

Base Prospectus dated 12 May 2022

# 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 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

Under this base prospectus ("**Base Prospectus**") and subject to compliance with Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Prospectus Regulation**"), Nykredit Realkredit A/S ("**Nykredit Realkredit**") will from time to time issue CRD-compliant covered bonds in the form of SDOs (In Danish: "særligt dækkede obligationer") and UCITS-compliant covered bonds in the form of ROs (In Danish: "realkreditobligationer" and together with SDOs referred to as "**Covered Bonds**"). In addition, Nykredit Realkredit will issue bonds in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act ("**Section 15 Bonds**" and together with Covered Bonds referred to as "**Bonds**"). Nykredit Realkredit'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.

CRD-compliant covered bonds (such as SDOs) and UCITS-compliant covered bonds (such as ROs) 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 Realkredit may opt also to redeem the underlying bonds (such as SDOs and ROs). Bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (such as Section 15 Bonds) serve as supplementary collateral or to increase the overcollateralisation in Nykredit Realkredit's capital centres.

Admission to trading on a regulated market as defined in Directive 2014/65/EU of the European Parliament and of the Council ("**MiFID II**") in Denmark for bonds issued under this Base Prospectus may be applied for. References in this Base Prospectus to the Bonds being "listed" (and all similar references) mean that such Bonds have been admitted to trading and possibly been listed on a regulated market pursuant to MiFID II. The Bonds will be issued in dematerialised form and settled through VP Securities A/S ("**VP**").

This Base Prospectus has been prepared by Nykredit Realkredit with a view to having the Bonds admitted to trading and possibly listed 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 Regulation for the purpose of providing information on the issued Bonds. This Base Prospectus is a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

Unless a statement to the contrary is issued to the public, this Base Prospectus will be valid for 12 months from the date of approval of the Base Prospectus with respect to Bonds to be admitted to trading on a regulated market in the European Economic Area ("**EEA**") and/or offered to the public in the EEA, except where an exception applies under Article 1(4) and/or Article 3(2) of the Prospectus Regulation. The obligation to draw up a supplement to the Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Base Prospectus is no longer valid.

The Bonds 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 Bonds 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 the Bonds and on the distribution of this Base Prospectus and other offering material concerning the Bonds, see 13 "SUBSCRIPTION, SALE, RECORDING AND SETTLEMENT".

Information on currency, denomination, number and interest as well as any other information applying to an ISIN of Bonds issued under this Base Prospectus will be set out in the document listing the final bond terms ("**Final Bond Terms**").

Nykredit Realkredit has been assigned an issuer credit rating ("Issuer Credit Rating") of A+ by S&P Global Ratings Europe Limited ("**S&P**") and an issuer credit rating of A by Fitch Ratings Ireland Ltd ("**Fitch**"). S&P has assigned a AAA rating to Nykredit Realkredit's Capital Centres E, G, H and I. Covered Bonds have the same ratings as the capital centre through which they have been issued, while the rating of Section 15 Bonds are expected to follow Nykredit Realkredit's Issuer Credit Rating. S&P and Fitch are operating in the European Union ("**EU**"), and they were registered in compliance with Regulation (EC) 1060/2009 of the European Parliament and of the Council on the date of this Base Prospectus. A rating is not a recommendation to buy, sell or hold the Bonds and may be suspended, downgraded or withdrawn by the assigning credit rating agency at any time. Further information on Nykredit Realkredit's ratings is available in 9.6 Ratings. Nykredit Realkredit may decide

that the issued Bonds should not be assigned a rating. Further, Nykredit Realkredit may terminate its rating relationship with S&P and/or Fitch or choose other credit rating agencies. The rating of the Bonds (if rated) will be set out in the Final Bond Terms of the Bonds in question.

In this Base Prospectus, any reference to an Act, Regulation, Directive or other regulation, including references to specific provisions of an Act or other regulation, means a reference to the Act, Regulation, Directive or other regulation as amended from time to time, unless otherwise provided in the Base Prospectus.

**This Base Prospectus, including the Final Bond Terms of the Bonds in question, is not a recommendation to subscribe for or buy Bonds issued pursuant to the Base Prospectus. Each recipient of the Base Prospectus and/or the Final Bond Terms must make its own assessment of the Bonds and Nykredit Realkredit based on the content of the Base Prospectus, all documents incorporated herein by reference, the Final Bond Terms of each offering made under the Base Prospectus and any supplements to the Base Prospectus. 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. Prospective investors should carefully read "*Risk factors*" on page 8ff of the Base Prospectus. Each investor must make its own assessment of the possible tax consequences of a subscription, purchase and sale of Bonds issued pursuant to the Base Prospectus and this respect consult their own tax advisers or others.**

**Arranger  
Nykredit Realkredit A/S**

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# 1 INTRODUCTION

## 1.1 Introduction to the Base Prospectus

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

The bonds issued under this Base Prospectus are governed by the rules of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Bonds issued under this Base Prospectus are "**Covered Bonds**", which means CRD-compliant 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 UCITS-compliant covered bonds in the form of "**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**". When the terms "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" are used in this Base Prospectus without capital letters, they describe the type of security in general, ie the text applies to Bonds issued under this Base Prospectus as well as the type of security in general.

The outstanding amount of Bonds issued under this Base Prospectus varies in line with Nykredit Realkredit's lending. For the outstanding amounts of bonds issued under the Base Prospectus and reference to the relevant ISINs, see Nykredit Realkredit's investor relations website <https://www.nykredit.com/investor-relations/debt>.

Any offering of Bonds in a member state in the EEA other than Denmark will be made pursuant to an exception from the requirement to publish a prospectus for the offering of securities under the Prospectus Regulation. Accordingly, any person making or intending to make an offer of the Bonds in the Relevant EEA member state may do so only in circumstances in which no obligation arises for Nykredit Realkredit to publish a prospectus pursuant to the Prospectus Regulation or supplement a prospectus pursuant to the Prospectus Regulation, in each case, in relation to such offer. Nykredit Realkredit has not approved or otherwise authorised any offer of Bonds under circumstances in which an obligation arises for Nykredit Realkredit to publish or supplement a prospectus for such offer.

In connection with an offering of Bonds to the public which is not exempt from the requirement of the Prospectus Regulation to publish a prospectus, 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 Nykredit Realkredit.

The distribution of this Base Prospectus or a sale of Bonds made in this connection shall not, under any circumstances, create any indication that there has not been any changes in the affairs of Nykredit Realkredit since the date of this Base Prospectus or the date upon which this Base Prospectus was last amended (possibly by way of supplements) or that there has been no adverse change in the financial position of Nykredit Realkredit

since the date of this Base Prospectus or the date upon which this Base Prospectus was last amended (possibly by way of supplements) 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 Final Bond Terms for the specific issued Bonds and the offering or sale of the Bonds in certain jurisdictions may be restricted by law. Nykredit Realkredit presumes that persons who come into possession of this Base Prospectus and/or the Final Bond Terms for the specific issued Bonds 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 13 "SUBSCRIPTION, SALE, RECORDING AND SETTLEMENT".

References in this Base Prospectus to "DKK" mean Danish kroner, the official currency in Denmark at the time of the approval of the Base Prospectus, and references to "EUR" mean euro, the single European currency of the member states participating in the third phase of the Economic and Monetary Union.

## **1.2 Benchmark Regulation**

Amounts payable on floating-rate Bonds may, if so specified in the relevant Final Bond Terms, be calculated by reference to a Reference Rate (as defined in 5 "TERMS AND CONDITIONS OF THE BONDS"). If such a Reference Rate constitutes a "benchmark" in accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council (the "**Benchmarks Regulation**"), it will appear from the Final Bond Terms whether the relevant Reference Rate is provided by an administrator included in the European Securities and Markets Authority's ("**ESMA**") register of administrators in accordance with Article 36 of the Benchmarks Regulation. Unless required by law, Nykredit Realkredit will not update the Base Prospectus or relevant Final Bond Terms with any new registration status of an administrator, as the ESMA's register of administrators is publicly available.

## **1.3 MiFID II product governance/target market**

The relevant Final Bond Terms for the Bonds will include a section titled "MiFID II product governance", which describes the target market and distribution channels assessed to be appropriate for the relevant Bonds. Any person subsequently offering, selling or recommending the Bonds (a "**Distributor**") should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

## **2 RESPONSIBILITY STATEMENT**

### **2.1 Nykredit Realkredit's responsibility**

Nykredit Realkredit, Kalvebod Brygge 1-3, DK-1780 Copenhagen V, accepts responsibility for this Base Prospectus in pursuance of Danish law.

### **2.2 Persons responsible**

The Board of Directors and the Executive Board of Nykredit Realkredit are responsible for this Base Prospectus on behalf of Nykredit Realkredit.

#### **Board of Directors of Nykredit Realkredit:**

Merete Eldrup Former Chief Executive Officer (Chair)	Preben Sunke Managing Director (Deputy Chair)
Olav Bredgaard Brusén Deputy Chair of Finansforbundet NYKREDS (Director (staff-elected))	Michael Demsitz Chief Executive Officer (Director)
Per W. Hallgren Chief Executive Officer (Director)	Jørgen Høholt Former Banking Executive (Director)
Hans-Ole Jochumsen Former Vice Chairman (Director)	Vibeke Krag Former Chief Executive Officer (Director)
Allan Kristiansen Chief Relationship Manager (Director (staff-elected))	Mie Krog Chief Executive (Director)
Inge Sand Chair of Finansforbundet NYKREDS (Director (staff-elected))	Kristina Andersen Skiøld Customer Adviser (Director (staff-elected))

In accordance with board resolution of 6 April 2022, the Board of Directors has authorised two Managing Directors of Nykredit Realkredit to jointly sign this Base Prospectus and any future supplements to the Base Prospectus.

