in accordance with the rules and procedures for these securities depositaries.

All payments under the Bonds must be made to the account appearing from the records on the Date of Recording (as defined below) with VP and LuxCSD, respectively.

The Denomination of the Bonds as well as any deviation of the smallest trading unit of the relevant Bonds from the Denomination appear from the Final Bond Terms.

The currency in which the Bonds are issued is set out in the Final Bond Terms.

All the terms and conditions applying to the Bonds, including principal, maturity, currency, interest rate and payments pursuant to the approved Final Bond Terms will appear from the relevant books. Bonds and interest coupons cannot be separated.

If stated in the Final Bond Terms under "Access to information on Bondholders", the Issuer may, upon request to the securities depositary, access information on the names, addresses and other contact details of the Bondholders, the date of recording in the account, the size of the holding and any other relevant account information relating to the Bonds recorded electronically in dematerialised form with the securities depositary, cf section 36(3) of the Danish Executive Order concerning electronical recording etc of securities in dematerialised form with a securities depositary.

## 6.3 Definitions

In this paragraph, TERMS AND CONDITIONS OF THE BONDS, the following terms and expressions shall have the meaning set out below:

"***Bonds***" means any type of security issued under this Base Prospectus, ie SDOs, ROs and Section 15 Bonds.

"**Bondholders**" means the investors holding the Bonds.

"***Business Day***" means either

i) a "*Danish Business Day*", which means a day on which both Danish payment systems and Danish banks located in Denmark are open for business; or

ii) a "*TARGET Business Day*", which means a day on which the TARGET (Trans-European Automated Real-time Gross settlement Express Transfer) payment system is open for payments in EUR.

The choice of Business Day is set out in the Final Bond Terms. Other Business Days may be agreed upon, which will be set out in the relevant Final Bond Terms.

*"**Calculation Agent**"* calculates the interest in accordance with the provisions of 6.5 "Interest" and the relevant Final Bond Terms. The Issuer or the LPA is Calculation Agent, which is stated in the relevant Final Bond Terms.

"***Call Option***" means that the Issuer may call the Bonds prior to the Maturity Date. The relevant Final Bond Terms will state how the Issuer may exercise such option.

"***Closing Date***" means the last day on which Bonds may be issued in the relevant ISIN. Nykredit is entitled to close an ISIN for further Bond issuance before the stated Closing Date.

"***Coupon Interest***" means the interest on the Bonds expressed as an annual percentage rate, cf 6.5.(a). With respect to floating-rate Bonds, the Coupon Interest is fixed as set out in 6.5.(b) and (c). The Coupon Interest may be positive, negative or zero. The Coupon Interest is rounded to four decimals.

"***Covered Securities***" means SDOs and/or ROs issued under this Base Prospectus.

"***Date of Recording***" means the day immediately prior to the Payment Date when the relevant securities depositary is open for recording in the relevant currency.

"***Day Count Fraction***" means the model applied for calculating the number of days in a period.

The Day Count Fraction may be:

- "Actual/Actual (ICMA)", which means that
  - the coupon interest payment for a period equal to an entire Payment Period is calculated as *Coupon Interest/Number of annual Payment Dates;*
  - the coupon interest payment for a period shorter than the relevant Payment Period is calculated as (*Coupon Interest/Number of annual Payment Dates)*(Actual number of days in the period/Number of days in the Payment Period); and*
  - the coupon interest payment for a period longer than an entire Payment Period is calculated as the total of
    - *(Coupon Interest/Number of annual Payment Dates)*(Actual number of days in the Payment Period in which the period*

  - *starts/Number of days in the Payment Period in which the period starts); and*
  - *(Coupon Interest/Number of annual Payment Dates)*(Actual number of days in the Payment Period in which the period ends/Number of days in the Payment Period in which the period ends).*

- "Actual/360", which means that the coupon interest payment is calculated as *Coupon Interest*Number of days in the period/360*.

Another Day Count Fraction may be determined. This will be set out in the relevant Final Bond Terms. Addition and accrual of interest may be adjusted as a result of changes in market conventions.

"***Denomination***" means the smallest unit into which the relevant Bonds may be divided and it is set out in the Final Bond Terms. It also appears from the Final Bond Terms whether the smallest trading unit of the relevant Bonds deviates from the Denomination.

"***Denomination Currency***" means the currency with which the Bonds may be purchased. Interest payments and redemptions are made in the same currency. The Bonds may be issued in currencies other than DKK and EUR. In such cases, this will be set out in the relevant Final Bond Terms.

"***DKK***" means Danish kroner, the official currency in Denmark at the time of the approval of the Base Prospectus.

***"EUR"*** means euro, the single European currency of the member states participating in the third phase of the EMU.

"***Failed Refinancing Trigger***" means that the Bond is subject to the provisions regarding failed refinancing triggers, cf 6.10.1, Statutory refinancing. This is stated in the Final Bond Terms.

"***First Listing Day***" means the first day on which the relevant ISIN is expected to be admitted to trading on a Regulated Market.

"***Interest Rate Cap***" means that the Coupon Interest cannot be higher than the fixed Interest Rate Cap.

"***Interest Rate Floor***" means that the Coupon Interest cannot fall below the fixed Interest Rate Floor.

"***Interest Rate Reset***" means the adjustment of the Coupon Interest of a given Bond.

"***Interest Rate Reset Frequency***" means the number of annual Interest Rate Resets.

"***Interest Rate Spread***" means the amount which together with the Reference Rate makes up the Coupon Interest. The Interest Rate Spread may be positive, negative or zero.

"***Interest Rate Trigger***" means that the Bond is subject to the provisions regarding Interest Rate Triggers, cf 6.10.1, Statutory refinancing. This is stated in the Final Bond Terms.

"***LuxCSD***" means the securities depositary LuxCSD S.A., 42, Avenue J.F. Kennedy, L-1855 Luxembourg. If LuxCSD is chosen as the Place of Recording, it also serves as a settlement institution (in French: *Organisme de liquidation*).

"***Market Price***" means the "All Trades Average Price" published by Nasdaq Copenhagen A/S for the relevant Bond three Business Days prior to the Payment Date. It is a volume-weighted average of all trades published in the opening period of Nasdaq Copenhagen A/S from time to time. If no official All Trades Average Price is quoted on the day the Market Price is calculated, Nykredit will settle the transaction at the most recently quoted All Trades Average Price. If Nykredit finds that the All Trades Average Price of the day or the most recently quoted All Trades Average Price does not constitute a market-consistent price, Nykredit will fix a price that takes into account supply and demand, the price level 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.

A Place of Listing other than Nasdaq Copenhagen A/S may be stated in the Final Bond Terms. In such case, it is also stated how the Market Price is defined for the relevant Place of Listing.

"***Maturity Date***" means the day after the last day of the last Payment Period on which the relevant Bonds mature for redemption and is set out in the Final Bond Terms.

"***Nykredit***" or the "***Issuer***" means Nykredit Realkredit A/S, CVR no 12719280, Kalvebod Brygge 1-3, DK-1780 Copenhagen V.

"***Outstanding amount***" is a reference to where the outstanding amount is stated. This is particularly relevant to Covered Securities, which are often opened with an initial outstanding amount of zero. The outstanding amount may change throughout the maturity of the Bond.

"***Par Agreement***" means an industry-wide agreement entered into by Danish mortgage banks according to which mortgage banks do not generally grant loans on the basis of callable bonds the price of which exceeds par (100) (or another pre-determined redemption price) (eg 105). The agreement has been approved by the Danish competition authorities.

"***Payment Dates***" means days on which the principal and/or the accrued interest for the preceding Payment Period fall(s) due for payment (together with redeemed amounts). The remaining principal will be repaid on the last Payment Dates applying to the Bonds.

"***Payment Period***" is defined by the first and the last day of such period as set out in the Final Bond Terms.

"***Place of Listing***" means the Regulated Market on which the Bonds are expected to be admitted to trading.

"***Place of Recording***" means the securities depositary where the Bonds are recorded electronically in dematerialised form as set out in the Final Bond Terms.

"***PLN***" means Zloty, the official currency in Poland.

"***Principal***" means the originally issued nominal amount of Bonds.

"***Put Option***" means that the relevant Bondholder may claim redemption of the Bonds prior to the Maturity Date. The relevant Final Bond Terms will state how the Bondholder may exercise such option.

"***Reference Rate***" means the interest rate applying to floating-rate Bonds. The Reference Rate may be positive, negative or zero. One of the following Reference Rates applies to the Bonds (may be adjusted as set out in 6.5 (c)):

A. *Cibor*: The 1-, 3-, 6- or 12-month Copenhagen Interbank Offered Rate quoted daily by Nasdaq Copenhagen A/S;

B. *Cita*: The 1-, 3-, 6- or 12-month Copenhagen Interbank Tomorrow/Next Average swap rate quoted daily by Nasdaq Copenhagen A/S.

   As regards the Cibor and Cita Reference Rates: Should Nasdaq Copenhagen A/S (or any other stock exchange replacing it) cease quoting the rate of the relevant Reference Rate, or should Nykredit deem that the agreed Reference Rate no longer reflects the Danish reference rate market, Nykredit may determine the bond interest rate on the basis of another, market-consistent reference rate.

   Finally, Nykredit may determine the bond interest rate on the basis of another, market-consistent reference rate, should one or more public authorities significantly dispute the use of the agreed Reference Rate as reference rate, or should the financial sector enter into an agreement with a public authority about the use of a reference rate other than the agreed Reference Rate;

C. *Euribor*: The 1-, 3-, 6- or 12-month Euro Interbank Offered Rate quoted daily by the European Banking Federation (FBE) and the Financial Markets Association (ACI) – with Reuters as the current calculation agent. If Reuters (or the calculation agent that may succeed Reuters) ceases quoting the above Euribor rate or if the Euribor rate, in Nykredit's opinion, no longer reflects the European money market, Nykredit may calculate the bond interest rate on the basis of market-consistent 1-, 3-, 6- or 12-month money market rates; or

D. *Stibor*: The 1-, 3-, 6- or 12-month Stockholm Interbank Offered Rate quoted daily by the Swedish central bank, the Riksbank. If the Swedish central bank ceases quoting the above Stibor rate or if the Stibor rate, in Nykredit's opinion, no longer reflects the Swedish money market, Nykredit may calculate the bond interest rate on the basis of market-consistent 1-, 3-, 6- or 12-month money market rates.

If the agreed Reference Rate is no longer applied, cf the above, Nykredit must give 1-month notice to the Bondholders before the bond interest rate may be calculated based on another market-consistent reference rate.

Other reference rates may be agreed upon, in which case they will be defined and specified in the Final Bond Terms.

For each ISIN of outstanding floating-rate bonds, Nykredit will release a stock exchange announcement via Nasdaq Copenhagen A/S stating the interest rate applicable to the next Payment Period, when this rate is known.

"***Registered Bondholders***" means that the Bonds have been recorded electronically in the name of the Bondholders.

"***Regulated Market***" means a market pursuant to Article 4(14) of Directive 2004/39/EC of the European Parliament and of the Council dated 21 April 2004 on markets for financial instruments.

"***ROs***" means mortgage covered bonds issued pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, cf section 18.

"***Section 15 Bonds***" are bonds issued under this Base Prospectus pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

"**SEK**" means Swedish kronor, the official currency in Sweden at the time of the approval of the Base Prospectus.

"***Series***" is the overall name assigned by Nykredit to one or more ISINs – for instance 12H. The figure is the series number and the letter the capital centre through which the Bonds were issued and thus the capital centre the assets of which are cover assets for the Bonds.

"***SDOs***" means mortgage covered bonds issued pursuant to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, cf section 33 b.

"***Soft Bullet***" means, in respect of Section 15 Bonds, that it may be stipulated in the relevant Final Bond Terms that the maturity of Section 15 Bonds in issue may be extended. The conditions for such extension will also be set out in the relevant Final Bond Terms.

"***VP***" means the Securities Depositary VP Securities A/S, Weidekampsgade 14, DK-2300 Copenhagen S, Denmark, CVR no: 21 59 93 36.

### 6.4 Status of the Bonds

Covered Securities and Section 15 Bonds are issued through Nykredit's active Capital Centres D, E, G, H and I. Any new capital centre may become subject to this Base Prospectus through the issuance of a supplement to the Base Prospectus.

#### 6.4.1 Covered Securities

Holders of Covered Securities have together with other holders of covered securities a primary preferential right (after deduction of expenses relating to the administration of the estate in bankruptcy and similar expenses) to all the assets in the capital centre through which the relevant ISIN has been issued, and subsequently a primary preferential right to Nykredit Realkredit in General (also after deduction of expenses relating to the administration of the estate in bankruptcy and similar expenses) in pursuance of the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Pursuant to section 26(4) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, capital centres may enter into derivative contracts to hedge risk between cover assets and the issued bonds ("**Preferential Derivative Contracts**"), provided that the derivative contract stipulates that the Issuer's reconstruction proceedings, bankruptcy or failure to comply with any obligation to provide supplementary collateral according to section 33 d(1) shall not constitute an event of default. The right of a counterparty to a Preferential Derivative Contract ranks pari passu with that of the holders of Covered Securities, cf section 27(3) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Covered Securities constitute preferential claims against the Issuer and the relevant capital centre and rank pari passu with all covered securities (including refinancing bonds issued by a reconstruction administrator and the trustee in bankruptcy), present and future, as well as with Preferential Derivative Contracts and with claims for interest on Covered Securities and other covered securities in the period following the date of a bankruptcy order issued against the Issuer.

If the Issuer is adjudged bankrupt, expenses relating to the administration of the estate in bankruptcy, including expenses relating to the trustee in bankruptcy and staff, will be covered by the assets of each capital centre before claims pertaining to the Covered Securities, Preferential Derivative Contracts and claims for interest on Covered Securities in the period following the issue date of a bankruptcy order.

To the extent that claims pertaining to Covered Securities, Preferential Derivative Contracts and claims for interest on Covered Securities in the period following the issue date of a bankruptcy order cannot be covered by the relevant capital centre, residual claims may be raised against the Issuer's estate in bankruptcy. Such claims will rank after pre-preferential claims (sections 93 and 94 of the Danish Bankruptcy Act) and preferential claims (sections 95 and 96 of the Danish Bankruptcy Act), but before unsecured claims (section 97 of the Danish Bankruptcy Act).

#### 6.4.2 Section 15 Bonds

Claims pertaining to Section 15 Bonds and claims pertaining to other bonds issued pursuant to section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act rank immediately after the claims pertaining to Covered Securities and other covered securities, Preferential Derivative Contracts and claims for interest on Covered Securities and other covered securities in the period following the issue date of a bankruptcy order, and they thus confer a secondary preferential right to the assets in the capital centre to which they relate. To the extent that the claims pertaining to Section 15 Bonds are not covered by the assets of the relevant capital centre, they may be raised against the Issuer's estate in bankruptcy as unsecured claims, cf section 97 of the Danish Bankruptcy Act.

Claims pertaining to bonds which have lost their covered bond status and Preferential Derivative Contracts will retain their ranking with regard to the estate in bankruptcy. The same applies to debt raised by the Issuer in order to provide supplementary collateral or increase the overcollateralisation of a capital centre in compliance with section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

### 6.5 Interest

**a) Fixed-rate Bonds**

All fixed-rate Bonds carry interest denoted as an annual percentage of the Denomination of the Bonds from the first day the Bonds are interest-bearing as set out in the Final Bond Terms. Interest is calculated from the first day of the Payment Period to the last day of the Payment Period, both days inclusive, and is fixed throughout the loan term.

**b) Floating-rate Bonds**

All floating-rate Bonds carry interest relative to the Denomination of the Bonds which rate is expressed as an annual percentage.

