

# Nykredit

## Nykredit Realkredit A/S

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

### **Supplement no 2 to Base Prospectus for the issuance of CRD-compliant covered bonds, UCITS-compliant covered bonds and bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act**

This supplement no 2 (the "**Supplement**") to the base prospectus dated 15 May 2019 (the "**Base Prospectus**"), which is a supplement for the purposes of Article 23(1) of Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 as amended (the "**Prospectus Regulation**") and the relevant implementation legislation in Denmark, was prepared by Nykredit Realkredit A/S (the "**Issuer**"). Terms defined in the Base Prospectus (but not herein) have the same meaning when applied in the Supplement.

This Supplement is the second supplement to the Base Prospectus, and it is a supplement to and should be read in conjunction with the Base Prospectus and Supplement no 1 dated 20 August 2019.

#### **PURPOSE OF THIS SUPPLEMENT**

The purpose of this Supplement is (a) to update 8 "DOCUMENTS INCORPORATED IN THIS BASE PROSPECTUS BY REFERENCE" of the Base Prospectus with the Annual Report of the Nykredit Realkredit Group for the period 1 January – 31 December 2019 and (b) to update 3 "SUMMARY", 5 "LEGAL FRAMEWORK FOR NYKREDIT REALKREDIT'S BUSINESS ACTIVITIES", 10 "ABOUT NYKREDIT REALKREDIT" and 16 "GENERAL INFORMATION" of the Base Prospectus.

#### **CHANGES TO 8 "DOCUMENTS INCORPORATED IN THIS BASE PROSPECTUS BY REFERENCE"**

The following text is added at the end of 8 "DOCUMENTS INCORPORATED IN THIS BASE PROSPECTUS BY REFERENCE":

"On 5 February 2020, the Issuer's Board of Directors approved the Issuer's audited Consolidated Annual Report for 2019 (for the period 1 January – 31 December 2019). The Financial Statements are hereby incorporated in the Supplement, and copies thereof have been submitted to the Danish Financial Supervisory Authority.

The documents incorporated in this Supplement are publicly available on the Issuer's website at nykredit.com, and copies may be obtained on request in person at the registered office of the Issuer, Kalvebod Brygge 1-3, DK-1780 Copenhagen V, during ordinary business hours on all business days in Denmark.

For the sake of ease, the table below lists the relevant page references to the audited Consolidated Financial Statements of the Issuer as stated in the Annual Report of the Nykredit Realkredit Group for the period 1 January – 31 December 2019. The information incorporated by reference which is not included in the table below is considered to be supplementary information and is not mandatory pursuant to the relevant tables set out in Regulation (EC) No 809/2004 as amended (the "**Prospectus Regulation**").

#### **Audited Consolidated Financial Statements of the Nykredit Realkredit Group for the period 1 January – 31 December 2019**

#### **Nykredit Realkredit A/S – Annual Report 2019**

Management statement .....	Page 41
Independent auditor's report.....	Pages 42-45
Income statements .....	Page 46
Balance sheets .....	Pages 48-49
Cash flow statement .....	Page 52
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Link to Annual Report 2019:

[https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2019/nykredit\\_realkredit\\_group\\_q4\\_19\\_2020-02-05-da.pdf](https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2019/nykredit_realkredit_group_q4_19_2020-02-05-da.pdf)"

### CHANGES TO 3 "SUMMARY"

In 3 "SUMMARY", B.4b, the existing text is deleted and replaced by:

"The prospects for Nykredit Realkredit and the Nykredit Realkredit Group have not deteriorated materially since 31 December 2019, and no significant changes to Nykredit Realkredit's or the Nykredit Realkredit Group's financial or trading position have occurred since 31 December 2019. No material investments have been made since 31 December 2019."

In B.12 the table and the relating text are deleted and replaced by:

"

DKK million	2019	2018
Income	14.655	12.023
Costs	5.326	4.865
Business profit before impairment charges	9.329	7.157
Impairment charges for loans and advances	994	380
Business profit	8.335	6.777
Legacy derivatives*	-112	280
Profit before tax for the year	8.787	7.057
Common Equity Tier 1 capital ratio, %	19,5	21,0

"The Nykredit Realkredit Group had total assets of DKK 1,610 billion as at 31 December 2019. The Group's equity excluding Additional Tier 1 capital amounted to DKK 80.5 billion at 31 December 2019, and profit before tax for the financial year ended 31 December 2019 was DKK 8,787 million.

The prospects for Nykredit Realkredit 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.

\*This item includes credit value adjustment of swaps involving an increased risk of loss. These value adjustments are not included in the business profit and comprise all net income from a number of derivatives which Nykredit Realkredit no longer offers its customers."