#### **Executive Board of Nykredit Realkredit:**

Michael Rasmussen (Group Chief Executive)	Anders Jensen (Group Managing Director)
David Hellemann (Group Managing Director)	Tonny Thierry Andersen (Group Managing Director)

**2.3 Statement**

The persons responsible for this Base Prospectus represent that they have used their best endeavours to ensure that the information in this Base Prospectus is consistent with the facts and that nothing has been omitted from this Base Prospectus which is likely to affect its contents.

Nykredit Realkredit declares that:

- (i) The Base Prospectus has been approved by the Danish Financial Supervisory Authority (FSA) in its capacity of a competent authority pursuant to the Prospectus Regulation,
- (ii) the Danish FSA only approves that this Base Prospectus meets the standards of completeness, comprehensibility and consistency pursuant to the Prospectus Regulation,
- (iii) the approval cannot be considered as an approval of the issuer (Nykredit Realkredit) covered by this Base Prospectus,
- (iv) the approval cannot be considered an approval of the quality of the Bonds covered by this Base Prospectus, and
- (v) investors must make their own assessment of whether they find these securities a suitable investment.

Copenhagen, 12 May 2022

On behalf of Nykredit Realkredit A/S

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Anders Jensen, Group Managing Director

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Tonny Thierry Andersen, Group Managing Director

### 3 RISK FACTORS

Prospective investors should read the entire Base Prospectus (including documents incorporated by reference herein) and the applicable Final Bond Terms and reach their own views, including consulting their own advisers, prior to making any investment decisions.

Nykredit Realkredit has identified the factors described below and finds that they represent the most significant risks inherent in investing in the Bonds. 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. In relation to the risk factors "Risk factors pertaining to Nykredit Realkredit that may affect the issuer's ability to pay any amounts due under the Bonds" and "Risks pertaining to the Bonds", the most significant risks in Nykredit Realkredit's opinion as at the date of this Base Prospectus, relative to inter alia (i) the probability that such risk will occur and (ii) the expected scope of the negative impact of such risk upon its occurrence, have been stated at the beginning of each paragraph. In the event that Nykredit Realkredit does not describe the probability of the occurrence of a given risk factor, the reason is that it has not been possible to assess the probability that such risk factor will occur. The description of the most significant risks pertaining to the Bonds cannot be deemed to be exhaustive. The risk factors mentioned below could potentially arise based on a number of external factors, and Nykredit Realkredit is not in a position to assess the probability of the occurrence of the individual risk factor. Some risk factors not currently deemed to be significant may prove significant due to circumstances beyond Nykredit Realkredit's control. Nykredit Realkredit may also, due to reasons or factors other than those described in 3 "RISK FACTORS" be or become unable to pay interest, principal or other amounts on or under the Bonds.

The risk factors have been divided into three sub-sections. The first sub-section describes risk factors pertaining to Nykredit Realkredit that may affect Nykredit Realkredit's ability to pay any amounts due under the Bonds. The second sub-section describes factors pertaining to the market in general that are material to the assessment of the market risks associated with the Bonds. The third sub-section describes risks pertaining to the Bonds offered, including to the structure of the Bonds offered under the Base Prospectus.

#### **3.1 Risk factors pertaining to Nykredit Realkredit that may affect the issuer's ability to pay any amounts due under the Bonds**

##### *Risks associated with general economic and geopolitical conditions in Denmark and internationally*

Nykredit Realkredit's business activities and financial results depend on the scope of the demand for Nykredit Realkredit's banking services, loan funding and other financial services. In particular, the demand for loan funding depends on consumer confidence, employment development, Danish and European economic conditions, house prices and prevailing market rates. Nykredit Realkredit mainly operates in Denmark, and Nykredit Realkredit's results are therefore affected by the level and cyclical nature of its Danish business activities, which are, in turn, affected by national as well as international economic and political events, including Russia's invasion of Ukraine. The conflict in Ukraine has caused an increase in commodity and energy prices etc, and the sanctions, embargoes and restrictions introduced against Russia as a result of the conflict impact global economic conditions. At the date of this Base Prospectus, it is not possible to predict any specific implications. Nykredit Realkredit has no direct significant exposures to any enterprises in these jurisdictions. An adverse development in the Danish economy in general, such as a general economic downturn, a rise in unemployment or a drop in property prices or other security provided in favour of Nykredit Realkredit may impair its financial position and the credit quality of Nykredit Realkredit's customers, which may have a negative impact on Nykredit Realkredit's financial performance and position and may, in case this leads to loan losses, affect Nykredit Realkredit's capacity to settle payments due under the Bonds.

One example of an economic or political event with a potential impact on Nykredit Realkredit is Danmarks Nationalbank's fixed exchange rate policy. The fixed exchange rate policy maintains the DKK/EUR currency cross within a fixed band and is an integrated part of the central bank's monetary policy regime. Failure to maintain



the fixed exchange rate policy may 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 Nykredit Realkredit's financial performance and capital position.

The outbreak of the contagious disease coronavirus (COVID-19), which first surfaced in Asia and then spread to the rest of the world, including Denmark, has affected the Danish economy. In March 2020 World Health Organisation declared COVID-19 a pandemic (hereinafter the "COVID-19 pandemic"). In 2020 Nykredit Realkredit recorded credit impairments as a result of COVID-19. Such impairments were maintained in 2021 and amounted to DKK 2.1bn as at 31 December 2021.

#### *Credit risk*

Credit risk is defined as the failure of any borrower, any issuer of bonds held by Nykredit Realkredit or any other counterparty to honour its payment obligations to Nykredit Realkredit. Credit risk is chiefly related to Nykredit Realkredit's lending activities and to a lesser extent Nykredit Realkredit's trading and investing activities. Credit risk amounted to about 87% of the Nykredit Realkredit Group's total risk-weighted assets.

Credit risk stems from the loan portfolio, undrawn credit facilities, guarantees and investments. Nykredit Realkredit 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.

Nykredit Realkredit's credit policy guidelines are laid down in the Board of Directors' credit instructions and described in Nykredit's annual Risk and Capital Management Report. As a result of the credit policy, Nykredit Realkredit is mainly exposed to Danish counterparties and other OECD-based counterparties.

Nykredit's provisions totalled DKK 9.6bn at end-2021, equal to 0.5% of lending. Adverse changes in the credit quality of Nykredit Realkredit's borrowers or counterparties could affect the recoverability and value of Nykredit Realkredit's assets and require an increase in loan loss and other provisions. This may have an adverse impact on Nykredit Realkredit's business and Nykredit Realkredit's ability to pay amounts due under the Bonds.

#### *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. Nykredit Realkredit's overall risk limits are laid down in the Board of Directors' market risk instructions.

The most significant risks concern Nykredit Realkredit's securities portfolio, with interest rate risk and spread risk of bond portfolios as the key risks. The purpose of the securities portfolio is to support Nykredit Realkredit's mortgage lending business. Market risk totals approximately 6% of total risk-weighted assets of the Nykredit Realkredit Group.

Most of Nykredit Realkredit's lending is match-funded based on the pass-through principle, which reduces market risk, as these are passed through to borrowers, thereby becoming credit risks (see "Credit risk" under "Risk factors"). For any part of lending that is not match-funded, Nykredit Realkredit may decide to hedge any market risk by way of derivatives contracts. However, derivatives contracts will imply risk, for instance derivatives counterparty risk (see "Credit risk" above).

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

#### *Liquidity risk*

Liquidity risk is defined as the risk of markedly higher funding costs and/or inability to honour payments when due. Currently, Nykredit Realkredit's lending is primarily funded by the issue of match-funded UCITS-compliant covered bonds, but Nykredit Realkredit may also fund lending by way of issues which are not match-funded. The main liquidity risk is therefore the risk that borrowers do not make timely interest or principal payments on their loans or that Nykredit Realkredit cannot sell the desired volumes at refinancing auctions. The latter risk is mitigated by the statutory access to extend the maturity of the refinancing bonds.

In respect of loans that are not match-funded, Nykredit Realkredit may seek to hedge liquidity risk by entering into derivatives contracts in accordance with the rules of the Danish Executive Order on bond issuance, balance principle and risk management as amended from time to time (the "**Executive Order on Bonds**") to the extent that Nykredit Realkredit 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 Realkredit.

A lack of access to funding by way of Section 15 Bonds, senior unsecured debt or other types of funding may also involve direct liquidity risk. Insufficient management of liquidity risk may affect Nykredit's financial performance and position and could ultimately prevent Nykredit Realkredit from continuing its business.

#### *Operational risk*

Operational risk arises from human errors, system faults, breakdown of IT systems and insufficient or defective internal procedures or external events. Operational risk for financial institutions such as Nykredit Realkredit also includes risk pertaining to reputation and strategy as well as conduct and legal risk. Examples of operational risk incidents are highly diverse and include fraud or other illegal or unethical conduct, failure of an institution to have policies and procedures and controls in place to prevent, detect and report incidents of non-compliance with applicable laws or regulations, claims relating to inadequate products, inadequate documentation, insufficient data quality, errors in transaction processing, system failures, as well as the inability to retain and attract key personnel. Operational risk constitutes about 7% of total risk-weighted assets of the Nykredit Realkredit Group.

Nykredit Realkredit cannot guarantee that errors, failures, interruptions or breaches as a result of fraud or human error or omissions will not occur. Nykredit Realkredit's operational risk is handled by way of a setup of office procedures and controls, as well as IT contingency plans.

Nykredit Realkredit's business activities and other activities, including those undertaken by Nykredit Realkredit itself, are increasingly dependent on highly advanced IT systems. IT systems are generally vulnerable to a number of threats, including cybercrime, malicious hacking and similar issues causing a shutdown or breakdown of some or all IT systems, which may result in financial losses, business disruption, prevent bond issuance or timely payments under the Bonds.

If any of these procedures, controls or IT systems fail, it may have a material adverse effect on Nykredit Realkredit's reputation and day-to-day operations, result in regulatory investigations or sanctions being imposed, and Nykredit Realkredit may be exposed to additional costs and liabilities. This may have an adverse impact on Nykredit Realkredit's financial performance and position and Nykredit Realkredit's ability to pay amounts due under the Bonds.