The Coupon Interest of floating-rate Bonds is calculated for each Payment Period in relation to the stated Reference Rate plus an Interest Rate Spread as set out in the Final Bond Terms. The calculation is made by Nykredit.

In connection with the opening of an ISIN, Nykredit fixes the Coupon Interest for the period up to the first Interest Rate Reset and the size of the Interest Rate Spread, if any, applicable throughout the maturity of the Bonds in the Final Bond Terms. Nykredit may decide that the Interest Rate Spread only applies until the next following Interest Rate Reset.

Nykredit may fix one or more Interest Rate Caps and/or Floors in the Final Bond Terms, which will be applicable for part of or the entire maturity of the Bonds.

If in a Payment Period, the Coupon Interest is lower than zero, Nykredit will have a claim against the Bondholders equal to the absolute value of the Coupon Interest.

The claim in the event of negative Coupon Interest falls due on the Payment Date of the relevant Payment Period.

**c) Fixing method**

The interest rate of bonds of the same ISIN may be reset on the basis of one of the following fixing methods as set out in the Final Bond Terms:

- *[x] days' average (adjusted)*
  A simple average is calculated based on the Reference Rate quoted in the last [x] Business Days up to and including the [y] last Business Day before the start of a new Payment Period. An Interest Rate Spread is added to the Reference Rate average, and the sum is multiplied by 365/360 (Coupon Interest = 365/360*(Reference Rate average + Interest Rate Spread)). The Interest Rate Spread may be negative. The Coupon Interest calculated accordingly will be the bond interest rate for the subsequent Payment Period, but see b) above concerning the opening of an ISIN;

- *[x] last Business Day (adjusted)*
  The Reference Rate on the [x] last Business Day before a new Payment Period begins plus an Interest Rate Spread, multiplied by 365/360 (Coupon Interest = 365/360*(Reference Rate + Interest Rate Spread)). The Interest Rate Spread may be negative. The Coupon Interest calculated accordingly will be the bond interest rate for the subsequent Payment Period, but see b) above concerning the opening of an ISIN;

- *[x] last Business Day*
  An Interest Rate Spread is added to the Reference Rate quoted on the [x] last Business Day before the beginning of a new Payment Period. The Interest Rate Spread may be negative. The Coupon Interest calculated accordingly will be the bond interest rate for the subsequent fixing period, but see b) above concerning the opening of an ISIN; or

Any other fixing method may be set out in the relevant Final Bond Terms.

The Interest Rate Floors and Caps of any fixing method take precedence, meaning that the Coupon Interest cannot be lower than the Interest Rate Floor nor higher than the Interest Rate Cap.

**d) Termination of interest accrual**

Interest on the Bonds will cease to accrue on the Maturity Date, unless payments are wrongfully withheld or refused.

### 6.6 Deferral of payments

Nykredit will defer payments to the holders of Section 15 Bonds if such payments would lead to a breach of the balance principle, or if the balance principle applicable at any time has already been breached. If Nykredit remedies the breach within one week, payments will not be deferred. Nykredit will resume payments to holders of Section 15 Bonds from the time the above tests show that the balance principle is no longer breached. No additional amount will be payable to the holders of Section 15 Bonds in connection with such deferral.

Payments to the holders of Section 15 Bonds will furthermore be deferred if a reconstruction in accordance with the Danish Bankruptcy Act has been initiated or a bankruptcy order has been issued against Nykredit. In case of deferral, the Bondholders will be entitled to claim such deferred payments in connection with the bankruptcy or solvent liquidation of the Issuer or to prove such claim after Nykredit's reconstruction.

Such deferral of payments does not affect the legal position as regards the Bondholders' claims as set out in 6.4 "Status of the Bonds", cf 6.4.2.

## 6.7 Amortisation and redemption

### 6.7.1 Amortisation and final redemption

Bonds in an ISIN are either

- bullet bonds, or
- annuity bonds (possibly offering borrowers an interest-only option)

*Bullet bonds*
In case of bullet bonds, investors receive interest on the principal on each Payment Date during the maturity of the bonds. On the maturity date of the bonds, the principal must be repaid in full.

*Annuity principle*
For fixed-rate loans that are repaid according to the annuity principle, the interest rate is constant throughout the loan term.

As the debt outstanding is reduced, the interest proportion decreases and the principal payment proportion increases.

Floating-rate loans that are repaid according to the annuity principle, behave in the same way as fixed-rate loans, in principle. However, interest rate changes affect the mortgage payments as well as the mortgage payment components.

**a) Callable Covered Securities**

Covered Securities may be redeemed by way of ordinary principal payments, if no interest-only period has been agreed with the borrowers in respect of loans funded by the Covered Securities, by redemption resulting from prepayments or by full redemption on the Maturity Date.

Covered Securities of the same ISIN are amortised concurrently with the ordinary principal payments on loans funded by the Covered Securities. This also applies to pre-issued Covered Securities or Covered Securities issued in connection with the conclusion of fixed-price agreements with borrowers in respect of loans funded by the Covered Securities.

Where the prepayment of loans funded by the Covered Securities is not counterbalanced by the redemption or cancellation of Covered Securities, the amortisation will continue as if the loans funded by the Covered Securities were repaid on an ordinary basis until the Covered Securities are redeemed or cancelled.

When loans funded by the Covered Securities have been amortised through ordinary principal payments, the Covered Securities are redeemed at par. Loans funded by the Covered Securities may be prepaid either by delivering Covered Securities of the same ISIN as the Covered Securities issued to fund the loans or through a cash payment of the amount required to redeem the Covered Securities at a pre-fixed price (redemption price) or by a cash payment of the amount demanded by Nykredit or a credit institution forming part of the Nykredit Group in connection with immediate prepayment.

In connection with the opening of an ISIN, Nykredit fixes the redemption price in the Final Bond Terms at which the Covered Securities may be redeemed by way of prepayment of the loans by the borrowers. The redemption price will apply to redemption prior to maturity throughout the maturity of the Covered Securities.

Redemption of Covered Securities as a result of prepayment may consequently take place solely at the pre-fixed redemption price prior to maturity of the ISIN concerned immediately or at a later point in time. The redemption of Covered Securities resulting from ordinary principal payments and prepayments will, however, take place collectively and at a weighted average price in a price range between par (100) and the pre-fixed redemption price prior to maturity.

The redeemed amounts fall due for payment to the Bondholders on the Payment Date.

**b) Non-callable Covered Securities**

There is no direct correlation between the amortisation of the Covered Securities (redemption or cancellation) and the ordinary principal payments or prepayments on the loans funded by the Covered Securities.

The Covered Securities are amortised in accordance with a pre-determined amortisation profile by redemption at par prior to maturity and/or on full redemption on the Maturity Date.

The redeemed amounts fall due for payment to the Bondholders on the Payment Date.

**c) Section 15 Bonds**

Section 15 Bonds fund bullet loans. The Bonds are amortised by redemption at par on the date of maturity set out in the Final Bond Terms.

However, Nykredit may in the Final Bond Terms state that the maturity of the Section 15 Bonds issued may be extended ("Soft Bullet") more than set out in 6.10.2 "Statutory refinancing – Section 15 Bonds". In that case the terms and conditions for such extension will be set out in detail in the Final Bond Terms.

**d) Redemption due to negative Coupon Interest**

If in a Payment Period, the Coupon Interest is below zero and this results in Nykredit having a claim against the Bondholders equivalent to the absolute value of the Coupon Interest, cf 6.5 (b) above,

1) Nykredit is entitled, but not obliged, to redeem at the par value (100), corresponding to a value of not more than the absolute value of the negative Coupon Interest, if the redemption price is fixed at par in the relevant Final Bond Terms. These redemptions do not affect redemptions made in accordance with 6.7.1 (a) and (b). However, as set out in 6.11 (i), Nykredit may also collect the negative Coupon Interest by set-off against the amounts derived as set out in 6.7.1 (a) and (b);

2) Nykredit will make redemptions, at Market Price, equivalent to the amount by which the absolute value of the negative Coupon Interest exceeds the amounts derived as set out in 6.7.1 (a) or (b), provided that the redemption price in the relevant Final Bond Terms is fixed at the Market Price, and the absolute value of the negative Coupon Interest exceeds the amounts derived as set out in 6.7.1 (a) or (b).

Redemption of Bonds in accordance with 6.7.1 (d) will be made concurrently with any redemption of Bonds in accordance with 6.7.1.(a) or (b). Prior to redemption, the Issuer will determine the total redemption amount inclusive of any redemption amounts resulting from negative Coupon Interest.

The redeemed amounts fall due for payment to Bondholders on the Payment Date.

#### 6.7.2 Redemption by the Issuer

*Covered Securities*

The Issuer cannot on its own initiative call the Covered Securities (no "Call Option") except as described in 6.7.1.(d) and below.

The Issuer reserves the right (within the limits of the balance principle) to let the borrowers in respect of loans funded by the Covered Securities redeem the loans by depositing other bonds for the loans – for instance to avoid any lock-in effect.

Further, the Issuer reserves the right to redeem the Covered Securities in part or in full prior to the Maturity Date, alternatively to offer Bondholders to exchange them into new bonds in part or in full, if the terms of the loans funded by the Covered Securities are changed as a result of legislative changes, orders by the authorities and/or market conditions. The Issuer's redemption of Covered Securities may take place, at the pre-fixed redemption price of the relevant ISIN upon prepayment immediately or at a later point in time.

*Section 15 Bonds*

As regards Section 15 Bonds, the Final Bond Terms may state that the Issuer under certain circumstances may redeem the Bonds prior to the Maturity Date ("Call Option").

#### 6.7.3 Bondholders' right of redemption

*Covered Securities and Section 15 Bonds*

Bondholders are not entitled to have their Bonds redeemed prior to the Maturity Date of the Bonds (no "Put Option").

### 6.8 Issuer's acquisition of Bonds

Nykredit and any of Nykredit's subsidiaries (cf section 5 of the Danish Companies Act) may at any time buy back self-issued Bonds (or part thereof) in the open market and at any price prior to their maturity and keep such buybacks as self-issued Bonds or amortise the Bonds by cancellation.

### 6.9 Cancellation of Bonds

*Special terms applying to Covered Securities*

If a borrower has exercised its right to prepay its mortgage loan in part or in full, the Issuer may choose to cancel the Covered Securities funding the loan, which may be in the Issuer's possession. This also applies to floating-rate Bonds with negative Coupon Interest.

*Terms applying to all Bonds*

All Bonds issued by Nykredit under this Base Prospectus may be cancelled by Nykredit when Nykredit holds the title to them. The Bonds are cancelled in the books of VP or LuxCSD, as the case may be, so that the cancelled Bonds cannot be reissued or resold, and subsequently Nykredit has no obligations pertaining to the cancelled Bonds.

The outstanding amount of Bonds will be updated in the books of VP or LuxCSD, as the case may be, and published at Nasdaq Copenhagen A/S's website, www.nasdaqomxnordic.com.

### 6.10 Statutory refinancing

In accordance with the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and the executive order in pursuance thereof on the refinancing of adjustable-rate mortgage loans, 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.

Under the above-mentioned Act and Executive Order, and for the purpose of 6.10, maturity in connection with the refinancing of a mortgage loan means the time-to-maturity of the underlying bonds on the due date, which is the time when the funding of the loan changes from the maturing bonds to the newly issued bonds.

Statutory refinancing does not change the status of the Bonds, cf 6.4.

It will appear from the Final Bond Terms whether the Bonds are subject to statutory refinancing pursuant to 6.10 as it will be stated whether the ISIN is subject to an Interest Rate Trigger or a Failed Refinancing Trigger.

### 6.10.1 Statutory refinancing – Covered Securities

i) *Interest Rate Trigger*: If the term of a mortgage loan exceeds the maturity of the underlying Covered Securities (SDOs or ROs), and if the underlying Covered Securities carry a fixed interest rate and have a maturity of up to and including 12 months at the refinancing of the loan, the maturity of the Covered Securities which at maturity are to be replaced by new bonds at the refinancing will be extended by 12 months if the yield-to-maturity in connection with the refinancing of a mortgage loan will be more than 5 percentage points higher than the yield-to-maturity at the time of issuance of the Covered Securities. The maturity extension may be made for all or part of a given ISIN.

When the Covered Securities mature after the 12-month extension, new bonds must be issued to replace them. The first sentence of this paragraph does not apply to such issuance.

ii) *Interest Rate Trigger*: If the term of a mortgage loan exceeds the maturity of the underlying Covered Securities (SDOs or ROs), and if the underlying Covered Securities carry a fixed interest rate, the maturity of the Covered Securities which at maturity are to be replaced by new bonds with a maturity of more than 12 months and up to and including 24 months at the refinancing of a loan will be extended by 12 months if the yield-to-maturity in connection with the refinancing will be more than 5 percentage points higher than the yield-to-maturity of a corresponding bond with the same maturity 11 to 14 months earlier. The maturity extension may be made for all or part of a given ISIN.

When the Covered Securities mature after the 12-month extension, new Covered Securities must be issued to replace them. The first sentence of this paragraph does not apply to such issuance.

iii) *Interest Rate Trigger:* If the term of a mortgage loan exceeds the maturity of the underlying Covered Securities (SDOs or ROs), and if the underlying Covered Securities carry a floating interest rate, the interest rate upon interest reset of Covered Securities with a remaining maturity of up to and including 24 months the first time they fund mortgage loans cannot be more than 5 percentage points above the most recently fixed interest rate, and the interest rate must remain unchanged for 12 months or up to the next refinancing, if it takes place within 12 months, unless a lower interest rate is fixed within the said 12 months or before the next refinancing. If, in connection with refinancing, the interest rate will be more than 5 percentage points higher than the most recently fixed interest rate for the Covered Securities in question, the maturity of these Covered Securities will be extended by 12 months. The maturity extension may be made for all or part of a given ISIN.

When the Covered Securities mature after the 12-month maturity extension, new bonds must be issued to replace them. The second sentence of this paragraph does not apply to such issuance.

iv) *Failed refinancing trigger*: If the term of a mortgage loan exceeds the maturity of the underlying Covered Securities (SDOs or ROs), the maturity of the Covered Securities which at maturity are to be replaced by new bonds to refinance a loan is extended by 12 months at a time if there are not purchasers for all the required new bonds until the number of purchasers for the required new bonds makes refinancing possible. The maturity extension may be made for all or part of a given ISIN.

If a loan requires refinancing, and the underlying Covered Securities have a maturity of more than 12 months at the refinancing of a mortgage loan, and if there are not sufficient purchasers for all the required new bonds, attempts may be made, irrespective of ii) and iii) of this subparagraph, to refinance the loan by means of bonds with a shorter maturity prior to an extension pursuant to ii) and iii).

When the Covered Securities mature after the 12-month maturity extension, new bonds must be issued to replace them. The Interest Rate Trigger as described in i)-iii) does not apply to such issuance.

v) The interest rate of fixed-rate Covered Securities which have been maturity-extended pursuant to i) or iv) of this subparagraph is fixed at the yield-to-maturity in connection with the most recent refinancing plus 5 percentage points. For Covered Securities that have not been used to refinance loans, and for which the interest rate therefore cannot be fixed on the basis of the most recent refinancing, the interest rate will be the yield-to-maturity of the bond concerned or a corresponding bond with the same time-to-maturity 11 to 14 months earlier plus 5 percentage points. The interest rate is fixed when the maturity of the bonds is extended for the first time. Upon additional extension of the maturity pursuant to iv) of this subparagraph, the interest rate fixed in accordance with the first sentence of this paragraph will continue to apply.

vi) The interest rate of fixed-rate Covered Securities which had a maturity from 12 up to and including 24 months at the refinancing of a mortgage loan and which have been maturity-extended pursuant to ii) or iv) of this subparagraph is fixed at the yield-to-maturity of corresponding bonds with the same time-to-maturity 11 to 14 months earlier plus 5 percentage points. For Covered Securities that have not been used to refinance loans, and for which the interest rate therefore cannot be fixed on the basis of the most recent refinancing, the interest rate will be the yield-to-maturity of the Covered Security concerned or a corresponding bond with the same time-to-maturity 11 to 14 months earlier plus 5 percentage points. The interest rate of fixed-rate bonds which had a maturity of more than 24 months at the disbursement of a mortgage loan funded by the Covered Securities and which have been maturity-extended pursuant to iv) of this subparagraph is fixed at the yield-to-maturity of bonds with a time-to-maturity of 11 to 14 months fixed 11 to 14 months earlier plus 5 percentage points.