### CHANGES TO 5 "LEGAL FRAMEWORK FOR NYKREDIT REALKREDIT'S BUSINESS ACTIVITIES"

A new section 5.1.1 headed "Covered Bond Directive" is added, and the following text is inserted:

"The Directive introducing a harmonised EU framework for issuing covered bonds (SDOs and ROs) was published on 18 December 2019. The Directive must be transposed into national law by 8 July 2021, and

the rules will enter into force 12 months later, as from 8 July 2022. The Danish Financial Supervisory Authority has announced that it will be in dialogue with the sector in 2020 about this transposition into Danish law.

The Directive specifies the core elements of covered bonds and will form the basis for future regulation of covered bonds in other EU regulation. The Directive defines the types of assets that can be used as collateral for covered bonds and the basic features of covered bonds and provides that in case of insolvency, investors have a claim on the cover assets and a claim on the issuer ("dual recourse"). Other elements include the use of derivatives, maturity extension of covered bonds, coverage requirements, liquidity buffer, transparency requirements and special public supervision of covered bond issuers.

Covered bonds that meet the existing rules of the EU Capital Requirements Regulation (CRR) and a number of stricter requirements can continue to achieve a lower risk weight and thus a lower capital requirement compared with other bonds. The Directive provides for grandfathering of covered bonds issued before the new set of rules takes effect. Only covered bonds issued after the new rules have entered into force must meet the requirements of the new framework. It remains uncertain if, and if so to which extent, the Covered Bond Directive will affect Nykredit's issuance of covered bonds, including the volumes issued in the individual ISINs."

#### **CHANGES TO 10 "ABOUT NYKREDIT REALKREDIT"**

In 10 "ABOUT NYKREDIT REALKREDIT", 10.2 "Ownership and legal structure", the table and the relating text are deleted and replaced by:

" The Nykredit Realkredit Group had total assets of DKK 1,610 billion as at 31 December 2019. The Group's equity excluding Additional Tier 1 capital amounted to DKK 80.5 billion at 31 December 2019, and profit before tax for the financial year ended 31 December 2019 was DKK 8,787 million.. In 2019 the Nykredit Realkredit Group had an average number of staff (FTE) of 3,515.

<b>DKK million</b>	<b>2019</b>	<b>2018</b>
Income	14.655	12.023
Costs	5.326	4.865
Business profit before impairment charges	9.329	7.157
Impairment charges for loans and advances	994	380
Business profit	8.335	6.777
Legacy derivatives <sup>1</sup>	-112	280
Profit before tax	8.787	7.057
Common Equity Tier 1 capital ratio, %	19,5	21,0

#### **CHANGES TO 16 "GENERAL INFORMATION"**

In 16 "GENERAL INFORMATION", the existing text in (3) is deleted and replaced by:

"The prospects for Nykredit Realkredit and the Nykredit Realkredit Group have not deteriorated materially since 31 December 2019, and no significant changes to Nykredit Realkredit's or the Nykredit Realkredit

<sup>1</sup>This item includes credit value adjustment of swaps involving an increased risk of loss. These value adjustments are not included in the business profit and comprise all net income from a number of derivatives which Nykredit Realkredit no longer offers its customers.

Group's financial or trading position have occurred since 31 December 2019. No material investments have been made since 31 December 2019."

#### **OTHER INFORMATION**

In the event of discrepancy between (a) any representation in the Supplement or any representation incorporated by reference in the Base Prospectus by the Supplement, and (b) any other representation in or incorporated by reference in the Base Prospectus, (a) above shall take precedence.

Except as described in the Supplement, no other new material circumstance, material error or incorrectness regarding the information in the Base Prospectus has occurred since the publication of the Base Prospectus complemented by Supplement no 1 dated 20 August 2020.

#### **WITHDRAWAL**

Investors who have accepted buying or subscribing for Bonds before the publication of this Supplement are entitled to withdraw their acceptance within a time limit of at least two working days after the publication of this Supplement, ie until 7 February 2020, pursuant to Article 23(2) of the Prospectus Regulation and the relevant implementation legislation in Denmark.

**STATEMENT**

We declare that we have used our best endeavours to ensure that the information in this Supplement is consistent with the facts to the best of our knowledge and belief, that nothing has been omitted which is likely to affect its contents.

This Supplement (including the above statement) is hereby signed on behalf of Nykredit's Management by special authority from Nykredit's Board of Directors:

**Copenhagen, 5 February 2020**

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David Hellemann  
Group Managing Director

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Anders Jensen  
Group Managing Director