*Risk pertaining to implementation of new regulation*

Nykredit Realkredit is subject to financial services and tax laws, regulations, administrative actions and policies in Denmark etc and in any other jurisdiction in which Nykredit Realkredit carries on business. Changes in supervision and regulation, in Denmark but also internationally, could materially affect Nykredit Realkredit's business, the products and services offered and the value of Nykredit Realkredit's assets. Future changes in regulation, including in tax laws, may be unpredictable and will be beyond Nykredit Realkredit's control, which may have an adverse impact on Nykredit Realkredit's business and Nykredit Realkredit's ability to pay amounts due under the Bonds.

On 7 December 2017, the Basel Committee issued a publication titled "*Basel III: Finalising post-crisis reforms*", containing, among other things, a number of changes to and restrictions for credit institutions using internal models (informally referred to as the "**Basel IV**"). The Basel IV framework includes a number of different requirements. On 27 October 2021 the EU Commission published a proposal to amend Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms as amended from time to time, including by Regulation (EU) 2019/876 of 20 May 2019 ("**CRR**"), and a proposal to amend Directive (EU) 2013/36 of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms as amended from time to time, including by Directive (EU) 2019/878 of 20 May 2019 ("**CRD**") (hereinafter proposals for "**CRR3**" and "**CRD6**", respectively), which are the main elements of the European implementation of Basel IV. The most important component for Nykredit Realkredit is the introduction of a so-called output floor for credit institutions applying internal ratings-based risk models. The output floor requirement entails that a credit institution will be subject to a minimum capital requirement across risk types (credit, market and operational risk) of 72.5% of the capital requirement calculated according to the standardised approach. According to CRR3 and CRD6, a minimum capital requirement of 50% will apply to Nykredit Realkredit with effect from the date of commencement of the rules in 2025, and the requirement will gradually increase until fully implemented in 2030. The CRR3 proposal includes temporary relaxation of the minimum capital requirement, which will be phased out by the end of 2032. In light of how Nykredit Realkredit's risk exposure amount (REA) has historically been calculated, the introduction of such an output floor implies a significant increase in Nykredit Realkredit's REA and consequently in the Nykredit Realkredit Group's capital requirements. The specific impact of Basel IV depends on the final EU implementation and may have an adverse impact on Nykredit Realkredit's capital position and financial performance. At the date of this Base Prospectus, the CRR3 and CRD6 proposals are subject to negotiations in the Council of Ministers and the European Parliament.

Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision was published in the Official Journal of the European Union on 18 December 2019 (the "**Covered Bonds Directive**"). The Covered Bonds Directive was implemented into Danish legislation in June 2021, and the rules will be effective as from 8 July 2022. The Covered Bonds Directive specifies the core elements of covered bonds (such as SDOs and ROs) and forms the basis for regulation of covered bonds in other EU regulation. The Directive has introduced two new material changes compared with previous Danish legislation: New coverage requirements (in addition to the so-called Danish balance principle) based on a determination of the value of assets (lending) and liabilities (bonds) as well as a new special liquidity buffer available in case of the issuer's default, which therefore only applies to business models for which there is no maturity match between assets and liabilities or access to maturity extension. Under the Danish accounting rules, Danish mortgage banks must already determine the value of lending and bonds, and they also extensively operate with a maturity match between assets and liabilities or access to maturity extension. In connection with the Covered Bonds Directive, the Commission published a proposal for amending the Liquidity Coverage Requirement (LCR) rules of Commission Delegated Regulation (EU) 2015/61 (as supplementary rules to CRR) as amended from time to time, with regard to liquidity coverage requirement for credit institutions (the "**LCR Regulation**"). The purpose of the amendments to the LCR Regulation is to prevent unintended double liquidity requirements by way of LCR and the special liquidity buffer requirement in connection with covered bonds issuance. For this purpose, the provisions on assets encumbrance are amended. The amendments to the LCR

Regulation will also apply as from 8 July 2022. Nykredit Realkredit expects to fulfil the legislative amendments without any material changes to the business model. However, the implementation of the Covered Bonds Directive may affect Nykredit's issuance of SDOs and ROs, including the volumes issued in the individual ISINs and capital centres, which may have an adverse impact on the pricing of the Bonds. The implementation of the amendments to the LCR Regulation could also imply a rise in Nykredit Realkredit's liquidity needs and costs. Reference is made to "Liquidity rules" in 4.1 and "Covered Bonds Directive and amendments to the LCR Regulation" in 4.1.1.

#### *Sanctions*

Applicable Danish and international law, including personal data protection, anti-money laundering, marketing and competition legislation, enables authorities to impose sanctions, including reprimands, orders and fines, on financial undertakings such as Nykredit Realkredit of a significant financial and/or reputational impact in the event of breach of the legislation of which the supervisory authority in question performs supervision. Since many of Nykredit Realkredit's products are of a uniform character, errors made in one case may, under certain circumstances, concern a plurality of loans and customer relationships and consequently affect the scope of claims that may be raised against Nykredit Realkredit. Such sanctions may have an adverse impact on Nykredit Realkredit's business and financial position.

#### *Risk pertaining to deposit guarantee schemes and resolution funds*

In Denmark and other jurisdictions, deposit guarantee schemes and similar funds (each a "**Deposit Guarantee Scheme**") have been introduced from which compensation for deposits may be paid to financial services customers if such financial services undertaking cannot satisfy, or is unlikely to be able to satisfy, claims against the undertaking. In many jurisdictions these deposit guarantee schemes are funded directly or indirectly by financial undertakings operating in and/or licensed to operate in the relevant jurisdiction. The future target for funds to be accumulated in deposit guarantee schemes and resolution funds in different EU countries may exceed the minimum levels of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms as amended from time to time, for instance by Directive (EU) 2019/879 of 20 May 2019 ("**BRRD**"), Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes ("**DGSD**") and the Council Implementing Regulation (EU) 2015/81 specifying uniform conditions of application of Regulation (EU) No 806/2014 of the European Parliament and of the Council with regard to ex ante contributions to the Single Resolution Fund.

By participating in a Deposit Guarantee Scheme both Danish commercial banks and mortgage banks like Nykredit Realkredit undertake to cover losses as a result of covered deposits to banks and covered liquid funds to mortgage lenders in failing credit institutions. The funds of the Danish Deposit Guarantee Scheme must amount to at least 0.8% of the covered deposits of Danish commercial banks and 0.8% of the covered cash funds of Danish mortgage banks.

The Danish Deposit Guarantee Scheme is currently fully funded. If the Deposit Guarantee Scheme does not have sufficient funds to make the requisite payments, extraordinary contributions of up to 0.5% of the covered deposits or covered cash funds of the individual institution may be required.

In addition, Nykredit Realkredit contributes to the Danish resolution fund ("**Danish Resolution Fund**") that has been established as the Danish funding arrangement under the BRRD where the capital of the Danish Resolution Fund must amount to 1.0% of the covered deposits of Danish commercial banks and 1.0% of the covered cash funds of Danish mortgage banks as at 31 December 2024.

Denmark is currently not a member of the European banking union (the "Banking Union"). It is uncertain, however, whether Denmark will choose to join the Banking Union in future and thereby also participate in the *Single Resolution Mechanism*. If Denmark becomes a member of the Banking Union, it may affect and possibly increase the costs the Nykredit Realkredit Group will incur in coming years in relation to the payments to deposit

guarantee schemes and/or resolution funds at national or European level. Any such additional costs may have an adverse impact on Nykredit Realkredit's financial performance and position.

#### *Resolution tools and powers under the BRRD*

The BRRD has been implemented into Danish law by the Danish Act on restructuring and resolution of certain financial undertakings (the "**Restructuring and Resolution Act**") and by amendments to the Danish Financial Business Act. References made below to BRRD will also serve as a reference to the implementation of the BRRD into Danish law.

The BRRD is designed to provide authorities designated by Member States with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing credit institution or investment firm (each, an "**institution**").

The BRRD contains four resolution powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest. The relevant resolution authority may use the following resolution tools and powers alone or in combination without the consent of the institution's creditors: (i) sale of business – which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the institution to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer impaired or problematic assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in relating to eligible liabilities – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution (the write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims to equity or other instruments of ownership, from which mortgage banks such as Nykredit Realkredit are temporarily specifically exempt.

The BRRD also provides resolution authorities with broader powers to implement other resolution measures with respect to distressed institutions, which may include (without limitation) the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

If the relevant resolution authorities implement, or indicate the implementation of, resolution measures or other powers vested in them by the BRRD vis-à-vis Nykredit Realkredit, it may have an adverse impact on the rights of the Bondholders and Nykredit Realkredit's ability to pay amounts due under the Bonds.

#### *MREL and Debt Buffer Requirement*

The BRRD introduces a minimum requirement for eligible liabilities ("**MREL**") applicable to banks such as Nykredit Bank A/S, a subsidiary of Nykredit Realkredit. According to the BRRD, the resolution authorities must grant an exemption from the MREL to mortgage banks which apply covered bond funding and are not allowed to receive deposits under national law (such as Nykredit Realkredit), provided that certain conditions are fulfilled. However, there can be no assurance that mortgage banks will remain exempt from MREL in future or that the conditions for exemption of MREL will continue to be fulfilled for Danish mortgage banks such as Nykredit Realkredit. In the event that an MREL is imposed, the exemption from MREL changes in Nykredit Realkredit's disfavour or the resolution authorities otherwise change their approach on how to manage mortgage banks in a resolution scenario, it may have an adverse impact on the Nykredit Realkredit Group's liquidity, funding costs, lending capacity and financial position and on Nykredit Realkredit's ability to pay amounts due under the Bonds.