The interest rate is fixed for the first time when the maturity of the Covered Securities is extended. The interest rate fixed in accordance with the first or second sentence of this paragraph will continue to apply in connection with additional extension of the maturity pursuant to iv).

vii) The interest rate of variable-rate Covered Securities which have been maturity-extended pursuant to iii) or iv) of this subparagraph is fixed at the most recently fixed interest rate plus 5 percentage points. The interest rate fixed in accordance with the first sentence will remain unchanged for all the 12 months of the extension.

The interest rate is fixed when the maturity of the Covered Securities is extended for the first time. The interest rate fixed pursuant to the first sentence of this paragraph will continue to apply in connection with additional extension of the maturity pursuant to iv) of this subparagraph.

Decisions on maturity extension and interest rate fixing will be made by Nykredit based on the method described in 6.10.3 "Notices concerning statutory refinancing".

#### 6.10.2 Statutory refinancing – Section 15 Bonds

If Covered Securities are maturity-extended in accordance with 6.10.1, Nykredit is obliged to extend the maturity correspondingly for Section 15 Bonds issued through the same capital centre and applied as supplementary collateral for the maturity-extended Covered Securities if the ordinary maturity date of Section 15 Bonds is in the extension period. However, the Section 15 Bonds may be redeemed on their ordinary maturity date if Nykredit issues or has issued new loans for their full or partial replacement. The maturity extension may be made for all or part of a given ISIN.

Decisions on maturity extension in accordance with this 6.10.2 will be made by Nykredit based on the method described in 6.10.3 "Notices concerning statutory refinancing".

#### 6.10.3 Notices concerning statutory refinancing

Prior to the sale of bonds subject to 6.10, Nykredit will publish an offering schedule. It will specify the loan types which the sale is to refinance, the expected offering and the period within which the sale is expected to be completed. The offering schedule may subsequently be revised. On or before the last but one Business Day of the current Payment Period, it must be ascertained whether the number of purchasers was sufficient for all the required new Covered Securities. The market must be notified hereof immediately by way of a stock exchange announcement, which is also published via nykredit.com.

For practical and administrative reasons, the interest rate may rise by more than 5 percentage points. However, the Issuer must schedule its bond sales to ensure that such a rise only applies to a limited part of a bond issue which is to replace maturing Covered Securities. The Issuer may exclusively commence a sale if the Issuer has a legitimate expectation immediately before the sale that the sale may be completed without an interest rate rise of more than 5 percentage points. If an auction or similar transaction leads to an interest rate rise of more than 5 percentage points, the Issuer must discontinue the sale, and it cannot be resumed until the Issuer has a legitimate expectation that the sale can be completed without an interest rate rise of more than 5 percentage points.

The published offering schedule will also state the interest rate which will trigger a maturity extension for each ISIN pursuant to 6.10.1 i) - iv).

Decisions to extend the maturity of all or part of a given ISIN by 12 months will be made by Nykredit, which will notify the market thereof without delay by way of a stock exchange announcement and its website, nykredit.com. The interest rate will also be stated in the notice. The decision will be made not later than two Business Days before the Maturity Date.

### 6.11 Payments

Nykredit will pay interest and redemption amounts to Bondholders by transferring the amounts on the due date to accounts with banks, paying agents, securities dealers, etc, as instructed by the account controller to VP, or if the Bonds are recorded electronically in dematerialised form by LuxCSD, a transfer will be made from Nykredit to LuxCSD, which will then transfer the payments to the relevant investor accounts.

The Bondholders' payments to Nykredit prompted by the negative Coupon Interest may at Nykredit's option be made through set-off upon the expiry of a Payment Period in one of the following manners:

1) If the redemption price is fixed at par in the relevant Final Bond Terms:

(i) Through set-off against redemptions as set out in 6.7.1.(d)(i);

(ii) Through set-off against Nykredit's payment obligations in relation to redemption amounts as set out in 6.7.1.(a) and (b); or

(iii) Through set-off as a combination of (i) and (ii).

2) If the redemption price is fixed at the Market Price in the relevant Final Bond Terms:

(i) Through set-off against Nykredit's payment obligations in relation to redemption amounts as set out in 6.7.1.(a) and (b); or

(ii) Through set-off against redemptions as set out in 6.7.1.(d)(ii); or

(iii) Through set-off as a combination of (i) and (ii).

The payment collection method reflects the current technical solution in the relevant securities depositary. If the relevant securities depositary materially changes its technical solution, Nykredit will change its payment collection method accordingly. In that case, Nykredit will update the Base Prospectus by issuing a supplement or a new Base Prospectus.

If the Payment Date is not a Business Day, payments will be deferred to the next following Business Day. Bondholders are not entitled to interest or any other amounts based on such deferred payment or the validation rules of the account controller.

### 6.12 Taxation

Nykredit does not accept any liability for tax withheld or for collection of withholding tax irrespective of where the Bonds are recorded electronically in dematerialised form. If Nykredit is obliged to withhold tax or collect withholding tax pursuant to rules introduced after the Bonds have been issued, Nykredit will do so, and Nykredit will not be obliged to pay any additional amounts to Bondholders nor will Nykredit accept liability for any deduction in the amount disbursed to Bondholders.

### 6.13 Breach

*Covered Securities and Section 15 Bonds*

Holders of SDOs, ROs and Section 15 Bonds may not rely on the issuance of a bankruptcy order against Nykredit as a ground for acceleration of payments by Nykredit. Correspondingly, a bankruptcy order against Nykredit will not bar Nykredit's borrowers in respect of loans funded by the Covered Securities from prepaying their mortgage loans in full or in part in accordance with the prepayment terms of the relevant loans.

The estate in bankruptcy cannot meet a payment obligation prior to the pre-determined due date, thereby discharging itself from such obligation.

Holders of SDOs, ROs and Section 15 Bonds may not rely on statutory refinancing as described in 6.10 above as a ground for acceleration of payments by Nykredit. Further, statutory refinancing does not constitute breach on the part of Nykredit. Nykredit's borrowers retain their right to prepay their mortgage loans in part or in full in accordance with the loan prepayment terms.

Finally, Nykredit's failure to fulfil its obligation to provide supplementary security does not constitute an event of default either, cf section 28(2) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

### 6.14 Limitation
Claims for payment under the Bonds become statute-barred pursuant to the Danish Act on Limitations. Claims for principal payments become statute-barred after 10 years, and claims for interest payments become statute-barred after 3 years from the date on which the creditor's claim for payment crystallised pursuant to section 2 of the Danish Act on Limitations.

### 6.15 Additional issues
Nykredit may at any time issue additional bonds in one or more existing ISINs without the consent of the Bondholders. The Final Bond Terms for a given ISIN will remain unchanged except for the outstanding amount.

Further, Nykredit may at any time issue bonds in one or more new ISINs without the consent of the Bondholders.

### 6.16 Conflicts of interest
With respect to the Bonds, the stakeholders are the borrowers in respect of loans funded by the Covered Securities, the Bondholders, Nykredit and public authorities.

Nykredit is not aware of any interests and/or conflicts of interest of importance to the offering of the Bonds. Any interests and/or conflicts of interest which are of significant importance to Nykredit in connection with bond issuance, including a specification of the persons involved and the nature of the interest, will be described in the Final Bond Terms.

### 6.17 Notices
Notices to the Bondholders will be issued in accordance with the rules and procedures of VP or LuxCSD, as the case may be, as well as the rules applying to the regulated market on which the Bonds are admitted to trading.

### 6.18 Representation of Bondholders
The terms applying to Bonds issued under this Base Prospectus do not contain any provisions on representation of the Bondholders.

### 6.19 Governing law and venue
The Bonds and any legal matters arising out of or in connection with the Bonds are governed by Danish law, however, as regards Bonds issued through LuxCSD, the actual electronic recording in dematerialised form is governed by Luxembourg law. The venue for the Bonds and any legal matters arising out of or in connection with the Bonds is the judicial district in which Nykredit's registered office is located from time to time.

### 6.20 Nykredit's liability for damages
Nykredit will be liable for damages resulting from any delay or default in performing its obligations if such delay or default is due to error or negligence.

Even in areas where stricter statutory liability applies, Nykredit is not liable for losses due to

- Interruption/lack of access to IT systems or damage to the data of these systems which can be attributed to the events below regardless of whether Nykredit 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, insurrection, civil unrest, sabotage, terrorism or vandalism (including computer viruses and hacking);
- strike, lockout, boycott or blockade regardless of whether the conflict is directed at or initiated by Nykredit or its organisation and regardless of the reason for the conflict. This shall also apply where the conflict only affects part of Nykredit or its organisation; and

- other circumstances beyond Nykredit's control.

Nykredit's exemption from liability does not apply if
- Nykredit should have anticipated the factor causing the loss when the agreement or contract was concluded or should have avoided or overcome the cause of the loss; or
- Nykredit is liable for the factor causing the loss pursuant to Danish law.

# 7 FORM OF FINAL BOND TERMS

***Bond forms***

*Below please find forms for fixed-rate and floating-rate Bonds, respectively, with standard text and the variables applied most often. Allowance should be made for the possibility of variation between the wording of the indicated form and that of the Final Bond Terms. However, any material changes or information relating to the contents of this Base Prospectus will be announced by way of a new Base Prospectus or a supplement to the existing Base Prospectus. Guidelines on how fields should be filled in are set out in italics below:*

***Final Bond Terms* dated** [●]

These Final Bond Terms only apply to the stated ISIN.

The Bonds have been issued pursuant to Nykredit Realkredit A/S's base prospectus dated [●] (the "Base Prospectus") [and prospectus supplement no [●] dated [●]] [*Any additional prospectus supplements are numbered, and the dates thereof are stated*].]

Definitions set out in these Final Bond Terms shall be taken to be the same as those applying to 6 "TERMS AND CONDITIONS OF THE BONDS" of this Base Prospectus. Definitions in this Base Prospectus have the same meaning in the Final Bond Terms, unless otherwise indicated by the context.

***Nykredit declares:***

- that the Final Bond Terms have been prepared in accordance with Article 5(4) of Directive 2003/71/EC and must be read in conjunction with this Base Prospectus and any prospectus supplements;
- that this Base Prospectus and any supplements to this Base Prospectus have been published electronically at Nykredit's website, nykredit.com, and at the website of the Danish FSA, ftnet.com;
- that in order to obtain all information, an investor should read this Base Prospectus, any prospectus supplements and the Final Bond Terms, and that Appendix A to the Final Bond Terms contains a summary of this specific issue.

**Final Bond Terms**

| **Fixed-Rate Bonds** | **Comments** |
|---|---|
| **1. Series/Capital centre:** | [Series name]/Capital Centre [D/E/G/H/I/[•]] |
| **2. Bond type:** | [SDOs/ROs/Section 15 Bonds] |
| **3. ISIN:** | [ISIN] |
| **4. First Day of Listing:** | [[•] (The first day on which the security has been admitted to trading on a regulated market)] |
| **5. Maturity Date:** | [Maturity Date] |
| **6. Soft Bullet:** | [Not applicable to this bond type]/[Yes]/[No] [*Description of the conditions for such maturity extension (only applicable to Section 15 Bonds)*] |
| **7. Closing Date:** | [Date] |
| **8. Denomination Currency:** | [Currency] |
| **9. Denomination:** | [•]/[All Bond trades must be made in trading units of at least [*minimum trading unit*]. If a Bondholder has Bonds in a custody account of a nominal value which is lower than [*minimum trading unit*], such bonds may not be traded unless further Bonds are acquired by the Bondholder or transferred to its custody account in order to meet the minimum trading value.] |
| **10. Principal** | [•]/[Not applicable to Covered Securities, see 11.] |
| **11. Outstanding amount** | [The outstanding amount of Bonds will be announced regularly at the website of Nasdaq Copenhagen A/S: www.nasdaqomxnordic.com] [*Other regulated or similar markets where bonds of the same ISIN have already been admitted to trading*] |
| **12. Redemption price on maturity** | 100/[•] |
| **Interest and payment** | |
| **13. Coupon Interest:** | [*Nominal interest rate*] % pa |
| **14. Yield-to-maturity:** | [Cannot be specified, as the Bonds are issued on regularly long as the ISIN is open.][*Yield-to-maturity, if possible*] |

| | |
|---|---|
| **15. Day Count Fraction:** | [Actual/Actual (ICMA)]/[Actual/360]/[•] |
| **16. Annual number of Payment Dates:** | [•] |
| **17. Payment Periods:** | [a/b/20xx – c/d/20yy [short/long] first coupon.] [[a/b – c/d, e/f – g/h, etc] each year until the Maturity Date.]<br>[Interest is calculated from the first day of the Payment Period to the last day of the Payment Period both days inclusive ("unadjusted").][•] |
| **18. Business Days:** | [Danish Business Days]/[TARGET2 Business Days]/[•] |
| **19. Payment Dates:** | [[Dates] each year until the Maturity Date.]<br>[If the Payment Date is not a Business Day, the payment will fall due on the next following Business Day (business day convention: "*Following Business Day*").] [•] |
| **20. The ISIN includes:** | |
| Bullet bonds | [Yes/No] |
| Annuity bonds | [Yes/No] |
| • Interest-only option offered to borrowers | [Yes [(up to [10/30/[•] years)]]/No] |
| **21. Redemption price on prepayment:** | [100/105]/[Not applicable, as the Bonds are non-callable.] |
| **22. Call Option/Put Option:** | [Not applicable to this Bond.]<br>[Call Option]/[Put Option][*terms for exercise of Call Option/Put Option]* |
| **23. Exempt from Par Agreement:** | [Yes/No] |
| **24. Subject to the rules governing statutory refinancing:** | |
| **i) Interest rate trigger** | [Yes/No] [*any comments or supplementary descriptions*] |
| **ii) Failed refinancing trigger** | [Yes/No] [*any comments or supplementary descriptions*] |