Instead of MREL, Nykredit Realkredit is subject to a debt buffer requirement of 2% of the total unweighted lending of the individual mortgage bank (the "**Debt Buffer Requirement**"). The Debt Buffer Requirement states that if a Danish mortgage bank forms part of a group that has been designated as a SIFI on a consolidated basis, such as Nykredit Realkredit, and where an MREL requirement must be determined on a consolidated basis, the debt buffer should be set at a level that ensures that the combined requirement for the group's debt buffer, own funds of the group's mortgage banks and MREL eligible liabilities amounts to at least 8% of such group's total liabilities. However, the debt buffer must be set at a level of at least 2% of the mortgage bank's total unweighted lending. In the event that the mortgage bank does not meet the Debt Buffer Requirement, the license to operate as a mortgage bank may be revoked, which may adversely affect the market value of the Bonds and reduce Nykredit Realkredit's ability to pay amounts due under the Bonds.

#### *Risk pertaining to regulatory capital*

Nykredit Realkredit is supervised by the Danish FSA and is subject to requirements for minimum levels of regulatory capital, such as a minimum capital requirement, an internal capital adequacy requirement and a combined capital buffer requirement including eg a SIFI buffer, comparable with those of other banks in Western Europe. These requirements, and the determination of regulatory capital, may change or increase in future, see 4.1.1. Non-compliance with capital requirements may result in administrative actions or sanctions against Nykredit Realkredit, which may affect Nykredit Realkredit's ability to pay amounts due under the Bonds and could ultimately prevent Nykredit Realkredit from continuing its business.

#### *Risk pertaining to the use of risk models*

Nykredit Realkredit uses internal ratings-based risk models to determine risk-weighted assets and credit risk. The models are specifically prepared based on Nykredit Realkredit's business model and prior loss record and have moreover been approved by the Danish FSA in accordance with the current national and international guidelines for such models. The majority of Nykredit Realkredit's credit risk and market risk stems from exposures comprised by internal models. As they are internal models, it is not certain that they capture the real risk satisfactorily. There is a risk that Nykredit Realkredit may suffer unexpected losses which affect Nykredit Realkredit's ability to pay amounts due under the Bonds. Nykredit Realkredit's internal models may be changed as a result of various factors, including changes in credit conditions, changes in national or international legislation, and changes in supervisory practices or approvals granted by the Danish FSA. Changes to the models may result in increased capital requirements for Nykredit Realkredit and thereby reduce the current amount of own funds, which may have an adverse impact on Nykredit Realkredit's business and Nykredit Realkredit's ability to pay amounts due under the Bonds.

#### *Transfer of funds between capital centres*

Nykredit Realkredit may transfer funds (overcollateralisation) between Nykredit Realkredit'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 Bonds 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 Bonds in the ranking of creditors. In case of Nykredit Realkredit's bankruptcy, Section 15 Bondholders will only have a claim against Nykredit Realkredit 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*

Denmark is Nykredit Realkredit's largest geographical business area, and the mortgage loan business in Denmark is very competitive. Both traditional and new lenders advertise extensively and use targeted marketing and loyalty schemes in an effort to expand their position in, or to facilitate their entry into, the market and compete for customers. Nykredit Realkredit's ability to compete effectively depends on many factors, including

its ability to maintain its reputation, the quality of its services and advice, its product innovation, execution ability, pricing and sales efforts. Nykredit Realkredit has a collaboration agreement with a number of banks for the distribution of mortgage loans issued through Totalkredit. Lending in Totalkredit totalled DKK 866bn as at 31 December 2021, and mortgage lending in the Nykredit Realkredit Group totalled DKK 1,391bn. Changes in financial conditions or the competitive environment in the Danish mortgage market could cause changes to the Totalkredit partnership or cause one or more banks to exit the partnership, which could have an adverse effect on Nykredit Realkredit's competitive strength. Any changes that adversely affect Nykredit Realkredit's competitiveness in the mortgage market may have an adverse impact on Nykredit Realkredit's business, results of operations, financial position or prospects.

*Credit ratings may not reflect all risks*

Nykredit Realkredit 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 Nykredit Realkredit. Finally, Nykredit Realkredit's ratings may decline if the rating of the Kingdom of Denmark declines irrespective that there is no direct connection with Nykredit Realkredit's activities. A credit rating agency may at any time revise, suspend or withdraw a rating assigned by it.

Moreover, credit rating agencies may at any time change the methodologies/principles they use to rate Nykredit Realkredit and the Bonds, which may lead to significant changes in ratings previously assigned. Substantial changes in Nykredit Realkredit's Issuer Credit Rating may lead to an increase in overcollateralisation requirements (including OC requirements of credit rating agencies) to maintain the existing ratings of the Bonds, potentially at a considerable cost of capital, which may have an adverse impact on Nykredit Realkredit's business and Nykredit Realkredit's ability to pay amounts due under the Bonds issued under this Base Prospectus.

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

*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 Nykredit Realkredit'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. The value of the mortgaged assets may consequently turn out to be lower than assumed, which may have an adverse impact on Nykredit Realkredit's business and Nykredit Realkredit's ability to pay any amount due on Bonds issued under this Base Prospectus.

**3.2 Risk factors that are material to the assessment of the market risks associated with the Bonds.**

*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.

Investors in the Bonds will be exposed to general fluctuations in market conditions and in the demand for the Bonds, which will affect prices and yields as well as liquidity in the market.

*Exchange rate risk and foreign exchange controls*

Nykredit Realkredit makes interest and principal payments under 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 return on the Bonds, (ii) the Investor's currency-equivalent principal payments under 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.

Especially the market value of long-dated fixed-rate Bonds may decline considerably if market rates exceed the interest rate payable under the fixed-rate Bonds. Conversely, investors cannot expect the price to exceed the redemption price significantly when market rates decline. Also, the yield-to-maturity of the Bonds is affected by a number of factors that are unpredictable at the time of investment in the Bonds.

*Discontinuation of reference rates*

The interest rate fixing framework of floating-rate Bonds linked to a reference rate or other benchmark may be interrupted if the relevant reference rate basis is no longer published or quoted, if the terms behind the selected basis change materially, if one or more authorities materially dispute the agreed basis as a reference for interest rate fixing of the Bonds, or if a relevant financial sector enters into an agreement with an authority to use a reference rate other than the basis agreed.

At the date of this Base Prospectus, a process has been initiated in Denmark (under the auspices of eg Finance Denmark and Danmarks Nationalbank) and internationally to reform and/or establish alternative reference rates to existing (wholly or partly) estimated reference rates in most currencies to ensure more widespread use of transaction-based reference rates. In the long term, this is expected to or may later affect the development and use of Danish and international reference rates such as Cibor (Copenhagen Interbank Offered Rate), Cita (Copenhagen Interbank Tomorrow/Next Average), Euribor (Euro Interbank Offered Rate) and Stibor (Stockholm Interbank Offered Rate).

The new transaction-based day-to-day reference rate, Denmark Short-Term Rate ("**DESTR**"), was launched on 4 April 2022 and will reflect trading activity on 1 April 2022. At the same time, the reference rate Tom/Next ("**T/N**") was fixed at a spread to DESTR, and T/N will be finally discontinued as at 1 January 2026. Cita is today a reference rate based on panel banks' submission of the rate of Overnight Index Swaps with T/N as the variable leg. With the discontinuation of T/N, Cita needs to be reformed and instead be based on OIS swaps with DESTR as the variable leg.

The reference rate working group under Finance Denmark published a consultation report on the reformation of Cita on 3 March 2022. The working group suggests that Cita continues under a changed definition. If the consultation leads to a recommendation to DFBF (Danish Financial Benchmark Facility and administrator of Cita), and DFBF implements this recommendation, the reformed Cita will be based on the submission of rates of Overnight Index Swaps with DESTR as the variable leg (and not T/N as is the case today). This shift may



imply a lower Cita rate from the date when a new definition of Cita takes effect. The working group proposes that this transition takes place as at 1 January 2026.

This working group is moreover tasked with making a recommendation on a market standard for a fallback solution for Cibor based on DESTR by the end of 2022.

Investors should therefore be aware that for Bonds whose interest rate fixing is based on estimated reference rates, there will or may be a risk that, before maturity of the Bonds, these reference rates will or may become lower and/or more volatile as a result of this work than they would otherwise have been and/or be replaced by other reference rates that are highly likely to have other characteristics than the reference rates they replace.

Investors should consult their own advisers and make their own assessment about the potential risks resulting from the ongoing work to reform Danish and international reference rates before making any investment decision with respect to any Bonds linked to these reference rates.

### **3.3 Risks pertaining to the Bonds**

#### *No events of default*

The terms of the Covered Bonds and Section 15 Bonds do not include any events of default relating to Nykredit Realkredit and/or the Capital Centres, and holders of Covered Bonds or Section 15 Bonds may not rely on a bankruptcy order issued against Nykredit Realkredit as a ground for acceleration of payments. Correspondingly, in the event that the Covered Bonds 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 Realkredit's failure to fulfil its obligation to provide supplementary collateral with respect to SDOs as a ground for acceleration of payments. This may have an adverse impact on Bond prices. This does not affect any rights that Bondholders may have as to the acceleration of payments under the Covered Bonds and Section 15 Bonds under the general principles of Danish law.

#### *No remedies for default in respect of Bonds covered by government guarantee*

The Bondholders cannot exercise any remedies for default in respect of the Bonds covered by government guarantee if the Danish government has assumed the outstanding obligations, which represents a limitation on the rights of the Bondholders relative to their usual powers and may have an adverse impact on Bond prices.

#### *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 under the Bonds is not made on the relevant due date and such delay is not a result of the circumstances set out in 5.6 "Deferral of payments", the terms of the Bonds do not provide for accrual of interest in respect of such payments during such delay which could have an adverse impact on Bond prices. 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, which derogates from the terms applying to other Section 15 Bond issues where such terms include a possibility of calling meetings of the relevant bondholders. Therefore, any modifications to the terms of the Bonds will require the unanimous consent of the Bondholders as well as the approval of Nykredit Realkredit.

#### *Eurosystem eligibility of the Bonds*

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 depository 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. A lack of Eurosystem eligibility may affect the pricing of the Bonds.

#### *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 (and other related parties), a claim may be raised against the estate in bankruptcy for funds received by the company within a period of up to two years from its bankruptcy. Where it is found that funds must be repaid, this will reduce the assets available for satisfying the Bondholders' claims, which may have an adverse impact on Nykredit Realkredit's business and on Bond prices.

Further, investors should assess the ranking of creditors related to an estate in bankruptcy under which the holders of Covered Bonds together with certain derivatives counterparties have a primary preferential right to all assets in Nykredit Realkredit's capital centres, and the holders of Section 15 Bonds have a secondary preferential right to all assets in Nykredit Realkredit's capital centres. Any residual claims from the holders of Covered Bonds rank before unsecured claims against the assets of any estate in bankruptcy of Nykredit Realkredit, while the residual claims from the holders of Section 15 Bonds may be proved as unsecured claims against Nykredit Realkredit'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. Accordingly, the impact on the Bonds of a judicial decision or change to Danish law or administrative practice after the issue date of the Bonds cannot be predicted and may have an adverse impact on the pricing of the Bonds.

#### *Investors to bear the risk of withholding tax*

All payments of principal and interest by or on behalf of Nykredit Realkredit in respect of the Bonds will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Denmark or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If such withholding or deduction is required, Nykredit Realkredit will not be obliged to pay any additional amounts and will make such deduction or withholding from the payment of principal or interest, and investors will therefore receive a reduced amount, which may have an adverse impact on the pricing of the Bonds.

The rules on investor taxation are described in more detail in 12 "TAXATION".

#### *Bondholders will only receive a limited description of the capital centres*

The composition of each capital centre may vary over time. Bondholders will not receive detailed statistics or information about each loan, location of each mortgaged residential or, as the case may be, commercial property or other assets contained or to be contained in the relevant capital centre, as the constitution of the relevant capital centre will change over time.

*Exemptions from Nykredit Realkredit's liability*

As described in detail in the Final Bond Terms, Nykredit Realkredit is not, even in areas where stricter statutory liability applies, 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 Realkredit or an external supplier is responsible for the operation of the systems; (ii) failures in Nykredit Realkredit's power supply or telecommunications, statutory intervention or administrative acts, natural disasters, epidemics, pandemics, 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 Realkredit or its organisation and regardless of the reason for the conflict. This shall also apply where the conflict only affects part of Nykredit Realkredit; or (iv) other circumstances beyond Nykredit Realkredit's control.

In case of exemptions from Nykredit Realkredit's liability due to matters mentioned above, this may prevent or reduce the size of any claims which the Bondholders are entitled to raise against Nykredit Realkredit in the event of default.

*Risks pertaining to the structure of Covered Bonds (SDOs and ROs)**Redemption prior to maturity of Covered Bonds*

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 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, Nykredit Realkredit 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, Nykredit Realkredit reserves the right to redeem the Covered Bonds 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 Bonds are changed as a result of legislative amendments, orders by the authorities and/or market conditions. Nykredit Realkredit's redemption of Covered Bonds may take place at the pre-fixed redemption price of the relevant ISIN upon prepayment immediately or at a later point in time. This may have an adverse impact on Nykredit Realkredit's business and on the pricing of the Bonds.

*Non-compliance with the balance principle*

As described in 4 "LEGAL FRAMEWORK FOR NYKREDIT REALKREDIT'S BUSINESS ACTIVITIES" of this Base Prospectus, under Danish mortgage law, Nykredit Realkredit must administer 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, Nykredit Realkredit may for instance enter into derivatives contracts in accordance with the rules of the Executive Order on Bonds to the extent that Nykredit Realkredit 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 Realkredit.

#### *Pre-issues*

Nykredit Realkredit may pre-issue an amount of Covered Bonds 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 Bonds 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 Bonds which is unfavourable to investors.

Non-compliance with the balance principle may cause Nykredit Realkredit to lose its authorisation to issue Covered Bonds and Section 15 Bonds, which may have an effect on the price of the Bonds which is unfavourable to investors and may have a significant adverse impact on Nykredit Realkredit's business and Nykredit Realkredit's ability to pay principal due under the Bonds.

#### *Loss of SDO status*

If Nykredit Realkredit 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 and will affect the risk weighting of SDOs in the calculations of financial undertakings. A loss of SDO status will have an adverse impact on Nykredit Realkredit's business as well as on Bond prices and Nykredit Realkredit's ability to pay principal due under the Bonds.

#### *Statutory refinancing*

Under the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, Nykredit Realkredit is obliged to extend the maturity of SDOs and ROs in certain special circumstances as set out in 5.10 "Statutory refinancing". Nykredit Realkredit is obliged to decide whether, and if so when, the conditions for statutory refinancing have been met. The decision will be made by Nykredit Realkredit based on the method described in 5.10.3

Notices concerning statutory refinancing" and Nykredit Realkredit must inform the market thereof without delay by way of a stock exchange announcement and on its website, [nykredit.com](https://www.nykredit.com). An extension of the maturity of SDOs or ROs may have an adverse impact on Nykredit Realkredit's business and on the pricing of the Bonds.

#### *Inclusion of covered bonds in the HQLA buffer*

The HQLA buffer rules, see the sub-section "Liquidity rules" in 4.1 "*Legislation*", may be relevant to investors required to comply with the HQLA buffer, as the eligibility of covered bonds for inclusion in the liquidity buffer depends on, for instance, the outstanding amount of the covered bonds.

#### *Risks pertaining to Bonds issued with a specific use of proceeds, such as Green Bonds*

The Final Bond Terms relating to the relevant issued Bonds may specify that the Bonds in question are "**Green Bonds**". This means that Nykredit Realkredit will apply the proceeds from a sale of those Bonds for projects and activities that satisfy eligibility requirements stated in Nykredit Realkredit's "Green Bond Framework" in force from time to time ("**Eligible Green Mortgages**"). The Green Bond Framework is available on Nykredit's website (<https://www.nykredit.com/en-gb/investor-relations/debt/green-bonds/green-bond-framework/>).

Any third party opinion or certification (whether or not solicited by Nykredit Realkredit) may, but will not necessarily, be made available in connection with the issue of Bonds and in particular with Eligible Green Mortgages to fulfil environmental, sustainability, social and/or other criteria. Any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form the whole or part of this Base Prospectus.

In the event that any such Bonds are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of a stock exchange or securities market (whether or not regulated), no representation or assurance is given or made by Nykredit Realkredit or any other party that any such listing or admission to trading will be obtained in respect of any such Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Bonds.

Any withdrawal or amendment of any third party opinion or certification and/or circumstances under which the Bonds are no longer listed or admitted to trading on any stock exchange or securities market as aforesaid, may have a material adverse effect on the value of such Bonds and also potentially the value of any other Bonds which are intended to finance Eligible Green Mortgages and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

The events and/or failures by Nykredit Realkredit mentioned in this section will not constitute an Event of Default under the Bonds.

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

##### *Deferral of payments*

As stated in 5.6 "Deferral of payments", payment of amounts due under Section 15 Bonds may be deferred under certain conditions, if Nykredit Realkredit fails to comply with the balance principle or if the payments in question would have prevented Nykredit Realkredit from complying with the balance principle, which may have an impact on Bond prices which is unfavourable for investors. In addition, such payments will be deferred if a bankruptcy order has been issued against Nykredit Realkredit or Nykredit Realkredit 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 Nykredit Realkredit 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 Nykredit Realkredit will redeem the bonds, if Nykredit Realkredit 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 Realkredit is obliged to extend the maturity of Section 15 Bonds in certain special circumstances as set out in 5.10.2. Nykredit Realkredit is obliged to decide whether, and if so when, the conditions for statutory maturity extension have been met. The decision is made by Nykredit Realkredit based on the method described in 5.10.3 and Nykredit Realkredit must inform the market thereof without delay by way of a stock exchange announcement and on its website, nykredit.com. An extension of the maturity of Section 15 Bonds may have an adverse impact on Nykredit Realkredit's business and on the pricing of the Bonds.

## 4 LEGAL FRAMEWORK FOR NYKREDIT REALKREDIT'S BUSINESS ACTIVITIES

### 4.1 Legislation

Nykredit Realkredit 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, and lending outside Denmark.

The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and executive orders issued thereunder also provide rules on the issuance of UCITS-compliant covered bonds, SDROs ("særligt dækkede realkreditobligationer", a type of mortgage covered bond), CRD-compliant covered bonds and bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, including rules on exclusivity, bond issuance, maturity extension requirements, cover asset requirements – including minimum overcollateralisation requirements (for SDOs), requirements of supplementary collateral, balance principle, special liquidity buffer requirements in connection with bond issuance, liability, intercompany joint funding and disclosure of information for investors' assessment of features and risks of the bonds in issue. The Act also provides rules on supervision.

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

- Danish mortgage banks may carry on business as securities dealers as laid down in the Danish Financial Business Act;
- Danish mortgage banks may in certain cases carry out certain types of investment service and investment activities;
- 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.

Nykredit Realkredit's business activities are also regulated by Regulation (EU) 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms as amended from time to time, including by Regulation (EU) 2019/876 of 20 May 2019 ("**CRR**"). The scope of application of the CRR is as follows:

- Capital requirements;
- Large exposures;
- Liquidity requirements;
- Leverage ratio;
- Reporting requirements in connection with capital requirements, large exposures, liquidity requirements and leverage; and

- Public disclosure requirements in connection with own funds requirements, large exposures, liquidity requirements and leverage.