**Securities depositary and regulated market**

| | |
|---|---|
| **25. Place of Recording:** | [VP Securities A/S, Weidekampsgade 14, PO Box 4040, DK-2300 Copenhagen S] [LuxCSD S.A., 42, Avenue J.F. Kennedy, L-1855 Luxembourg.]<br>[*name and address of other securities depositary.*] |
| **26. Place of Listing:** | [The Bonds will be admitted to trading on [Nasdaq Copenhagen A/S] |

| | |
|---|---|
| **27. Calculation Agent** | [Issuer]/[LPA] |

**Costs and offering**

| | |
|---|---|
| **28. Costs of admission to trading on a regulated market:** | [Cannot be specified, as it depends on the outstanding amount of Bonds of the ISIN, which again depends on the demand of the borrowers.] [The costs are not payable by purchasers of the Bonds.] [●] |
| **29. Other costs payable by purchasers of the Bonds:** | [Standard trading costs, ie commission and/or price spread.] [●] |
| **30. Issue price:** | [●]/[Issue price cannot be specified, as the Bonds are issued regularly as long as the ISIN is open for issuance.]<br><br>[The price is fixed on the basis of bids/offers and is published at the website of Nasdaq Copenhagen A/S: www.nasdaqomxnordic.com] [●] |
| **31. Offer period/subscription process:** | [There will be no public offer, as the Bonds are placed by the Issuer via the regulated market of the Place of Listing.]<br>[*Description of offer period and/or subscription process*] |
| **32. Restrictions on an individual investor's right to subscribe for the Bonds:** | [The Issuer has not imposed any restrictions on an individual investor's right to subscribe for the Bonds.]<br>[*Description of any limitations*] |
| **33. Access to information on Bondholders:** | [Yes/No] |
| **34. Agreements on placement and/or underwriting of the offer:** | [Nykredit has not entered into any binding agreement with any third party concerning the placement and/or underwriting of the issue of the Bonds.]<br>[Nykredit has entered into an agreement with the following arrangers:<br>[*Arranger, address*]<br>[*Arranger 2, address*]<br>*The agreement includes the following terms and conditions:*<br>[*material contractual terms*]] [●] |
| **35. Agreements on market making:** | [Nykredit has not entered into any agreement with any enterprise concerning market making in the Bonds.]<br>[Nykredit pays [*Name and address of enterprises*] for market making on the regulated market of Nasdaq Copenhagen A/S on the following terms [*description of market making terms.*] |

| | |
|---|---|
| **36. Conflicts of interest:** | [Nykredit is not aware of any conflicts of interest of importance to the offering of the Bonds.] [*Description of any conflicts of interest material to the offering of Bonds will be material, including a specification of the persons involved and the nature of such interest.*] |
| **37. Authorisations and approvals pursuant to which the Bonds have been issued:** | [*Description of authorisations and approvals*] |
| **38. Credit rating of the Bonds:** | [*Credit rating and credit rating agency*] |
| **39. Selling restrictions for investors related to the US** | [Regulation S, Category [1/2] TEFRA does not apply.] [●] |

**Final Bond Terms**

| Floating-Rate Bonds | Comments |
|---|---|
| **1. Series/Capital centre:** | [Series name]/Capital Centre [D/E/G/H/I] |
| **2. Bond type:** | [SDOs/ROs/Section 15 Bonds] |
| **3. ISIN:** | [ISIN] |
| **4. First Day of Listing:** | [The first day on which the security has been admitted to trading on a regulated market] |
| **5. Maturity Date:** | [Date] |
| **6. Soft Bullet:** | [Not applicable to this bond type]/[Yes]/[No] [*Description of the conditions for such maturity extension (only applicable to Section 15 Bonds)*] |
| **7. Closing Date:** | [*Date*] |
| **8. Denomination Currency:** | [Currency] |
| **9. Denomination:** | [•]/[All Bond trades must be made in trading units of at least [*minimum trading unit*]. If a Bondholder has Bonds in a custody account of a nominal value which is lower than [*minimum trading unit*], such bonds may not be traded unless further Bonds are acquired by the Bondholder or transferred to its custody account in order to meet the minimum trading value.] |
| **10. Redemption price on maturity** | [•]/[Not applicable to Covered Securities, see 11.] |
| **11. Outstanding amount** | [The outstanding amount of Bonds will be announced regularly at the website of Nasdaq Copenhagen A/S: www.nasdaqomxnordic.com] [*Other regulated or similar markets where bonds of the same ISIN have already been admitted to trading*] |
| **12. Redemption price on maturity** | 100/[•] |
| **Interest and payment** | |
| **13. Coupon Interest:** | [For the period until the first interest rate reset, the interest rate is [•]% pa] [•] |
| **14. Interest Rate Floor/ Interest Rate Cap:** | [•] [*Description of the period is included, if relevant*] |
| **15. Reference Rate:** | [Cibor/Euribor/Cita/1M/3M/6M/12M]/[•] |
| **16. Interest Rate Spread:** | [•]% pa |
| **17. Interest Rate Reset Frequency:** | [•] |

| | |
|---|---|
| **18. Fixing method:** | [●] |
| **19. Yield-to-maturity:** | [Cannot be specified, as the Bonds carry a floating interest rate.] |
| **20. Day Count Fraction:** | [Actual/Actual (ICMA)]/[Actual/360]/[●] |
| **21. Annual number of Payment Dates:** | [●] |
| **22. Payment Periods:** | [a/b/20xx – c/d/20yy [short/long] first coupon.]<br>[[a/b – c/d, e/f – g/h, etc] each year until the Maturity Date.]<br>[Interest is calculated from the first day of the Payment Period to the last day of the Payment Period inclusive ("unadjusted").][●] |
| **23. Business Days:** | [Danish Business Days]/[TARGET2 Business Days] [●] |
| **24. Payment Dates:** | [[Dates] each year until the Maturity Date.]<br>[If the Payment Date is not a Business Day, the payment falls due on the next following Business Day (business day convention: "*Following Business Day*").] [●] |
| **25. The ISIN includes:** | |
| Bullet bonds | [Yes/No] |
| Annuity bonds | [Yes/No] |
| • Interest-only option offered to borrowers | [Yes [(up to [10/30/[●] years)]]/No] |
| **26. Redemption price on prepayment:** | [100/105] [Not relevant, as the Bonds are non-callable.] [●] |
| **27. Call Option/Put Option** | [Not relevant to this Bond.]<br>[Call Option]/[Put Option][*terms for exercise of Call Option/Put Option]* |
| **28. Redemption price on redemption due to a negative Coupon** | [Par (100)/Market Price][●] |
| **29. Exempt from Par Agreement:** | [Yes/No] |
| **30. Subject to the rules governing statutory refinancing:** | |
| **i) Interest Rate Trigger** | [Yes/No] [*any comments or supplementary descriptions*] |
| **ii) Failed Refinancing Trigger** | [Yes/No] [*any comments or supplementary descriptions*] |

**Securities depositary and regulated market**

| | |
|---|---|
| **31. Place of Recording:** | [VP Securities A/S, Weidekampsgade 14, PO Box 4040, DK-2300 Copenhagen S] [LuxCSD S.A., 42, Avenue J.F. Kennedy, L-1855 Luxembourg.] [*name and address of other securities depositary.*] |
| **32. Place of Listing:** | [The Bonds will be admitted to trading on the regulated market of [Nasdaq Copenhagen A/S] |
| **33. Calculation Agent** | [Issuer]/[LPA] |

**Costs and offering**

| | |
|---|---|
| **34. Costs of admission to trading on a regulated market:** | [Cannot be specified, as it depends on the outstanding amount of Bonds of the ISIN, which again depends on the demand of the borrowers.] [The costs are not payable by purchasers of the Bonds.][•] |
| **35. Other costs payable by purchasers of the Bonds:** | [Standard trading costs, ie commission and/or price spread.][•] |
| **36. Issue price:** | [•] The issue price cannot be specified, as the Bonds are issued regularly as long as the ISIN is open for issuance.]<br><br>[The price is fixed on the basis of bids/offers and is published at the website of Nasdaq Copenhagen A/S: www.nasdaqomxnordic.com] |
| **37. Offer period/subscription process:** | [•] [There will be no public offer, as the Bonds are sold by the Issuer via the regulated market of the Place of Listing.] |
| **38. Restrictions on an individual investor's right to subscribe for the Bonds:** | [The Issuer has not imposed any restrictions on an individual investor's right to subscribe for the Bonds.][•] |
| **39. Access to information on Bondholders:** | [Yes/No] |
| **40. Agreements on placement and/or underwriting of the offer:** | [Nykredit has not entered into any binding agreement with any third party concerning the placement and/or underwriting of the issue of the Bonds.]<br>[Nykredit has entered into an agreement with the following arrangers:<br>[*Arranger, address*]<br>[*Arranger 2, address*]<br>The agreement includes the following terms and conditions:<br>[*material contractual terms*]] |
| **41. Agreements on market making:** | [Nykredit has not entered into an agreement with any enterprise concerning market making in the Bonds.] |

| | |
|---|---|
| | [Nykredit pays [*Name and address of enterprises*] for market making on the regulated market of Nasdaq Copenhagen A/S on the following terms [*description of market making terms.*] |
| **42. Conflicts of interest:** | Nykredit is not aware of any conflicts of interest of importance to the offering of the Bonds. [*Description of any conflicts of interest material to the offering of Bonds, including a specification of the persons involved and the nature of such interest.*] |
| **43. Authorisations and approvals pursuant to which the Bonds have been issued:** | [*Description of authorisations and approvals*] |
| **44. Credit rating of the Bonds:** | [*Credit rating and credit rating agency*] |
| **45. Selling restrictions for investors related to the US:** | [Regulation S, Category [1/2] TEFRA does not apply.] [•] |

**Annex A to "Final Bond Terms"**

*A summary of the relevant issue – including information on the Final Bond Terms – is appended to the Final Bond Terms.*

# 8 DOCUMENTS INCORPORATED IN THIS BASE PROSPECTUS BY REFERENCE

This Base Prospectus should be read and understood in conjunction with the parts of the documents which are incorporated by reference; (i) Nykredit's audited consolidated financial statements for the financial years ended 31 December 2015 and 31 December 2016, both together with appurtenant Auditors' Reports which are included in the page references in the tables below, Nykredit's unaudited consolidated financial statements for the period 1 January to 31 March 2017 and (ii) pages 20-22 of Prospectus for the offering of SDOs in Nykredit Realkredit A/S, Capital Centre E dated 9 November 2007, pages 24-27 of Prospectus for the offering of SDOs in Nykredit Realkredit A/S in Capital Centre H dated 18 August 2011, pages 24-26 of Prospectus for the offering of covered bonds issued out of Capital Centres D, G and I dated 24 May 2012, and pages 36-44 of Prospectus for bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (junior covered bonds) dated 22 March 2013, pages 41-56 of the Base Prospectus dated 17 June 2014, pages 41-57 of the Base Prospectus dated 13 May 2015 and pages 43-60 of the Base Prospectus dated 13 May 2016, which have been published and registered separately with the Danish FSA.

In addition, the terms applying to Capital Centres D, E, G, H and I are also incorporated in this Base Prospectus by reference:

- The terms for Capital Centre D adopted by Nykredit's Board of Directors on 20 February 2002 and revised by Nykredit's Board of Directors on 24 February 2005 and 7 March 2013;
- The terms for Capital Centre E adopted by Nykredit's Board of Directors on 8 November 2007 and revised by Nykredit's Board of Directors on 7 March 2013;
- The terms for Capital Centre G adopted by Nykredit's Board of Directors on 8 January 2009 and revised by Nykredit's Board of Directors on 7 March 2013;
- The terms for Capital Centre H adopted by Nykredit's Board of Directors on 18 August 2011 and revised by Nykredit's Board of Directors on 7 March 2013; and
- The terms for Capital Centre I adopted by Nykredit's Board of Directors on 19 April 2012 and revised by Nykredit's Board of Directors on 7 March 2013.

Information in the above documents is incorporated in this Base Prospectus, but any declaration or statement in documents so incorporated shall be deemed to have been revised or replaced if a declaration or statement in this Base Prospectus revises or replaces such declaration or statement previously made (expressly, implicitly or otherwise). Any declaration or statement so revised or replaced no longer forms part of this Base Prospectus.

Copies of documents incorporated in this Base Prospectus by reference are publicly available free of charge at nykredit.com. The documents are available in English at the same site.

The table below shows the relevant pages of the audited consolidated financial statements for the financial years ended 31 December 2015 and 31 December 2016, both together with appurtenant Auditors' Reports incorporated by reference, and Nykredit's unaudited consolidated financial statements for the period 1 January to 31 March 2017.

**Audited Consolidated Financial Statements of Nykredit for the financial year 2016**

**Nykredit Realkredit A/S – Annual Report 2016**



Link to Annual Report 2016:

https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/_stock_exchange_2017/realkredit/nykredit-realkredit-group-annual-report-2016-07022017.pdf

**Audited Consolidated Financial Statements of Nykredit for the financial year 2015**

**Nykredit Realkredit A/S – Annual Report 2015**



Link to Annual Report 2015:

https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/_stock_exchange_2016/realkredit/nykredit-realkredit-group-annual-report-2015-110216.pdf

**Nykredit's Unaudited Consolidated Interim Financial Statements for the period 1 January to 31 March 2017**

**Nykredit Realkredit A/S – Q1 Interim Report 2017**



Link to Q1 Interim Report 2017:

https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/_stock_exchange_2017/realkredit/nykredit-realkredit-group-q1-interim-report-2017-09052017.pdf

# 9 PURPOSE OF BOND OFFERING AND APPLICATION OF PROCEEDS

***Covered Securities***

Covered Securities are issued and sold to fund loans against mortgages over real estate, unsecured loans to public authorities or loans guaranteed by public authorities which are granted by Nykredit, a credit institution which is a subsidiary of Nykredit or a third credit institution which has assigned loans and mortgages to Nykredit or to a credit institution which is a subsidiary of Nykredit, see 5.15 "Joint funding".

***Section 15 Bonds***

Under this Base Prospectus, Section 15 Bonds may be issued in order to provide supplementary collateral in capital centres which issue SDOs before the requirement for supplementary collateral arises, or in order to build up a level of overcollateralisation in capital centres which issue SDOs or ROs.

The issuance proceeds will be applied to build up overcollateralisation in the capital centres (whether they issue SDOs or ROs) or to acquire supplementary collateral for the purpose of satisfying the requirement that the value of cover assets behind the SDOs issued through Capital Centres E and H must at least equal the value of the SDOs issued.

The proceeds from issuance of Section 15 Bonds are placed in particularly secure assets pursuant to section 152 c(1)(i) and (iii)-(vii) of the Danish Financial Business Act.

# 10 ABOUT NYKREDIT

## 10.1 Background

The Danish mortgage system is one of the oldest in the world and dates back to the great fire of Copenhagen in 1797. Nykredit has issued covered bonds since 1985 under the name of "Nykredit", but has issued covered bonds under other names and in other legal entities since 1851.

Realkreditforeningen Nykredit was founded on 1 April 1985 through the merger of two other mortgage associations formed in 1851. Realkreditforeningen Nykredit operated as a mortgage association on a purely wholesale basis until 1989, providing mortgage loans to commercial and personal customers through external distribution channels. In 1989 the mortgage sector in Denmark was deregulated; commercial banks were authorised to establish mortgage banks, and mortgage associations were authorised to convert into public limited companies.

As a result of the mortgage sector deregulation, Realkreditforeningen Nykredit developed from a wholesale into a retail business and later expanded its activities to include banking and insurance. In 1991 Realkreditforeningen Nykredit was converted into a public limited company – a mortgage bank – with a holding company structure. As part of the conversion, Realkreditforeningen Nykredit transferred its assets and liabilities through the holding company, now named Nykredit A/S (formerly Nykredit Holding A/S) to the mortgage bank, now named Nykredit Realkredit A/S (formerly Nykredit A/S), which continued the mortgage activities of the former mortgage association. Forenet Kredit (formerly Foreningen Nykredit (the Nykredit Association)), the members of which were the mortgage borrowers of the mortgage association, became the sole owner of Nykredit A/S at the time of the conversion. In 1992 Nykredit Realkredit A/S merged with IRF Industrifinansiering, providing Industriens Realkreditfond (the Industrial Mortgage Fund of Denmark) with an ownership interest in Nykredit A/S.

In 1994 Nykredit formed a wholly-owned subsidiary, Nykredit Bank A/S ("**Nykredit Bank**"), as a corporate bank, which later expanded its activities to include personal customers. Nykredit and its subsidiaries are together referred to as the "**Nykredit Group**". In 2000 Nykredit acquired the insurance company Østifterne Forsikring (later renamed Nykredit Forsikring A/S), which continued the existing insurance activities of the Nykredit Group. Foreningen Østifterne became a shareholder of Nykredit A/S.

In 2002 and 2003 Nykredit entered into a number of strategic partnerships with for instance Jyske Bank and Spar Nord Bank concerning the distribution of Nykredit's mortgage loans in order to strengthen distribution to personal customers.