#### Capital adequacy

The regulatory capital management framework is provided by the CRR and Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms as amended from time to time, including Directive (EU) 2019/878 of 20 May 2019 ("**CRD**") as implemented in the Danish Financial Business Act, and includes three pillars:

- Pillar I provides rules for determining the minimum capital requirement, which is 8% of credit, market and operational risk exposures – including provisions on counterparty risk, minimum regulatory capital deductions for non-performing exposures and limits to large exposures.
- Pillar II describes the framework for the Internal Capital Adequacy Assessment Process (ICAAP) and the supervisory review and evaluation process (SREP). The internal capital adequacy requirement is determined annually under the ICAAP.
- Pillar III relates to market discipline and sets out requirements for the disclosure of information about risk and capital management and the internal capital adequacy requirement

#### Rules on internal capital adequacy requirement

According to the Danish Executive Order on the determination of risk exposure amount, own funds and internal capital adequacy requirement, mortgage banks must determine their internal capital adequacy requirement quarterly. The internal capital adequacy requirement is the capital requirement deemed to be sufficient to cover the Group's risks. Determination of the internal capital adequacy requirement is based on the Pillar I requirement plus add-ons in connection with risks which are not fully captured by the minimum own funds requirements under Pillar II. Moreover, Pillar II captures any risk model uncertainty and includes regular qualitative assessments to ensure that capital levels are adequate to cover the Group's total risks.

#### Rules on additional own funds guidance

In addition to the internal capital adequacy requirement described above, under the CRD, the competent authorities may require additional own funds to be held by a credit institution ("**Additional Own Funds**") based on a supervisory stress test (under a severe stress scenario) to be determined as a percentage of the total risk exposure and to be fulfilled using Common Equity Tier 1 capital.

#### Rules governing leverage ratio

The CRR/CRD include requirements for credit institutions to calculate, report and monitor their leverage ratios, defined as their Tier 1 capital as a percentage of their total exposure. The leverage ratio, ie an institution's capital measure (Tier 1 capital) divided by the exposure measure (the exposure values of eg a number of assets, derivatives contracts and off-balance sheet items), must be at least 3%.

#### Capital buffer and debt buffer requirements

Nykredit Realkredit is subject to a number of capital buffer and debt buffer requirements. At the date of this Base Prospectus, Nykredit Realkredit's combined capital buffer requirement consists of a capital conservation buffer of 2.5%, a SIFI buffer of 2%, a systemic risk buffer of currently 0% and a countercyclical buffer of currently 0% in Denmark. All buffers are determined as a percentage of Nykredit Realkredit's total risk exposure and must be fulfilled using Common Equity Tier 1 capital. In Denmark the countercyclical capital buffer will be raised to 1% as from 30 September 2022 and additionally to 2% as from 31 December 2022 as a result of the significantly elevated economic activity. The Systemic Risk Council stated that the Council, at the beginning of 2022, expects to recommend an increase in the countercyclical capital buffer to the maximum of 2.5%, unless the risk build-up in the financial system slows down considerably or there is a new negative shock to the economy. At the date of this Base Prospectus, it is not possible to foresee the future development of the countercyclical capital buffer or systemic risk buffer requirement for Denmark. Nykredit Realkredit is also subject

to a special debt buffer requirement. See the risk factors "MREL and Debt Buffer Requirement" in 3.1 "Risk factors pertaining to Nykredit Realkredit that may affect the issuer's ability to pay any amounts due under the Bonds". The Debt Buffer Requirement can be fulfilled using Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital instruments and liabilities that meet article 72b(2), point (d), of the CRR (non-preferred senior debt) with an initial maturity of two years minimum and can be written down and converted without the use of bail-in.

#### Liquidity rules

Mortgage banks are subject to the EU liquidity rules the Liquidity Coverage Ratio ("**LCR**") under the Commission Delegated Regulation (EU) 2015/61 (to supplement the CRR) as amended from time to time with regard to liquidity coverage requirement for Credit Institutions (the "**LCR Regulation**") and the Net Stable Funding Ratio ("**NSFR**") under the CRR.

When determining its LCR requirement, Nykredit Realkredit has been authorised by the Danish FSA to offset interdependent cash inflows and outflows relating to mortgage lending, cf Article 26 of the LCR Regulation. With this authorisation comes a minimum liquidity requirement of 2.5% of total mortgage lending set by the Danish FSA. This requirement must be fulfilled using High Quality Liquid Assets (HQLA), including government bonds and high-rated covered bonds with series volumes of at least EUR 250m.

In connection with the implementation of the Covered Bonds Directive and amendments to the LCR Regulation (see 4.1.1 "Future legislative amendments"), the Danish FSA is expected to make changes to the authorisation to offset interdependent cash inflows and outflows relating to mortgage lending, as part of the authorisation is expected to be revoked. It is moreover expected that the specific minimum liquidity requirement will be replaced by a more individual, risk-based Pillar II LCR liquidity add-on depending on the liquidity risks relating to the arrears, unsettled remortgaging exposures and refinancing procedures of a mortgage bank. Overall this may affect Nykredit Realkredit's LCR requirement.

Under the LCR rules, covered bonds with an issue size of at least EUR 500m per ISIN and a rating of AA- or higher can make up a maximum of 70% of a credit institution's HQLA buffer, while covered bonds with an issue size of at least EUR 250m per ISIN and a rating of AA- or higher can make up a maximum of 40%. The remaining 30% must consist of government bonds, certificates of deposit and/or cash.

The rules may be relevant for investors' acquisition of covered bonds, as the eligibility of covered bonds for inclusion in the HQLA buffer depends on, for instance, the outstanding amount of the covered bonds.

As for all credit institutions, the purpose of the NSFR is to ensure stable funding of a mortgage bank's assets over a 1-year horizon.

#### **4.1.1 Future legislative amendments**

If legislation regulating Nykredit Realkredit's business activities is amended, Nykredit Realkredit reserves the right to revise this Base Prospectus by way of a supplement in order that Nykredit Realkredit'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.

#### Covered Bonds Directive and amendments to the LCR Regulation

The Covered Bonds Directive specifies the core elements of covered bonds (such as SDOs and ROs) and forms the basis for the 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 against the cover assets as well as against the issuer ("dual recourse"). Other elements include the use of derivatives, maturity extension of covered bonds, coverage



requirements, special liquidity buffer in connection with covered bonds issuance, requirements for investor information and special public supervision of covered bond issuers. Together with the implementation of the Directive, stricter CRR requirements for covered bonds (SDOs) that may achieve a lower risk weighting are introduced. A minimum overcollateralisation requirement applying to assets serving as collateral for the bonds in issue is introduced.

Covered bonds issued after the date of implementation of the Covered Bonds Directive in Danish law which meet the stricter CRR requirements (SDOs) can continue to achieve a lower risk weighting and thus a lower capital requirement compared with other bonds. The Covered Bonds Directive provides for grandfathering of covered bonds issued before the new set of rules takes effect. Only covered bonds issued after the new rules enter into force must meet the requirements of the new framework. The implementation of the Covered Bonds Directive may affect Nykredit's issuance of covered bonds, including the volumes issued in the individual ISINs. At the same time as the implementation of the Covered Bonds Directive, the LCR requirement for credit institutions issuing covered bonds will be adjusted. The purpose of the amendments to the LCR Regulation is to prevent unintended double liquidity requirements by way of LCR and the special liquidity buffer requirement in connection with covered bonds issuance. For this purpose, the provisions on assets encumbrance will be amended, which may affect Nykredit Realkredit's LCR liquidity requirements.

See also the risk factor "Risk pertaining to implementation of new regulation" in 3.1 "Risk factors pertaining to Nykredit Realkredit that may affect the issuer's ability to pay any amounts due under the Bonds".

#### Future capital rules – implementation of Basel IV

The Basel IV framework includes a number of different requirements. A significant amendment is the introduction of a so-called capital floor requirement for credit institutions applying internal ratings-based risk models. The capital floor requirement entails that a credit institution will be subject to a minimum capital requirement across risk types (credit, market and operational risk) of 72.5% of the capital requirement calculated according to the standardised approach. The final text is not known yet, but capital requirements will increase, and capital planning is therefore key to Nykredit Realkredit. Nykredit Realkredit meets the future, fully phased-in capital requirements. On 27 October 2021 the EU Commission made a proposal for implementation of Basel IV into EU legislation as the most essential part of the CRR3 and the CRD6 proposal. The phasing-in period of the capital floor requirement is 2025-2030. The EU Commission's proposal includes temporary relaxation of the capital floor requirement, which will be phased out by the end of 2032.

See the risk factor "Risk pertaining to implementation of new regulation" in 3.1 "Risk factors pertaining to Nykredit Realkredit that may affect the issuer's ability to pay any amounts due under the Bonds".

## **4.2 Supervision**

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

## **4.3 SIFI**

Pursuant to Danish legislation Danish banks and mortgage banks are assessed in terms of their systemically importance based on assessment of the 12 indicators below:

- 1: Total assets weighted by 6/24
- 2: The value of national payment transactions weighted by 2/24
- 3: Deposits in Denmark weighted by 2/24
- 4: Lending in Denmark weighted by 2/24
- 5: Nominal value of derivatives not listed on a regulated market (OTC derivatives) weighted by 2/24
- 6: Cross-jurisdictional liabilities weighted by 2/24
- 7: Cross-jurisdictional assets weighted by 2/24

- 8: Outstanding debt issues weighted by 2/24
- 9: Liabilities within the financial system (globally) weighted by 1/24
- 10: Assets within the financial system (globally) weighted by 1/24
- 11: Liabilities within the financial system (Denmark) weighted by 1/24
- 12: Assets within the financial system (Denmark) weighted by 1/24

Institutions with high systemically importance are designated as a systemically important financial institution ("**SIFI**").

Generally, the Danish FSA designates the Danish SIFIs each year no later than 30 June. SIFI institutions are subject to higher capital requirements ("**SIFI buffer requirement**") and increased supervision. From 2014 onwards, Nykredit Realkredit, on a consolidated basis, has each year been designated as a SIFI institution by the Danish FSA. Nykredit Realkredit is expected to be designated continuously as a SIFI institution, and in case this does not take place as expected, a supplement to this Base Prospectus will be published. The SIFI buffer requirement applying to Nykredit Realkredit is 2.0%. The SIFI buffer requirement applies at the same percentage rate to the Nykredit Realkredit Group at a consolidated level and to each bank (Nykredit Bank) and mortgage lender (Nykredit Realkredit and Totalkredit A/S ("**Totalkredit**") included in the Group at an individual level.