To further strengthen its distribution capacity to personal customers, Nykredit acquired the mortgage bank Totalkredit A/S ("**Totalkredit**") in November 2003. Totalkredit is a mortgage bank granting mortgage loans to personal customers and to a minor extent to small and medium-sized enterprises through a distribution network of about 58 local and regional banks. Together, these local and regional banks own the company PRAS A/S, which became a shareholder of Nykredit A/S following Nykredit's acquisition of Totalkredit.

On 2 November 2007 the Danish FSA authorised Nykredit to issue SDOs pursuant to section 16 a of the Danish Financial Business Act.

In October 2008 Nykredit acquired Forstædernes Bank A/S. Forstædernes Bank A/S was fully integrated into the Nykredit Group as at 1 April 2010.

In March 2010 the Nykredit Group sold Nykredit Forsikring A/S to Gjensidige Forsikring A/S. The parties also entered into a distribution agreement according to which Nykredit continues to supply and sell insurance products and services to its customers with Gjensidige as supplier. Personal customers are served under the Nykredit brand, whereas commercial – including agricultural – customers are served under the Gjensidige brand.

Since 1 April 2012 new mortgage loans to personal customers have been originated by Nykredit's advisers and issued via Totalkredit.

The Nykredit Group is one of the largest lenders in Denmark with a 31% share of the Danish market as at 31 December 2015 based on the MFI statistics of the Danish central bank.

In Denmark mortgage and commercial banks account for almost all lending. As at 31 December 2015, mortgage bank lending in Denmark totalled DKK 2,551bn (about EUR 342bn), while total lending by commercial banks was DKK 1,274bn (about EUR 171bn).

The Danish mortgage sector consists of seven mortgage banks of which the Nykredit Group (including Totalkredit) and Realkredit Danmark (part of the Danske Bank Group) together represent more than 70% of the mortgage market. Nordea Kredit, BRFkredit, DLR Kredit and LR Realkredit account for the remainder.

### 10.2 Ownership and legal structure

Nykredit Realkredit A/S is a Danish public limited company registered with the Danish Business Authority under CVR no 12 71 92 80. Nykredit's registered address is Kalvebod Brygge 1-3, DK-1780 Copenhagen V, tel +45 44 55 10 00.

According to Article 3(2) of Nykredit's Articles of Association, Nykredit's objects are to carry on mortgage banking, ie activities allowed under current Danish legislation governing mortgage banks, and to carry on other financial business, including banking business, through subsidiaries. Nykredit's Memorandum of Association does not contain information on Nykredit's registration, CVR number or objects.

The Issuer carries on business under the following secondary names: Industrikredit A/S, IRF Erhvervsfinansiering A/S, IRF Industrifinansiering A/S, IRF Industrikredit A/S, Nykredit Industri A/S and Realkreditaktieselskabet Nykredit.

The Issuer has a share capital of DKK 1,182,215,700 divided into 11,822,157 shares of DKK 100. The share capital is fully paid up. The shares are registered in the names of the holders and have been entered in the company's register of shareholders. No share certificates have been issued. The shares cannot be assigned to the bearer and are non-negotiable. There is only one class of shares.

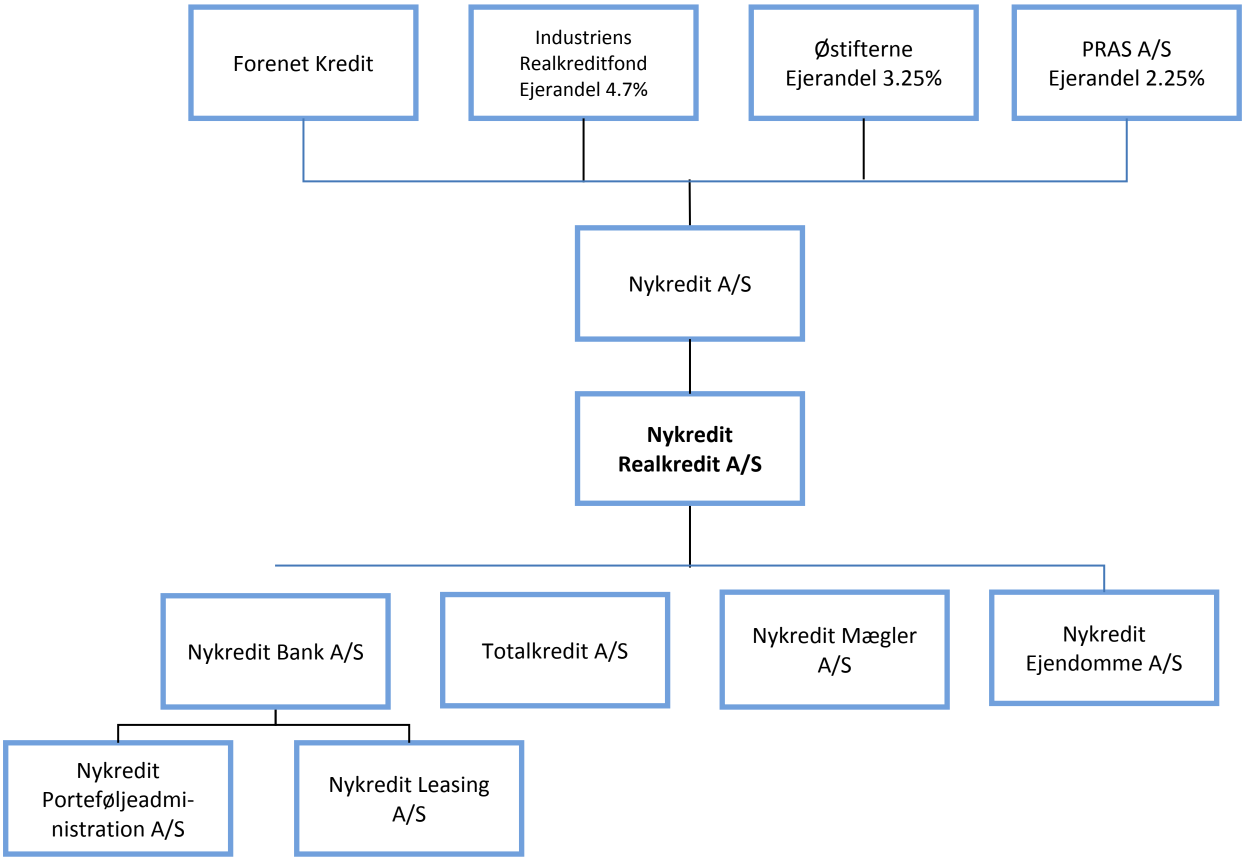
Nykredit announced on 4 February 2016 that the Board of Directors had decided to prepare for a stock exchange listing of Nykredit A/S (formerly Nykredit Holding A/S). It was also announced that the company expected to spend up to 24 months to prepare for the stock exchange listing.

Nykredit is wholly owned by Nykredit A/S, the only activity of which is the ownership of Nykredit. Forenet Kredit is the largest shareholder of Nykredit A/S. The business activities of the Nykredit Group are carried on by Nykredit, which operates its mortgage business and other activities directly and through its subsidiaries Totalkredit, Nykredit Bank, Nykredit Mægler A/S and Nykredit Ejendomme A/S.

As at the date of this Base Prospectus, Nykredit A/S's shares were distributed as follows:

| Shareholders of Nykredit A/S (%) | Proportion of ordinary shares (%) |
|---|---|
| Forenet Kredit | 89.80 |
| Industriens Realkreditfond | 4.70 |
| Foreningen Østifterne | 3.25 |
| Pras A/S | 2.25 |

The general structure of the Nykredit Group, as at the date of this Prospectus, is set out in the following diagram:




All Nykredit's subsidiaries are wholly owned by Nykredit. Nykredit Bank and Totalkredit are the most important of these subsidiaries as both these units form an integral part of Nykredit's day-to-day business. For example, Totalkredit accounts for the main part of the Nykredit Group's mortgage lending to personal customers, and in addition to its other activities, Nykredit Bank serves as daily bank to the entire Nykredit Group.

The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the Danish Companies Act and the Danish Financial Business Act lay down rules to counter a major shareholder's abuse of its controlling interest. Nykredit has not taken special measures to prevent Nykredit A/S from abusing its controlling interest in Nykredit. Nykredit is not aware of any agreements that may lead to a third party obtaining a controlling interest in Nykredit.

The Nykredit Group had total assets of DKK 1,401bn as at 31 December 2016. The Nykredit Group's equity amounted to DKK 71.0bn as at 31 December 2016, and profit before tax for the financial year ended 31 December 2016 was DKK 6,708m. In 2016 the Nykredit Group had an average number of full-time staff of 3,648.

| DKK million | Q1/2017 | Q1/2016 | 2016 | 2015 |
|---|---|---|---|---|
| Core income from business operations | 3,450 | 2,831 | 12,159 | 12,126 |

| | | | | |
|---|---|---|---|---|
| Operating costs, depreciation and amortisation | 1,178 | 1,199 | 5,260 | 5,005 |
| Profit from core business before impairment losses | 2,165 | 1,525 | 6,451 | 6,488 |
| Impairment losses on loans and advances | (21) | (51) | 680 | 920 |
| Profit from core business | 2,189 | 1,576 | 5,771 | 5,568 |
| Investment portfolio income | 465 | 60 | 1,331 | 853 |
| Profit before tax | 2,988 | 895 | 6,708 | 4,685 |

### 10.3 Nykredit's authorised business areas

Nykredit is authorised to carry on:

- mortgage lending funded by ROs, SDROs or SDOs; and
- securities dealing relating to its mortgage banking activities.

Nykredit carries on other financial business through its subsidiaries:

- mortgage lending (Totalkredit);
- banking (retail and investment banking) (Nykredit Bank);
- estate agency services (Nykredit Mægler A/S); and
- ownership and administration of office properties (Nykredit Ejendomme A/S).

### 10.4 Nykredit Group business activities

Mortgage lending remains the core business of the Nykredit Group. Nykredit's primary market is the Danish market for lending against mortgages over real estate. Nykredit provides loans to personal, commercial and agricultural customers. Group mortgage lending, calculated as debt outstanding at nominal value, totalled DKK 1,107bn (about EUR 149bn) as at 31 December 2016. Bank lending totalled DKK 55.0bn (about EUR 7bn) as at 31 December 2016.

Nykredit and Totalkredit's most important business activity is lending for housing purposes. Total lending for housing purposes represented 78% of the outstanding bond debt as at 31 December 2016 (as set out below):

| **Nykredit Group's outstanding bond debt as at 31 December 2016** | **Proportion (%)** |
|---|---|
| Private residential property. . . . . . . . . . . . . . . . . . . . . . . . | 61.6 |
| Private residential rental. . . . . . . . . . . . . . . . . . . . . . . . . | 7.3 |
| Industry and trades. . . . . . . . . . . . . . . . . . . . . . . . . . . . | 1.9 |
| Office and retail. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 9.8 |
| Agricultural property. . . . . . . . . . . . . . . . . . . . . . . . . . . | 8.5 |
| Non-profit housing. . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 6.0 |
| Cooperative housing. . . . . . . . . . . . . . . . . . . . . . . . . . . . | 3.4 |
| Other. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 1.5 |
| **Total**. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | **100.0** |

*Bond debt refers only to covered securities and includes bonds issued directly by Totalkredit.*

The Nykredit Group is organised into the following business areas: Retail, Totalkredit Partners, Wholesale and Wealth Management.

#### 10.4.1 Retail

The business area Retail comprises Nykredit's personal customers and SMEs, including agricultural customers, residential rental property and wealthy private individuals. The business area also includes mortgage lending to Nykredit's personal customers provided via Totalkredit and Nykredit Private Banking.

The Nykredit Group's multi-channel strategy means that customers are served through 43 customer centres, estate agencies (the Nybolig and Estate agency chains), and the nationwide sales and advisory centre, Nykredit Direkte®. Under the Nykredit brand, Retail customers are offered bank, mortgage, insurance, investment and pension products.

Nykredit also offers mortgage loans for private residential properties chiefly in France and Spain. The customer base consists of Danish citizens and Swedish and Norwegian citizens residing in France and Spain. These loans are granted in Denmark based on authorisations from the Danish FSA, and lending activities comply with Danish mortgage regulation.

| | France | Spain | Other countries |
|---|---|---|---|
| Lending as at 31 December 2016 | DKK 4.7bn | DKK 5.7bn | DKK 0.8bn |

**10.4.2 Totalkredit Partners**

About 58 banks have entered into a partnership agreement with Totalkredit for the distribution of Totalkredit mortgage loans to their personal customers. Under the agreement, the loan-originating partner banks cover part of the credit risk on the loans through loss guarantees or set-off against commission payments from Totalkredit to the partner banks.

**10.4.3 Wholesale**

The business area Wholesale comprises activities with the Nykredit Group's corporate and institutional clients, including cooperative housing and non-profit housing. Wholesale also includes the activities of Nykredit Markets.

Nykredit offers mortgage loans for properties abroad owned by Danish and selected international corporate clients. Nykredit offers property finance in the UK, Norway, Sweden, Germany and Finland.

Nykredit's international mortgage lending is based on authorisations from the Danish FSA, and the lending activities are in accordance with Danish mortgage regulation.

**10.4.4 Wealth Management**

Wealth Management includes Nykredit Asset Management, Nykredit Portefølje Administration and Private Banking Elite.

**10.4.5 Other areas of responsibility**

CEO responsibilities include Strategy, Group Legal Affairs, HR and Corporate Communications, Marketing as well as Internal Audit.

COO responsibilities include IT, Production (back office), Facility Management, Processes and Procurement.

CFO/CRO responsibilities include Group Finance, Group Treasury, Group Credits, Capital, Risk as well as Valuations.

**10.5 Capital structure**

The table overleaf shows the Nykredit Group's capital structure and total capital ratio.

**Nykredit Realkredit Group**

| DKK million | 2016 | 2015 |
|---|---|---|
| Common Equity Tier 1 capital. . . . . . . . . . . . . . . . . . . . . . . . | 65,863 | 60,525 |
| Total Additional Tier 1 capital/hybrid capital after deductions. . | 3,676 | 3,488 |
| Tier 2 capital after deductions . . . . . . . . . . . . . . . . . . . . | 11,060 | 10,485 |
| Own funds . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 80,599 | 74,498 |

| | | |
|---|---|---|
| Total risk exposure amount. . . . . . . . . . . . . . . . . . . . . . . . | 349,348 | 311,220 |
| Common Equity Tier 1 capital ratio. . . . . . . . . . . . . . . . . . . . | 18.8% | 19.4% |
| Tier 1 capital ratio . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 19.9% | 20.5% |
| Total capital ratio . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 23.0% | 23.9% |
| Internal capital adequacy requirement (Pillar I and Pillar II). | 10.2% | 11.8% |

**Nykredit Realkredit A/S**

| | **2016** | **2015** |
|---|---|---|
| Common Equity Tier 1 capital ratio. . . . . . . . . . . . . . . . . . . . | 17.0% | 16.5% |

**Nykredit Holding Group**

| | **2016** | **2015** |
|---|---|---|
| Common Equity Tier 1 capital ratio . . . . . . . . . . . . . . . . . . . | 18.8% | 19.4% |

### 10.6 Ratings

The majority of the Nykredit Group's bonds have been rated by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), and Nykredit has been rated as issuer by S&P and Fitch Ratings Ltd ("**Fitch**"). Both S&P and Fitch operate in the European Union, and they were registered in accordance with Regulation (EC) No 1060/2009 on the date of the Base Prospectus:

**Nykredit Group ratings**

| **Ratings** | **S&P** | **Fitch** |
|---|---|---|
| Capital Centre E (SDOs). . . . . . . . . . . . . | AAA | |
| Capital Centre E (Section 15 Bonds) . . . . | AA- | |
| Capital Centre D (ROs). . . . . . . . . . . . . . | AAA | |
| Capital Centre D (Section 15 Bonds) | AA- | |
| Capital Centre C (ROs). . . . . . . . . . . . . . | AAA | |
| Capital Centre G (ROs) . . . . . . . . . . . . . | AAA | |
| Capital Centre H (SDOs). . . . . . . . . . . . . | AAA | |
| Capital Centre H (Section 15 Bonds) . . . . | AA- | |
| Capital Centre I (ROs). . . . . . . . . . . . . . . | AAA | |
| Nykredit Realkredit In General (ROs). . . . | AAA | |
| Short-term unsecured rating. . . . . . . . . . | A-1 | F1 |
| Long-term unsecured rating. . . . . . . . . . . | A | A |
| Senior Resolution Notes | BBB+ | A |
| Tier 2 | BBB | A- |
| Tier 2 CoCo | BBB | BBB |
| Additional Tier 1 capital . . . . . . . . . . . . . . | BB+ | BB+ |
| **Totalkredit A/S** | | |
| Capital Centre C (ROs). . . . . . . . . . . . . . . | AAA | |
| **Nykredit Bank A/S** | | |
| Short-term deposit rating | A-1 | F1 |
| Long-term deposit rating | A | A |
| Euro MTN Programme | | |
| – short-term senior unsecured debt | A-1 | F1 |
| – long-term senior unsecured debt | A | A |
| Euro Commercial Paper and Certificate of Deposit Programme | | |
| – short-term senior unsecured debt | A-1 | F1 |

A rating of a security may be suspended, downgraded or withdrawn by the assigning credit rating agency at any time. Further, Nykredit may terminate its relationship with one or more credit rating agencies.

## 10.7 Nykredit accounts with commercial banks

Nykredit's accounts with commercial banks are subject to certain requirements by Standard & Poor's: The accounts shall be held with commercial banks having a senior unsecured counterparty rating from Standard & Poor's of at least BBB/A-2, provided that these exposures in total do not exceed 5% of a capital centre's total assets, and provided that a) the impact of an account-holding bank's failure to perform is not likely to cause a direct disruption of payments on Nykredit's covered bonds during the replacement period; or b) an adverse impact on Nykredit's covered bonds would only be likely to result from the occurrence of multiple coincident events. If the exposures exceed 5% of a capital centre's total assets, the account-holding banks must have a Standard & Poor's rating of at least A/A-1.

For handling of short-term deposits, the account-holding bank must have a Standard & Poor's rating of at least BBB/A-2, provided that a) the impact of an account-holding bank's failure to perform is not likely to cause a direct disruption of payments on Nykredit's covered bonds during the replacement period; or b) an adverse impact on Nykredit's covered bonds would only be likely to result from the occurrence of multiple coincident events. If the account-holding bank does not meet the above Standard & Poor's rating requirements, Nykredit/Totalkredit must within 30 days make commercially reasonable efforts to replace the account-holding bank with a bank that meets this criterion (replacement). In case of replacement, and where new payment instructions to borrowers are necessary, the borrowers will in connection with the replacement be notified that future payments are to be made to an account with another bank (that meets the above Standard & Poor's rating requirements) as specified by Nykredit/Totalkredit. This provision applies to proceeds placed in accounts (that are not exempted from the commercial bank's bankruptcy estate). This provision is based on the current rating of the covered bonds and the current counterparty methodology and criteria as published by Standard & Poor's.

Changes in the ratings of covered bonds and/or the wording and interpretation of the methodology/criteria, as well as clarification with the understanding of Standard & Poor's, may lead to changes to this provision. This provision will cease to apply if Nykredit and/or Standard & Poor's terminate the agreement to rate Nykredit's covered bonds.

## 10.8 Risk management

Nykredit's Board of Directors is responsible for defining limits to and monitoring group risk as well as approving overall instructions and policies. Risk exposures and activities are reported regularly to the Executive Board.

The Board of Directors has delegated the day-to-day responsibility to the Group Executive Board, which is in charge of implementing overall instructions. Continuous risk monitoring and management are the responsibility of committees, each chaired by a member of the Group Executive Board.

Nykredit's most important group committees are the Group Risk Committee, the Group Asset/Liability Committee and the Group Credits Committee.

The Group Risk Committee is charged with overseeing the overall risk profile and capital requirements of the Nykredit Group at all times in order to assist (i) the managements of Forenet Kredit and Nykredit in monitoring – and (ii) the managements of Nykredit Realkredit, Totalkredit and Nykredit Bank in ensuring – compliance with current legislation and practice.

The Group Risk Committee must also oversee all the Nykredit Group's risk models at all times in order to assist management in monitoring and ensuring compliance with current legislation and practice in the area in question.

In relation to the Nykredit Group and the individual companies Nykredit Realkredit, Totalkredit and Nykredit Bank, the Group Asset/Liability Committee is charged with monitoring and coordinating the use of limited resources in the form of capital and liquidity, monitoring profitability at the business level and laying down internal limits.

The Group Credits Committee is charged with overseeing and supervising the management of risks in the Nykredit Group in the credits area. The committee chiefly processes cases and manages portfolios in the credits area.

Nykredit distinguishes between the following general types of risk:

- Credit risk reflects the risk of loss as a result of the non-performance of counterparties.
- Market risk reflects the risk of loss as a result of movements in financial markets (interest rate, foreign exchange, equity price, volatility risk, etc).
- Liquidity risk reflects the risk of loss as a result of insufficient liquidity to cover current payment obligations.
- Operational risk reflects the risk of loss as a result of inadequate or failed internal processes, people and systems or external events.

### 10.8.1 Credit risk

The Board of Directors lays down the overall framework for credit approval and is presented with the largest credit applications for approval or briefing on a current basis.

Within the framework laid down by the Board of Directors, the Group Executive Board sets out the policies governing the individual business areas and Treasury. On behalf of the Group Executive Board, the Group Credits Committee considers large credit applications on a current basis.

Group Credits is responsible for managing and monitoring credit risk in accordance with the guidelines laid down by the Board of Directors and the Group Executive Board. The Group Credits Committee reports on individual credit exposures. The Group Credits Committee is responsible for approving credit risk models and reporting credit risk at portfolio level.

Nykredit's local customer centres are authorised to decide on most credit applications in line with the Nykredit Group's aim to process most credit applications locally.

Credit applications exceeding the authority assigned to the customer centres are processed centrally by Group Credits. The applications received are decided by Group Credits unless they involve exposures of a size requiring the approval of the Group Credits Committee or the Board of Directors. The Board of Directors grants or approves loans or credit facilities that, if granted, will bring Nykredit's total exposure to any one customer over DKK 200m and, subsequently, whenever the exposure exceeds multiples of DKK 100m.

When processing credit applications, the local customer centres perform an assessment of the individual customer. The assessment is based on a customer rating computed by Nykredit's own credit models. The customer rating is supplemented with an assessment of the customer's financial position and any other relevant matters. In connection with mortgage loan applications, the statutory property valuations are also performed. The overall guidelines on customer assessment and property valuation have been prescribed by Group Credits.

When establishing limits for derivative financial instruments, Nykredit will often demand contracts providing the Nykredit Group with a netting option. The contractual framework will typically be based on market standards such as the International Swaps and Derivatives Association (ISDA) or the International Capital Market Association (ICMA) agreements.

All exposures of a certain size are reviewed at least once a year. This is part of the monitoring of credit exposures based on updated financial and customer information. All exposures showing signs of risk are also reviewed.

Nykredit uses a statistical model for the monitoring of market values of properties funded by covered bonds. The models are applied to detached houses, terraced houses, holiday homes and owner-occupied flats that satisfy specific requirements for LTV ratios, risk classification and time since the last valuation. The statistical valuations are performed centrally and supplemented by local valuations as required. As prescribed by law, market values are monitored at least once a year in respect of commercial properties and at least every three years in respect of detached houses, holiday homes and owner-occupied flats.

A substantial part of the Nykredit Group's residential mortgage lending is originated through the partner banks –Danish local and regional banks. In these cases, the partner banks perform the initial assessment of the customer and valuation of the property.

The partner banks are responsible for customer service and hedging loan portfolio risk. Under an agreement concluded with the partner banks, realised losses corresponding to the cash part of a loan exceeding 60% of the mortgageable value of the property at the time of granting are offset against future commission payments from Totalkredit to the partner banks. Since June 2014 a minor part of the right of set-off has been replaced by a loss guarantee provided by the partner banks. Through the set-off agreements with the partner banks, Totalkredit offset losses in the amount of DKK 240m in 2016.

### 10.8.2 Credit risk models

Nykredit uses internal models for the determination of credit risk. Credit risk is determined using three key parameters: Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The models used to determine PD and LGD are built on historical data allowing for periods of low as well as high business activity. PD is thus estimated by weighting current data against data dating back to the early 1990s. Current data carry a 40% weighting, while data from the early 1990s carry a 60% weighting. The LGD level for mortgage products is determined on the basis of loss data relating to the economic downturn in 1991-1993.

With respect to personal customers and SMEs, PDs are determined on the basis of the customer's credit score and payment behaviour. Credit scoring is a statistical calculation of a customer's creditworthiness chiefly based on the customer's financial circumstances.

With respect to other customer segments, statistical models have been developed based on conditional probabilities estimating PDs that factor in business-specific circumstances such as financial data, arrears and loan impairment as well as industry-specific conditions and the macroeconomic climate.

External ratings are used to a very limited extent in respect of a few types of counterparty for which no statistical models can be developed due to the absence of default data. External ratings are converted into PDs.

The PDs of individual customers are converted into ratings from 0 to 10, 10 being the highest rating. Customer ratings are an important element of the credit policy and customer assessment.

LGD is calculated for each customer exposure. The LGDs of the majority of the Nykredit Group's exposures are determined using internal approaches based on loss and default data. The calculations factor in any security such as mortgages over real estate, including the type and quality of security and the ranking in the order of priority.

Mortgage banking is characterised by low LGDs as the security provided by way of mortgages over real estate offers good protection against losses.

## 10.9 Market risk

The Nykredit Group's business activities involve a number of different market risks. Mortgage lending is subject to the balance principle, which defines risk limits to all types of market risk.

Nykredit's market risk relates mainly to investment portfolios. Furthermore, the activities of Nykredit Markets and Nykredit Asset Management involve market risk.

The limits relating to market risk in the Nykredit Group, including Value-at-Risk, interest rate, equity price, foreign exchange and volatility risk, are subject to approval by Nykredit's Board of Directors. Through the Group Risk Committee and within the limits provided by the Board of Directors, the Group Executive Board delegates and approves market risk limits to the group companies. Compliance with risk limits is monitored daily and independently of the involved entities of the Nykredit Group.

### 10.9.1 Market risk on mortgage lending

Nykredit's mortgage lending complies with the balance principle, which limits Nykredit's market risk. The legislative framework behind the balance principle is the Danish Financial Business Act, the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, and the Danish Executive Order on Bonds.

The above acts specify risk limits to all types of market risk. The Nykredit Group's market and liquidity risk in connection with the issuance of bonds is much lower than the limits prescribed by law, as a major part of mortgage loans are match-funded, which eliminates market risk, or the risk is hedged through the conclusion of financial derivatives agreements. Loans funded by SDOs or ROs are granted according to uniform principles for market and liquidity risk.

The Nykredit Group's mortgage loans are funded and have the following characteristics:

- On granting loans, Nykredit issues the bonds or other securities that fund loans on a daily basis;
- Each loan is match-funded through bonds or derivatives sold in the market;
- The loan rates equal the yield-to-maturity of the bonds or other securities sold;
- Fixed-rate loans have fixed funding throughout the loan term. Adjustable-rate mortgage loans do not have fixed funding but are funded by bonds with maturities between 1 and 11 years. On refinancing, the loan rate is adjusted to the yield-to-maturity of the new bonds funding the loan;
- When loans are prepaid, the matching proportion of the outstanding funding is redeemed. Borrowers cover Nykredit's costs incidental to prepayments. If loans are not match-funded, Nykredit will reduce assets eligible as collateral, cf Article 129 of the CRR;
- The due dates of payment of interest and principal on the loans are fixed so that Nykredit receives the funds on or before the date on which the payments to Bondholders fall due, provided that borrowers make timely payments; and
- Nykredit's earnings margin consists of a separate administration margin, calculated on the basis of the debt outstanding, which may be changed if market conditions change, for instance in loss-making periods. In addition, various fees may be charged.

In practice, these characteristics minimise Nykredit's and Totalkredit's interest rate, liquidity and refinancing risk on mortgage lending and the underlying funding.

The Nykredit Group applies a Value-at-Risk model (VaR model) for its day-to-day management of market risk and for the determination of capital requirements.

In certain cases, Nykredit and Totalkredit may allow prepayment of mortgage loans by way of cash rather than delivery of the underlying bonds where they are traded at a premium in the market. This is due to the fact that the investors holding these bonds do not want to sell them at a price that reflects the bond yield (lock-in effect). In such cases, Nykredit will fix a prepayment price for the loan which reflects Nykredit's cost of hedging the risk relating to the cash flows concerned.

For the purpose of day-to-day business risk management, the Nykredit Group calculates VaR at a confidence level of 99% and a time horizon of one day. VaR is calculated for both the trading book and the banking book for internal purposes. When determining capital requirements, Nykredit only calculates VaR for the trading book, whereas Nykredit Bank's calculations include both the trading book and the banking book excluding equities.

As a consequence of the Danish Executive Order on capital adequacy, Nykredit Realkredit and Nykredit Bank are required to calculate a stressed VaR in addition to the current VaR for determining the capital requirement. Stressed VaR is also determined using a confidence level of 99%, but a time horizon of 10 days.

The Nykredit Group's internal VaR was DKK 126m as at 31 December 2015. According to the model, the Nykredit Group would, at a 99% probability, lose a maximum of DKK 126m in one day as a consequence of market fluctuations. The Nykredit Group's total capital requirement for market risk amounted to DKK 2.2bn as at 31 December 2015.

### 10.10 Liquidity risk

The overall liquidity risk of the Nykredit Group is assessed by the Group Asset/Liability Committee, whereas day-to-day liquidity management is performed by the individual group companies.

The Nykredit Group has structured its lending in a manner that ensures a high level of liquidity. The greater part of the Group's lending is mortgage loans funded in accordance with the balance principle. Further, Nykredit Bank's lending is generally funded by deposits.

### 10.11 Operational risk

The business areas are responsible for the day-to-day management of operational risk. Operational risk management activities are coordinated centrally to ensure consistency and optimisation across the Nykredit Group. The Nykredit Group strives to always limit operational risk, taking into consideration the costs involved.

### 10.12 Other information concerning Nykredit

In connection with Nykredit's acquisition of Totalkredit in 2003, Nykredit agreed to a merger condition stipulating that Nykredit cannot raise the administration margins for personal customers with mortgage loans in Nykredit without the approval of the competition authorities.

In November 2011 the competition authorities permitted Nykredit to raise the administration margins slightly on 1 April 2012.

This permission would have expired on 31 March 2017, but it has now been extended until 30 September 2017 at the latest. By then, the competition authorities must make a decision on the merger condition going forward.

Moreover, owing to its size and business scope, the Nykredit Group is continuously involved in legal proceedings and disputes. The cases are subject to ongoing audit, and necessary impairment provisions are made based on an assessment of the risk of loss. Pending cases (including the matter concerning the Danish competition authorities) are not expected to have a significant effect on the Nykredit Group's financial position.