#### 4.4 Funding of lending

The rules governing the issuance of CRD-compliant covered bonds and UCITS-compliant 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 Bonds issued in pursuance thereof.

#### 4.5 Bond issuance

##### *CRD-compliant covered bonds and UCITS-compliant covered bonds*

The issuance of CRD-compliant covered bonds and UCITS-compliant covered bonds 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 CRD-compliant covered bonds.

CRD-compliant covered bonds and UCITS-compliant covered bonds 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.

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 special circumstances the maturity of CRD-compliant covered bonds and UCITS-compliant covered bonds in issue may be extended (see 5.10 "Statutory refinancing").

##### *Supplementary collateral and overcollateralisation*

The issuance of bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act by mortgage banks serves to provide supplementary collateral if required or to increase overcollateralisation in a capital centre (see 4.9 "Coverage requirement and capital requirement in capital centres" and **Fejl! Henvisningskilde ikke fundet.** "Nykredit Realkredit's capital centres" below). The bonds may be issued before or after a requirement for supplementary collateral arises.

#### 4.6 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 CRD-compliant covered bonds and UCITS-compliant 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 CRD-compliant covered bonds and UCITS-compliant 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 CRD-compliant covered bonds and UCITS-compliant 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. For CRD-compliant covered bonds, 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 <sup>1</sup>	80%
Private cooperative housing	
Private residential rental properties	
Public housing	
Youth housing	
Property used for social, cultural and educational purposes <sup>3</sup>	60/80%
Holiday homes/commercial rental <sup>4</sup>	75%/60%
Agricultural and forestry properties, market gardens, etc <sup>2</sup>	60/70%
Office and retail properties <sup>2</sup>	
Industry and trades properties <sup>2</sup>	
Utilities <sup>2</sup>	
Other properties – including undeveloped land	40%

<sup>1</sup> 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% (CRD-compliant covered bonds).

<sup>2</sup> 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% (CRD-compliant covered bonds).

<sup>3</sup> 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 CRD-compliant covered bonds. The LTV limit is 80% in connection with issuance of CRD-compliant covered bonds.

<sup>4</sup> Holiday homes used for commercial rental may only be mortgaged by up to 60% of the holiday home's value.

If the LTV limits are changed, Nykredit Realkredit will apply the rules as amended.

#### 4.7 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 public housing, youth housing and private cooperative housing are subject to a maximum term of 40 years, if lending

is granted on the basis of subsidy commitments made in accordance with the Danish act governing public housing and subsidised private cooperative housing.

Irrespective of the ranking of the security, loans funded by ROs 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.

Loans funded by SDOs for private residential properties for all-year habitation and holiday homes where the LTV ratio exceeds 75% 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 30 years.

If LTV ratios do not exceed 75% for loans funded by SDOs, no requirements relating to maximum term, amortisation and maximum interest-only periods apply to loans granted for private residential properties for all-year habitation, private cooperative housing units, private residential rental properties, public housing and youth and senior housing, etc. The term of these loans may be markedly longer or even perpetual.

Nykredit Realkredit is currently not making use of the legislative access to issue perpetual loans.

#### **4.8 Liability**

For loans granted against mortgages over real estate, borrowers are liable personally and to the extent of the mortgaged property. Nykredit Realkredit may waive the requirement of personal liability for loans funded by CRD-compliant covered bonds, but not for loans funded by UCITS-compliant covered bonds.

#### **4.9 Coverage requirement and capital requirement in capital centres**

CRD-compliant covered bonds and UCITS-compliant 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.

When issuing CRD-compliant covered bonds and UCITS-compliant covered bonds two statutory coverage requirements on the asset side relative to the individual series having series reserve funds and relative to Nykredit Realkredit In General are satisfied, cf sections 18 a and 33 b(3)-(6) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

- A *payment coverage requirement*, whereby the total future payment obligations under the issued UCITS-compliant covered bonds or CRD-compliant covered bonds and payment obligations on off-balance sheet items, such as derivative financial instruments, and the expected expenses for maintenance and management of a capital centre must be covered by the total future claims for payment of all cover assets, which include a claim for payment by way of loan principal, interest and administration margin, claim for payment under financial instruments used to hedge the risk between the cover assets and the issued UCITS-compliant covered bonds or CRD-compliant covered bonds and claims for payment under other cover assets underlying the issued UCITS-compliant covered bonds or CRD-compliant covered bonds.
- A *nominal coverage requirement*, whereby the value of the cover assets must exceed the value of the issued UCITS-compliant covered bonds or CRD-compliant covered bonds; however when there is a close match between payments from borrowers and payments to the bondholders, the value can be determined inclusive of the value of future interest payments. The value of off-balance sheet items, such as derivative financial instruments, is also included.

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 UCITS-compliant covered bonds and CRD-compliant covered bonds, and only if contracts for derivative financial instruments stipulate that the reconstruction proceedings, bankruptcy or failure to meet the obligation to provide supplementary collateral of the mortgage bank does not constitute an event of default.

The own funds requirement of section 124 of the Danish Financial Business Act and Article 92(1)(c) of the CRR also applies to the liabilities of 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 equal the statutory own funds requirement, which has been 8% of the risk exposure amount of each capital centre since its opening.

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.

In connection with the determination of the value of the cover assets behind the issued CRD-compliant covered bonds in the form of loans granted against mortgages over real estate, 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 CRD-compliant covered bonds 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. Moreover, a minimum overcollateralisation requirement of 2% relative to the value of the issued CRD-compliant covered bonds applies, cf section 33 b(4) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. No similar rules apply to UCITS-compliant covered bonds.

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 CRD-compliant covered bonds such as mortgages over real estate, government bonds or claims against credit institutions.

#### **4.10 Nykredit Realkredit's capital centres**

Nykredit Realkredit issues covered bonds and bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act through its capital centres. UCITS-compliant covered bonds and CRD-compliant covered bonds cannot be issued from the same capital centre.

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

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

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

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 Realkredit has adopted and published the terms applicable to each capital centre. These terms state that Nykredit Realkredit 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 7 "DOCUMENTS INCORPORATED IN THIS BASE PROSPECTUS BY REFERENCE" for these terms, which are also available at [nykredit.com](http://nykredit.com).

If Nykredit Realkredit 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 (see 4.15 "Intercompany Funding" below) and the series reserve funds of each capital centre.

The liabilities of each capital centre consist of Bondholders' claims under any UCITS-compliant covered bonds, CRD-compliant covered bonds, 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 (see description below).

Further, each capital centre may include off-balance sheet items such as derivative financial instruments.

Pursuant to the Covered Bonds Directive mortgage banks must regularly disclose information to investors on the assets in the capital centre and the issued bonds. Nykredit publishes this information each quarter at [www.nykredit.com/IR](http://www.nykredit.com/IR) using the Harmonised Transparency Template issued by the European Covered Bond Council.

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 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, expenses relating to maintenance and management, including administrative expenses etc, write-offs and impairment charges on capital centre assets, off-balance sheet items and the proportion of Nykredit Realkredit's tax payable by the capital centre.

Nykredit Realkredit and each capital centre are liable for obligations under the UCITS-compliant covered bonds and CRD-compliant covered bonds 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 UCITS-compliant covered bonds and CRD-compliant covered bonds 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.

Nykredit Realkredit satisfies the statutory coverage requirement applying to the assets and the statutory own funds requirement applying to the liabilities of each of capital centre (cf 4.9 "Coverage requirement and capital requirement in capital centres") Significant parts of the loan portfolios of Nykredit Realkredit and Totalkredit are match funded implying a close connection between payments from borrowers and payments to the bondholders, which means that the coverage requirement may be determined inclusive of the value of future interest payments.

Nykredit Realkredit 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 Realkredit may transfer funds from Nykredit Realkredit In General to one or more of the series reserve funds.

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 Realkredit's capital centres may also consist of assets and liabilities deriving from loans raised to enable Nykredit Realkredit 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 Realkredit 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 bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act must in pursuance of section 15(3) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, cf CRR Article 129(1), subparagraph 1, points (a)-(f), and subparagraph 3, be placed in assets such as mortgages over real estate, government bonds or claims against credit institutions, 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 assets pursuant to CRR Article 129(1), subparagraph 1, points (a)-(f), and subparagraph 3 takes immediate effect; and
- The funds are regulated by the same risk management rules of the general balance principle as those applying to Nykredit Realkredit's securities portfolio, cf part 2 of the 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 collateral or overcollateralisation once transferred to a capital centre. The funds transferred therefore form part of the ordinary cover pool of a capital centre. These funds 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 bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act in **Fejl! Henvisningskilde ikke fundet. "Fejl! Henvisningskilde ikke fundet."**

The requirement to place funds in particularly secure assets in accordance with CRR Article 129(1), subparagraph 1, points (a)-(f), and subparagraph 3 also applies when the assets have been transferred to a capital centre.

*List of Nykredit Realkredit's active capital centres*

- *Capital Centre E*  
Nykredit may issue CRD-compliant covered bonds, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, senior unsecured debt and subordinated 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 Realkredit's Capital Centre E were adopted by Nykredit Realkredit's Board of Directors on 8 November 2007 and revised by Nykredit Realkredit's Board of Directors on 7 March 2013.

- *Capital Centre G*

Nykredit Realkredit may issue UCITS-compliant covered bonds, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, senior unsecured debt and subordinated 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 Realkredit's Capital Centre G were adopted by Nykredit Realkredit's Board of Directors on 8 January 2009 and revised by Nykredit Realkredit'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 CRD-compliant covered bonds, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, senior unsecured debt and subordinated 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 Realkredit's Capital Centre H were adopted by Nykredit Realkredit's Board of Directors on 18 August 2011 and revised by Nykredit Realkredit's Board of Directors on 7 March 2013.

- *Capital Centre I*

Nykredit Realkredit may issue UCITS-compliant covered bonds, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, senior unsecured debt and subordinated 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 Realkredit's Capital Centre I were adopted by Nykredit Realkredit's Board of Directors on 19 April 2012 and revised by Nykredit Realkredit'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.