# 11 BOARD OF DIRECTORS, EXECUTIVE BOARD AND OTHER BODIES

## 11.1 Board of Directors

**Steffen Kragh**, *Chief Executive Officer, Chairman of Nykredit Realkredit A/S*
Chief Executive Officer of Egmont Fonden, Egmont International Holding A/S and NKB Invest 103 ApS.
Chairman of Nykredit A/S, Cappelen Damm Holding A/S, Egmont Administration A/S, Egmont Finansiering A/S, Lindhardt og Ringhof Forlag A/S, Nordisk Film A/S and Egmont Holding Limited.
Deputy Chairman of Lundbeckfond Invest A/S and Lundbeckfonden.
Director of Egmont Book Publishing Ltd., Egmont UK Ltd. Ejendomsselskabet Gothersgade 55 ApS, Ejendomsselskabet Vognmagergade 11 ApS and MBG Sleeping Egmont A/S.

**Merete Eldrup**, *Chief Executive Officer, Deputy Chairman of Nykredit Realkredit A/S*
Chief Executive Officer of TV2/Danmark A/S.
Chairman of TV2 BIB A/S, TV2 DTT A/S and TV2 Networks A/S.
Deputy Chairman of Gyldendal A/S and Nykredit A/S.
Director of Rambøll Gruppen A/S.
Member of the Committee of Representatives of Foreningen Realdania.

**Nina Smith**, *Professor at the Department of Economics and Business, Aarhus University, Deputy Chairman of Nykredit Realkredit A/S*
Chairman of Forenet Kredit, Nykredits Fond, Creditklassens Jubilæumsfond af 1941 og 1966, KORA and Favrskov Gymnasium.
Deputy Chairman of Nykredit A/S.
Director of Carlsberg A/S, Carlsbergfondets Forskerboliger A/S and Carlsbergfondet.

**Helge Leiro Baastad,** *Chief Executive Officer*
Chief Executive Officer of Gjensidige Forsikring ASA.
Chairman of Gjensidige Pensjon and Sparing Holding AS.
Director of Nykredit A/S and Finans Norge.
Member of the election committee of SpareBank 1 SR-Bank.

**Hans Bang-Hansen**, *Farmer, First Deputy Mayor, Municipality of Horsens*
Chief Executive Officer of HGE Holding Aps, Arnen Holding ApS, Håstrupgård Ejendomme ApS, HB-H Holding ApS, Provstlund ApS and LNT Invest ApS.
Chairman of Horsens Vand A/S, Horsens Vand Holding A/S and Håstrupgård ApS.
Deputy Chairman of Forenet Kredit, Nykredits Fond and Creditklassens Jubilæums Fond af 1941 og 1966.
Director of Nykredit A/S, Horsens Folkeblads Fond and Jyske Medier A/S.

**Olav Bredgaard Brusen**, *Deputy Chairman, NYKREDS, staff-elected*
Staff-elected director of Forenet Kredit.
Staff-elected director of Nykredit A/S.

**Michael Demsitz,** *Chief Executive Officer*
Chief Executive Officer of Boligkontoret Danmark.
Chairman of Alment Bestyrelsesakademi and Byggeskadefonden
Director of Forenet Kredit, Nykredit A/S, Nykredit Fond, Boligselskabernes Landsforening and AlmenNet.

**Per W. Hallgren**, *Chief Executive Officer*
Chief Executive Officer of Jeudan
Chairman of CEJ Ejendomsadministration A/S, CEJ Aarhus A/S, Jeudan I A/S, Jeudan II A/S, Jeudan III A/S, Jeudan IV A/S, Jeudan V A/S, Jeudan VI A/S, Jeudan VII A/S, Jeudan VIII A/S, Jeudan IX ApS, Jeudan X ApS and Jeudan XI ApS.
Director of Forenet Kredit and Nykredit A/S.

**Marlene Holm,** *Political Secretary, staff-elected*
Staff-elected director of Nykredit A/S.

**Allan Kristiansen**, *Chief Relationship Manager, staff-elected*
Staff-elected director of Nykredit Bank A/S
Staff-elected director of Nykredit A/S.

**Bent Naur**, *former Chief Executive Officer*

Deputy Chairman of Finansiel Stabilitet A/S.
Director of Nykredit A/S.

**Anders C. Obel**, *Chief Executive Officer*
Chief Executive Officer of C.W. Obel A/S.
Chairman of C.W. Obel Ejendomme A/S, C.W. Obel Projekt A/S, Obel-LFI Ejendomme A/S Semco Maritime A/S, C.W. Obel Bolig A/S and Semco Maritime Holding A/S.

Director of Forenet Kredit, Nykredit A/S, Axzon A/S, Erhvervsinvest Management A/S, Fonden Det Obelske Jubilæumskollegium, Fritz Hansen A/S, Høvdingsgaard Fonden, Mullerupgaard og Gl. Estrup Fonden, Skandinavisk Holding A/S, Skandinavisk Holding II A/S, Skjørringefonden and Woodmancott Fonden.
Member of the Committee of Representatives of Foreningen Realdania.
Member of the investment committee of Danish Agribusiness Fund

**Erling Bech Poulsen**, *Farmer*
Managing Director of Kølhede Holding ApS, Kølhede Invest A/S, Morten Poulsen Holding ApS, Malene Poulsen ApS and Majbrit Poulsen ApS.
Chairman of Østifterne f.m.b.a and Østifterne Administration f.m.b.a.
Director of Agrovakia A/S, Axzon A/S, Vandborg Karosserifabrik A/S, Kølhede Invest A/S, Polen Invest A/S, Nykredit A/S and Lidenlund Invest III 2008.

**Inge Sand**, *Senior Business Adviser, staff-elected*
Staff-elected director of Forenet Kredit.
Staff-elected director of Nykredit A/S.

**Leif Vinther**, *Chairman of Staff Association, staff-elected*
Staff-elected director of Forenet Kredit and Nykredit A/S.

Director of Nykredits Fond and the Executive Committee of Finansforbundet.

The address of all members of Nykredit's Board of Directors is:
Nykredit Realkredit A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V
Tel +45 44 55 10 00

The directors have no potential conflicts of interest between their obligations to Nykredit and their private interests and/or other obligations.

### 11.2 Executive Board

**Michael Rasmussen**, *Group Chief Executive*
Chief Executive Officer of Nykredit A/S.
Chairman of Investeringsfonden for Udviklingslande (IFU), Totalkredit A/S, Nykredit Bank A/S and Finans Danmark.

Director of Copenhagen Business School.

**Søren Holm**, *Group Managing Director*
Managing Director of Nykredit A/S.
Chairman of Ejendomsselskabet Kalvebod A/S.
Deputy Chairman of Nykredit Bank A/S.
Director of VP Securities A/S, Totalkredit A/S and Finans Danmark.

**Kim Duus**, *Group Managing Director*
Managing Director of Nykredit A/S.
Chairman of Nykredit Portefølje Administration A/S
Director of Nykredit Bank A/S and Totalkredit A/S.

**David Hellemann**, *Group Managing Director*
Managing Director of Nykredit A/S.
Chairman of Nykredit Ejendomme A/S.
Deputy Chairman of JN Data A/S.
Director of Nykredit Bank A/S, Totalkredit A/S, Bankernes EDB Central a.m.b.a. and Finanssektorens Uddannelsescenter.

**Anders Jensen**, *Group Managing Director*
Managing Director of Nykredit A/S.
Chairman of Nykredit Leasing A/S, Nykredit Mægler A/S and Bolighed A/S.
Director of Nykredit Bank A/S, Totalkredit A/S, Grænsefonden and Niels Brock.

The address of all members of Nykredit's Executive Board is:

Nykredit Realkredit A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V
Tel +45 44 55 10 00

The members of the Executive Board have no potential conflicts of interest between their obligations to Nykredit and their private interests and/or other obligations.

### 11.3 Board committees and corporate governance

The Board of Directors of Nykredit Realkredit A/S has appointed an Audit Board, a Remuneration Board a Nomination Board and a Risk Board. Each of these boards monitors selected areas and prepares cases for review by the entire Board of Directors.

#### 11.3.1 Audit Board

The Audit Board serves the companies of the Nykredit Group that are required to appoint such a board. In addition to Nykredit Realkredit A/S, this concerns Totalkredit A/S and Nykredit Bank A/S.

The Audit Board consists of Anders C. Obel, Chief Executive Officer (Chairman), Merete Eldrup, Chief Executive Officer, Per W. Halgreen, Chief Executive Officer, and Bent Naur, former Chief Executive Officer, who are all members of the Board of Directors of Nykredit Realkredit A/S elected by the General Meeting. The Board of Directors of Nykredit Realkredit A/S has appointed Steffen Kragh, Chief Executive Officer, as the independent, proficient member of the Audit Board.

The principal tasks of the Audit Board are to monitor the financial reporting process, the effectiveness of the Nykredit Group's internal control systems, internal audit and risk management, the statutory audit of the financial statements, and to monitor and verify the independence of the auditors.

#### 11.3.2 Remuneration Board

The Remuneration Board consists of Steffen Kragh, Chief Executive Officer (Chairman), Merete Eldrup, Chief Executive Officer, Nina Smith, Professor, and Leif Vinther, Chairman of Staff Association, who are all members of the Board of Directors of Nykredit Realkredit A/S.

One of the principal tasks of the Remuneration Board is to make recommendations in respect of Nykredit's remuneration policy, including guidelines on incentive pay, for the approval of the Board of Directors. Moreover, the Remuneration Board makes proposals for remuneration of the Committee of Representatives, the Board of Directors and the Executive Board. It also reviews and considers draft resolutions concerning staff bonus budgets and ensures that the information in the Annual Report about remuneration of the Board of Directors and the Executive Board is correct, fair and satisfactory.

#### 11.3.3 Nomination Board

The Nomination Board consists of Steffen Kragh, Chief Executive Officer (Chairman), Merete Eldrup, Chief Executive Officer, and Nina Smith, Professor, who are all members of the Board of Directors of Nykredit Realkredit A/S elected by the General Meeting.

The Nomination Board is tasked with drawing up recommendations for the Board of Directors on the nomination of candidates for the Committee of Representatives, the Board of Directors and the Executive Board. In addition, the Nomination Board, which is accountable to the Board of Directors, is overall responsible for the competency profiles and continuous evaluation of the work and results of the Board of Directors and the Executive Board.

#### 11.3.4 Risk Board

The Risk Board consists of Merete Eldrup, Chief Executive Officer (Chairman), Michael Demsitz, Chief Executive Officer, Bent Naur, former Chief Executive Officer, and Anders C. Obel, Chief Executive Officer, who are all members of the Board of Directors of Nykredit Realkredit A/S elected by the General Meeting.

#### 11.3.5 Corporate governance

The Board of Directors of Nykredit Realkredit A/S has decided that the Nykredit Group should act as a listed company for external purposes, operating on sound business terms.

In consequence, and subject to the adjustments that follow from its special ownership and management structure, the Nykredit Group complies with the revised Recommendations on Corporate Governance of the Danish Committee on Corporate Governance (the "**Recommendations**") and the managerial code of conduct from November 2013 of the Danish Bankers Association, which integrate and supplement the Recommendations. The Recommendations form part of the rules of Nasdaq Copenhagen A/S.

| ***Nykredit's deviations from the Recommendations*** | |
|---|---|
| 1.3.1. It is **recommended** that the company set up contingency procedures in the event of takeover bids [abridged] | **Nykredit does not comply with the recommendation.** The recommendation is not relevant due to the ownership structure of the Nykredit Group. |
| 3.1.4. It is **recommended** that the company's articles of association stipulate a retirement age for members of the board of directors. | **Nykredit does not comply with the recommendation.** The articles of association of Nykredit's financial companies do not stipulate a retirement age for members of the boards of directors. In practice, a retirement age applies to the eight board members of Nykredit Realkredit A/S elected by the General Meeting, who are also members of the Board of Directors of Forenet Kredit, as the articles of association of Forenet Kredit stipulate a maximum age for election |

| | |
|---|---|
| | to the Committee of Representatives which implies that board members resign at the age of 66-70 years at the latest. |
| 3.4.2. It is **recommended** that a majority of the members of a board committee be independent. | **Nykredit partially complies with the recommendation.** The majority of the members of the Group Audit Board and the Group Risk Board are independent. Two out of four members of the Group Remuneration Board and the Group Nomination Board are not considered independent due to the length of their directorships. |

An overall account for Nykredit's approach to corporate governance is given at nykredit.com/corporategovernance.

# 12 LEGAL AND ARBITRATION PROCEEDINGS

Nykredit is continuously involved in legal proceedings and litigation. Furthermore, following the announcement of administration margin increases, Nykredit has experienced a large rise in the number of complaints cases, and these complaints cases may potentially lead to legal actions, possibly class actions. At the time of preparation of this Base Prospectus, Nykredit was not aware of any governmental, legal or arbitration proceedings which may have, or have recently had, a material impact on Nykredit and/or the Nykredit Group's financial position or results.

# 13 TAXATION

Persons considering the purchase, ownership or sale of the Bonds should consult their own tax advisers concerning the tax consequences in the light of their particular situations. With this paragraph the Issuer makes no representation or warranty to the Bondholders regarding the tax consequences.

***Denmark***

The following is a summary description of taxation of the Bonds in Denmark according to the Danish tax laws in force as of the date of this Base Prospectus. Any changes in law or the interpretation and application thereof can be made with retroactive effect. The following description does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or sell the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Prospective investors are under all circumstances strongly recommended to contact their own tax advisers to clarify the individual consequences of their purchase, holding and sale of the Bonds. The Issuer makes no representations or warranties to the Bondholders regarding the tax consequences of the purchase, holding or sale of the Bonds.

*Withholding tax*

Under existing Danish tax laws, no general withholding tax or coupon tax will apply to payments of interest or principal or other amounts due on the Bonds other than, in certain cases to payments in respect of controlled debt in relation to the Issuer as referred to in the Danish Corporation Tax Act. This will not have any impact on Bondholders who are not in a relationship where they control, or are controlled by, the Issuer.

*Danish residents*

Natural or legal persons, including persons who are engaged in financial trade and other enterprises resident for tax purposes in Denmark or receiving interest on the Bonds through their permanent establishment in Denmark, are liable to pay tax on such interest. Capital gains are taxable to individuals and corporate entities in accordance with the Danish act on taxation of gains and losses on claims, debt, and financial contracts (the "Danish Gains on Securities and Foreign Currency Act"). Gains and losses on Bonds held by corporate entities are generally included in their taxable income in accordance with the mark-to-market principle, ie on an unrealised basis. Gains and losses on Bonds held by private individuals are generally included in their taxable income on a realised basis, and if the annual gains or losses do not exceed DKK 2,000, the gains or losses will be exempt from taxation.

Pension funds and other entities regulated by the Danish Pension Returns Tax Act would, irrespective of realisation, be taxed on the basis of the annual increase or decrease in the value of the Bonds according to the mark-to-market principle as laid down in the Act.

*Tax on negative interest*

In a Guidance dated 27 February 2015, the Danish tax authorities stated that where negative interest constitutes periodical remuneration to a debtor, calculated as a certain percentage of the debt outstanding from time to time, this will be considered interest for the purposes of sections 4 e and 6 e of the Danish central government tax act ("*statsskatteloven*").

According to C.A. 11.2.1 of the Guidance Notes 2016-1 of the Danish tax authorities, a debtor's interest income in the form of negative interest is taxable pursuant to section 4 e of the Danish central government tax act, and a creditor's interest expense in the form of negative interest is tax-deductible pursuant to section 6 e of the Danish central government tax act.

A debtor's interest income in the form of negative interest or a creditor's interest expense in the form of negative interest is included in the capital income of private individuals, cf section 4(1)(i) of the Danish personal tax act. Persons applying the Danish Business Tax Scheme must include interest from their business activities in their personal income. This also applies to negative interest from their business activities.

For the purpose of tax base determination, a creditor's accrued interest expenses in the form of negative interest are tax-deductible pursuant to section 9(1) of the Danish Pension Returns Tax Act. Correspondingly, interest income in the form of negative interest received by a debtor is included as return on capital in the tax base pursuant to sections 3, 6 and 7 of the Danish Pension Returns Tax Act, cf section 15(1) of the Danish Pension Returns Tax Act.

*Non-Danish residents*
Under existing Danish tax laws, payments of interest or principal to natural or legal persons that are not resident for tax purposes in Denmark are not subject to taxation in Denmark other than, in certain cases, payments in connection with controlled debt in relation to the Issuer as stated under "Withholding tax" above. No Danish withholding tax will be payable with respect to such payments, and no capital gain realised upon the sale, exchange or cancellation of the Bonds will be subject to taxation in Denmark other than, in certain cases, payments in respect of controlled debt in relation to the Issuer as referred to under " Withholding tax" above.

This tax treatment applies solely to Bondholders who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and who do not carry on business in Denmark through a permanent establishment.

*Foreign Account Tax Compliance Act (FATCA)*
Sections 1471 to 1474 of the US Internal Revenue Code (hereinafter referred to as "**FATCA**") imposed a reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-US financial institution (a foreign financial institution, or "**FFI**" (as defined by FATCA)) that (i) does not become a "**Participating FFI**" by entering into an agreement with the US Internal Revenue Service (hereinafter referred to as "**IRS**") to provide the IRS with certain information in respect of its account holders or (ii) is not otherwise exempt from or in deemed-compliance with FATCA.

If an amount in respect of FATCA Withholding is to be deducted or withheld from any payments, neither the Issuer nor any other person will pay additional amounts as a result of the deduction or withholding of such tax. If any FATCA Withholding is imposed, a Bondholder that is not a foreign financial institution will generally be entitled to a refund of any amounts withheld by filing a US federal income tax return, which may constitute a significant administrative burden. A Bondholder that is a foreign financial institution will be able to obtain a refund only to the extent that an applicable income tax treaty entitles it to an exemption from, or a reduced rate of, tax on the payment subject to FATCA Withholding.

**Prospective investors should consult their own tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Bonds.**

# 14 SUBSCRIPTION, SALE, RECORDING AND SETTLEMENT

Nykredit has not fixed any limits to the number of Bonds subscribed for by individual investors. There are no subscription rights attached to the Bonds. The Issuer has not set any restrictions as to the negotiability of the Bonds.

Generally, the minimum investment equals the denomination of the Bonds. From time to time, the Final Bond Terms may specify a minimum trading unit, which means that traded amounts cannot be smaller than the minimum trading unit stated. Nykredit may subsequently change the denominations if this is required in the event that Denmark will join the eurozone. The maximum investment equals the outstanding amount of Bonds. The outstanding amount is updated on Nykredit's website, nykredit.com, and on Nasdaq Copenhagen A/S's website nasdaqomxnordic.com.

The method of and deadline for payment and delivery of the Bonds may be agreed between Nykredit and the purchasers of the Bonds.

Trades in Bonds admitted to listing on a regulated market are published in accordance with the rules issued pursuant to the Danish Securities Trading Act.

*Plan of distribution and allotment*
In general, the Bonds may be offered via:

- arrangers (private placements);
- market sales;
- an auction held by Nasdaq Copenhagen A/S or another regulated market; or
- on a syndicated basis through arrangers.

In connection with ordinary issues and pre-issues, the Covered Securities are sold on a current basis in the bond market, and no investors have a right of first refusal to buy the Covered Securities. In connection with auctions held via the auction systems of Nasdaq Copenhagen A/S, the Covered Securities are allotted pursuant to the rules of Nasdaq Copenhagen A/S. The Covered Securities are allotted after a period of time fixed by Nasdaq Copenhagen A/S and the credit institutions. Only members of Nasdaq Copenhagen A/S may participate in auctions held via the systems of Nasdaq Copenhagen A/S in connection with loan refinancing. Other investors may participate by making bids through a member of Nasdaq Copenhagen A/S.

*Pricing*
The pricing is based on market terms and bids/offers.

*Yield-to-maturity*
The average annual return on a Bond must be indicated in the Final Bond Terms, if possible. The Yield-to-maturity will be calculated based on the issue price. The Yield-to-maturity is not an indicator of future yields-to-maturity or returns.

*Placing and underwriting*
As issuer of Bonds, Nykredit is responsible for the coordination of the entire issue. Nykredit has not entered into any agreement with paying agents or securities depositaries for bonds recorded electronically in dematerialised form by VP.

Nykredit has not entered into any underwriting agreement or agreement under which a third party undertakes to place Bonds. If Nykredit enters into an agreement concerning underwriting by or placement with a third party, such information will be set out in the Final Bond Terms.

*Admission to trading and dealing arrangements*
Information on the listing of the Bonds on regulated markets is set out in the Final Bond Terms. The Bonds issued by Nykredit are not listed on regulated or similar markets other than those set out in the Final Bond Terms.

An agreement on market making in certain Covered Securities has been concluded between Nykredit and Nykredit Bank A/S, Kalvebod Brygge 1-3, DK-1780 Copenhagen V, under which Nykredit Bank A/S undertakes to quote bid and offer prices for a number of ISINs of Covered Securities at an agreed maximum spread on Nasdaq Copenhagen A/S. Nykredit will select the ISINs for which bid and offer prices will be quoted.

*Recording and settlement*
The Bonds will be issued in dematerialised form through VP Securities A/S ("**VP**"), Weidekampsgade 14, DK-2300 Copenhagen S, Denmark, CVR no 21 59 93 36 or LuxCSD S.A. ("**LuxCSD**"), 42, Avenue J.F. Kennedy, L-1855 Luxembourg.

Legal title to the Bonds will exclusively be evidenced by book entries in the books of VP or LuxCSD, as the case may be. The Bonds will not be exchangeable for physical bonds.

Electronical recording in dematerialised form and settlement of transactions in respect of the Bonds will take place in accordance with the rules and procedures for the time being of VP or LuxCSD, respectively.

A bridge currently exists between each of VP, LuxCSD, Clearstream Banking, société anonyme ("**Clearstream**") and Euroclear Bank, SA / NV ("**Euroclear**", and together with Clearstream, VP and LuxCSD referred to as the "**Securities Depositaries**" and each referred to as a "**Securities Depositary**").

Holders of accounts with Clearstream and/or Euroclear will be able to purchase bonds without holding an account with VP or LuxCSD. Holders of accounts with any Securities Depositary will be able to transfer Bonds to account holders with any other Securities Depositary in accordance with the rules and procedures for the time being of the relevant Securities Depositary.

***Financial intermediaries***
The Issuer accepts the use of this Base Prospectus by financial intermediaries for subsequent resale or final placement of the Bonds, cf the Commission Delegated Regulation (EU) No 862/2012, Annex XXX, if this is set out in the Final Bond Terms and if the financial intermediary has previously been granted consent by Nykredit and such consent has been published on its website together with information on the terms and conditions pertaining to the consent. Financial intermediaries who have been granted consent by the Issuer are hereinafter referred to as "**Authorised Financial Intermediaries**". Nykredit will regularly update this Base Prospectus, for instance by way of supplements, when required to ensure the issuance at any time of Bonds admissible to trading on a regulated market, and Nykredit accepts liability for the contents of this Base Prospectus. A consent may be in force as long as this Base Prospectus is valid – ie for up to 12 months from the date of approval unless this Base Prospectus has previously been revoked, cancelled or replaced, in which case the Issuer will release a stock exchange announcement to this effect. Any conditions relating to consent granted to Authorised Financial Intermediaries will be set out in the Final Bond Terms for the specific issue and the attached summary for the specific issue. At the time of approval of this Base Prospectus, no consent has been granted to any financial intermidiaries.

Except as stated above, the Issuer has not approved the use of the Base Prospectus by any financial intermediaries or other natural or legal persons in connection with a public offering of Bonds, and use of the Base Prospectus is thus not allowed. Any such public offering for which the Issuer has not approved the use of the Base Prospectus is not undertaken by the Issuer or on its behalf. Accordingly, the Issuer does not accept any responsibility or liability in damages for such offering or the persons undertaking the offering.

No financial intermediaries have contributed to the preparation of this Base Prospectus, and they therefore do not accept any liability for the information set out herein.

Prospective investors in the Bonds should reach their own views on the relevance of the information in this Base Prospectus and documents incorporated by reference, and any purchase of Bonds should be based on such investigations concerning own circumstances as prospective investors consider necessary.

Any investor in the Bonds who buy, sell or is offered the Bonds by Authorised Financial Intermediaries acts in accordance with an agreement between the investor and the Authorised Financial Intermediary, and the Issuer is not a party to any such agreements.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of any financial intermediaries to subscribe for or purchase any securities. To the fullest extent permitted by law, any financial intermediaries disclaim any responsibility for the contents of this Base Prospectus or for any statement made or purported to be made by others in connection with the Issuer or the issue of the securities under this Base Prospectus. Accordingly, any financial intermediaries disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any financial intermediaries or any other parties to purchase securities under this Base Prospectus.

# 15 SELLING RESTRICTIONS

**United States**
Terms used in this paragraph have the meanings given to them by Regulation S under the US Securities Act. The Bonds have not been and will not be registered under the US Securities Act and may not be offered or sold within the US or to, or for the account or benefit of, US persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the US Securities Act. The Issuer declares that it has not offered or sold and will not offer or sell any Bonds in the US or to, or for the account or benefit of, any US persons, except in accordance with Rule 903 of Regulation S of the US Securities Act. Accordingly, neither the Issuer nor the Issuer and its subsidiaries nor persons acting on behalf of the Issuer or the Issuer's subsidiaries have participated or will participate in any offering or similar activity aimed at US persons (designated as "directed selling efforts" in the US Securities Act).

Generally, the Bonds will be sold only

- if the Bonds are sold by the Issuer; or
- if each financial intermediary has represented that, except as permitted by its agreement with the Issuer, it will not offer or sell Bonds (i) as part of its distribution at any time or (ii) otherwise not until 40 days after the date of initiation of the offering or the issue date, whichever is earlier, (the "**40-Day Period**") within the US or to, or for the account or benefit of, US persons, and it will have sent to all other financial intermediaries, distributors, dealers or persons to which it sells Bonds during the 40-Day Period a confirmation or other notice setting forth the restrictions on offering and selling the Bonds within the US or to, or for the account or benefit of, US persons.

The Bonds will be offered and sold outside the US in accordance with Regulation S. In addition, within the 40-Day Period it may constitute a violation of the registration requirements of the US Securities Act to offer or sell the Bonds in the US by any financial intermediary (whether or not participating in any offering).

**Denmark**
Each financial intermediary arranging an offering of Bonds must represent and warrant that it has not offered or sold and will not offer, sell or deliver any Bonds directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Securities Trading Act as amended and executive orders issued thereunder and in compliance with the Danish Executive Order on investor protection to the extent applicable.

**United Kingdom**
Each financial intermediary arranging an offering of Bonds must represent and agree that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the UK.

**General**
In connection with this Base Prospectus, no representation is made that any action has been or will be taken by the Issuer in relation to any jurisdiction which would permit a public offering of the Bonds or the possession or distribution of this Base Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. The Issuer presumes that persons into whose possession this Base Prospectus may come comply with existing legislation and rules in any country or jurisdiction in which or from which they purchase, offer, sell or deliver Bonds or hold or distribute this Base Prospectus, in all cases at their own expense.

Each financial intermediary arranging an offering of Bonds must represent and agree that to the best of its knowledge and belief it has in all material respects observed existing legislation in any jurisdiction in which or from which it purchases, offers, sells, or delivers Bonds or holds or distributes this Base Prospectus, in all cases at its own expense.

# 16 GENERAL INFORMATION

(1) Nykredit has obtained all necessary consents, approvals and authorisations in the Kingdom of Denmark in connection with the preparation and approval of this Base Prospectus. For the purpose of the preparation of this Base Prospectus, Nykredit's Board of Directors authorised two of Nykredit's group managing directors on 17 March 2017 to, among other things, sign prospectuses (including this Base Prospectus), any changes to prospectuses and any other document requiring a signature with a view to having a prospectus approved by the relevant authority.

(2) Neither Nykredit nor any of its subsidiaries was involved in any legal or arbitration proceedings (including any present or future proceedings of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects on the financial position or results of Nykredit or the Nykredit Group.

(3) The prospects for Nykredit and the Nykredit Group have not deteriorated materially since 31 December 2016, and no material changes to Nykredit's or the Nykredit Group's financial or trading position have occurred since 31 December 2016. No material investments have been made since 31 December 2016.

(4) Nykredit has not entered into agreements which oblige Nykredit to make significant investments in future.

(5) Nykredit is not aware of any trends, uncertainties, requirements, obligations or events which may reasonably be expected to have any significant impact on the outlook for Nykredit for this financial year. No events have occurred since the date of the most recent financial statements which have a material impact on the assessment of the Issuer's capital position. This Base Prospectus does not contain any separate earnings forecast.

(6) This Base Prospectus does not include any expectations of future profit or forecasts relating to the Issuer, as such expectations or forecasts are not considered material to the admission to trading of the Bonds or the offering of the Bonds.

(7) The Nykredit Group has not entered into any material agreements except in the ordinary course of its business that entail obligations or rights for an entity of the Nykredit Group which affect Nykredit's ability to meet its obligations to the Bondholders.

(8) Where information in this Base Prospectus has been sourced from a third party, such information has been accurately reproduced, and as far as the Issuer is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

(9) Copies (and any English translations) of the following documents will be available for inspection during usual business hours on any weekday at the Danish offices of the Issuer:

i) Nykredit's Articles of Association

ii) the audited financial statements and consolidated financial statements of Nykredit and its subsidiaries for the last two financial years and the unaudited consolidated interim financial statements most recently published; and

iii) the Base Prospectus.

Nykredit's audited annual consolidated financial statements and the unaudited consolidated interim financial statements are also available at the website nykredit.com immediately after their approval by the Board of Directors. Information in the above documents, save for the information in 8 "DOCUMENTS INCORPORATED IN THIS BASE PROSPECTUS BY REFERENCE", is for information purposes only and does not form part of this Base Prospectus. The Base Prospectus is available at the website of Nasdaq Copenhagen (http://www.nasdaqomx.com).

(10) Deloitte Statsautoriseret Revisionspartnerselskab, CVR no 33963556, Weidekampsgade 6, DK-2300 Copenhagen S, represented by Anders O. Gjelstrup and Henrik Wellejus, both Danish State-Authorised Public Accountants, has audited the Issuer's consolidated financial statements in accordance with the International Financial Reporting Standards as approved by the EU as well as Danish disclosure requirements for issuers of listed bonds. The annual financial statements are prepared in accordance with the Danish Financial Business Act. The Issuer's external auditor is a member of FSR – Danish Auditors.

(11) This Base Prospectus does not refer to audited information other than that contained in the Annual Reports. As Nykredit publishes an audited annual report every February, the last audited financial information will never be more than 14 months old. Nykredit prepares and publishes interim reports. Interim reports are not audited and are available to the public at Nykredit's website nykredit.com.

(12) The Issuer does not intend to launch any material new products and/or new activities in the near future.

**REGISTERED OFFICE OF THE ISSUER**
**Nykredit Realkredit A/S**
Kalvebod Brygge 1-3
DK-1780 Copenhagen V
Denmark

**ARRANGER and CALCULATION AGENT**
**Nykredit Realkredit A/S**
Kalvebod Brygge 1-3
DK-1780 Copenhagen V
Denmark

**LUXEMBOURG PRINCIPAL AGENT and CALCULATION AGENT**
BNP Paribas Payment Services S.A.C, (Luxembourg branch)
60 Avenue J.F. Kennedy, L-1855 Luxembourg

**AUDITORS**
**Deloitte Statsautoriseret Revisionspartnerselskab**
Weidekampsgade 6
DK-2300 Copenhagen S
Denmark

*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.*