- *Capital Centre J*

Nykredit Realkredit may issue CRD-compliant covered bonds, bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, senior unsecured debt and subordinated debt through Capital Centre J.

The series of Capital Centre J were opened for bond issuance to fund mortgage loans disbursed from and including 8 February 2018.

Special terms apply to Capital Centre J where lending is limited to public housing etc, as governed by law. As for lending in Capital Centre J, the Danish government assumes primary liability as guarantor in pursuance of the Danish Executive Order on government guarantees, guarantee commission and service commission for the purpose of public housing financing (or any subsequent regulation replacing the Executive Order).



Furthermore, the Danish government assumes primary liability as guarantor for the CRD-compliant covered bonds issued through Capital Centre J in pursuance of the Danish Executive Order on government guarantees for certain bonds issued for the purpose of public housing financing (or any subsequent regulation replacing the Executive Order).

Nykredit Realkredit's Board of Directors approved the terms for Nykredit Realkredit's Capital Centre J on 7 February 2018.

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.

*Specifically on government guarantee applying to Capital Centre J*

The Danish government assumes primary liability as guarantor under the government guarantee, which will apply throughout the maturity of the relevant Bonds. The government guarantee comprises all obligations of the capital centre to Bondholders.

The relevant securities depository has categorised the Bonds in such a manner that all government-guaranteed bonds will be treated on a uniform basis in terms of payments if the government guarantee is invoked. Prior to issuance, Nykredit Realkredit must forward a statement to the Danish government in which the relevant securities depository declares that, in case of Nykredit Realkredit's default, the securities depository can, for and on behalf of the Danish government, make payment in full discharge to the recipients eligible under the register.

If Nykredit Realkredit defaults on its payment obligations in respect of Bonds covered by government guarantee, the Danish government will assume all outstanding payment obligations and will settle all payments due without undue delay. The Bondholders cannot exercise any remedies for default in respect of the Bonds if the Danish government has assumed the outstanding obligations in accordance with current legislation.

To the extent that payment has been effected, the Danish government assumes the rights of the Bondholders on behalf of the government.

Nykredit Realkredit, which has issued Bonds covered by government guarantee, must each year forward an audit opinion prepared by Nykredit Realkredit's auditors appointed by its general meeting to the Danish government. The auditors must give an opinion on whether the Bonds meet the requirements for government guarantee pursuant to current legislation.

**4.11 Balance principle**

*General*

Despite the risk limits of the balance principle, Nykredit Realkredit 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.

Should Nykredit decide to deviate from the pass-through principle, the following rules shall apply:

The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and the Executive Order on Bonds require that mortgage banks observe a defined balance principle and a set of risk management rules in connection with the issuance of UCITS-compliant covered bonds, SDROs or CRD-compliant covered bonds.

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 UCITS-compliant covered bonds, SDROs, CRD-compliant covered bonds (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 4.9 "Coverage requirement and capital requirement in capital centres" and 4.10 "Nykredit Realkredit'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 UCITS-compliant covered bonds, SDROs or CRD-compliant covered bonds 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 CRD-compliant covered bonds:

- 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 UCITS-compliant covered bonds, SDROs or CRD-compliant covered bonds:

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

Issuance of CRD-compliant covered bonds and UCITS-compliant covered bonds through Nykredit Realkredit's capital centres complies with the general balance principle.

The proceeds deriving from bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act 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.

The interest rate risk relating to a mortgage bank's securities portfolio must not exceed 8% of the mortgage bank's own funds, cf section 28 of the Executive Order on Bonds.

#### *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 Realkredit's compliance with the balance principle*

It should be noted that the balance principle regulates the actual issuance of UCITS-compliant covered bonds, SDROs, CRD-compliant covered bonds 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 International Financial Reporting Standards ("**IFRS**"). This is due to the fact that, under IFRS, "Issued bonds" under "Liabilities and equity" must be reduced by any holdings that the mortgage bank may have of self-issued UCITS-compliant covered bonds, SDROs, CRD-compliant covered bonds 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 UCITS-compliant covered bonds, SDROs, CRD-compliant covered bonds 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".

#### **4.12 Special liquidity buffer requirement of bond issuance**

A special liquidity buffer requirement applies to the issuance of CRD-compliant covered bonds and UCITS-compliant covered bonds, equal to the total maximum net cash outflows over the next 180 days, cf section 21(1) and (2) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Daily net cash flows mean all cash outflows that fall due on one day, including principal and interest payments and payments relating to off-balance sheets items, less all cash inflows that fall due on the same day for claims related to the cover assets.

Pursuant to section 21(3) and (4) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, issuance of bonds subject to match funding (defined as loans funded to maturity) and issuance of bonds for which the maturity may be extended under special circumstances are exempt from the requirement of a special liquidity buffer. Nykredit Realkredit exclusively issues CRD-compliant covered bonds and UCITS-compliant covered bond in series or from capital centres that meet the conditions of being exempt from the requirement of a special liquidity buffer.

#### **4.13 Recovery and resolution**

The BRRD is designed to provide authorities designated by Member States with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing credit institution or investment firm (each, an "**institution**").

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 Realkredit must draw up and maintain a recovery plan. The plan must be updated at least once a year. Nykredit Realkredit is a SIFI and must therefore prepare a detailed recovery plan.
- The Danish FSA must prepare, approve and maintain a resolution plan for Nykredit Realkredit detailing the resolution of Nykredit Realkredit. The resolution plan is approved following recommendation by Finansiell Stabilitet. Danmarks Nationalbank must be consulted on the contents of the resolution plan due to Nykredit Realkredit's status as a SIFI.
- The resolution strategy for Nykredit Realkredit is based on a single point of entry strategy, where Nykredit Realkredit will be the point of entry for resolution measures. Nykredit Realkredit is the resolution entity, and Nykredit Realkredit and the subsidiaries of Nykredit Realkredit are the resolution group in accordance with the BRRD.
- In 2015-2024, Nykredit Realkredit must make payments to a resolution fund that can contribute to the resolution of a failing institution.
- All mortgage banks, including Nykredit Realkredit, must have a debt buffer of 2% calculated on the basis of eg Nykredit Realkredit's and Totalkredit's total unweighted lending. The Debt Buffer can be fulfilled using Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital instruments and liabilities that meet article 72 b(2), point (d), of the CRR (non-preferred senior debt) with an initial minimum time-to-maturity of two years and can be written down and converted without the use of bail-in. See the risk factors "*MREL*

*and Debt Buffer Requirement*" in 3.1 Risk factors pertaining to Nykredit Realkredit that may affect the issuer's ability to pay any amounts due under the Bonds

- In case of markedly deteriorated conditions for an institution, the Danish FSA may require the institution to implement relevant measures according to the early intervention rules of the Danish Financial Business Act.
- It is a condition of using the resolution measures in the Danish Act on restructuring and resolution of certain financial undertakings that the authorities have established that:
  - The institution is failing or likely to fail;
  - There is no prospect that other measures, including measures initiated by the private sector or the Danish FSA, will, within an appropriate timeframe, prevent the need to resolve the institution;
  - A resolution action is in the public interest.

In these cases, the resolution authority may apply resolution tools (and other measures and powers), including:

- Transfer to a purchaser that is not a bridge institution all or any (i) instruments of ownership issued by an undertaking or entity under resolution or (ii) assets, rights or liabilities of an undertaking or entity under resolution;
- transfer to a bridge institution all or any (i) instruments of ownership issued by an undertaking or entity under resolution or (ii) assets, rights or liabilities of an undertaking or entity under resolution;
- transfer portfolios of assets, rights or liabilities of an undertaking or entity under resolution or of a bridge institution to a portfolio administration company;
- write-down and/or conversion to Common Equity Tier 1 capital instruments of unsubordinated debt and subordinated debt ("**bail-in**"); however, mortgage banks are explicitly exempt from this measure.
- If an institution is placed under resolution, Finansiel Stabilitet must write down or convert relevant capital instruments of the institution to Common Equity Tier 1 capital instruments when the conditions for resolution have been met. Finansiel Stabilitet may subsequently apply one or more of the resolution measures (including the resolution tools listed above).

#### **4.14 Bankruptcy remoteness**

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

The preferential right implies that the holders of the CRD-compliant covered bonds and UCITS-compliant 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 CRD-compliant covered bonds, UCITS-compliant covered bonds 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 bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, cf section 27 b of the said Act, as follows:

- Together with certain derivatives counterparties, holders of CRD-compliant covered bonds and UCITS-compliant covered bonds have a primary preferential right to all assets in Nykredit Realkredit's capital centres; and
- The holders of bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act have a secondary preferential right to all assets in Nykredit Realkredit'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, debt issued to comply with the debt buffer requirement, Tier 2 capital and Additional Tier 1 capital) – save costs relating to the estate in bankruptcy and claims from holders of CRD-compliant covered bonds and UCITS-compliant covered bonds in the capital centres and counterparties to financial contracts hedging financial risk in connection with the issuance of CRD-compliant covered bonds and UCITS-compliant covered bonds.

If in the event of bankruptcy, Nykredit Realkredit'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 CRD-compliant covered bonds and UCITS-compliant 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 Realkredit does not provide the requisite supplementary collateral, Nykredit's CRD-compliant covered bonds and UCITS-compliant covered bonds may lose their eligibility as CRD-compliant covered bonds, 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 Realkredit, and the proceeds from the issuance of bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act do not serve as supplementary collateral yet, the holders of CRD-compliant covered bonds and UCITS-compliant 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 bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

The holders of CRD-compliant covered bonds, UCITS-compliant covered bonds or bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act may not rely on the issuance of a bankruptcy order against Nykredit Realkredit 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 CRD-compliant covered bonds, UCITS-compliant covered bonds or bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and

Mortgage-Credit Bonds etc. Act 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 Realkredit'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 CRD-compliant covered bonds, CRD-compliant covered bonds and bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

The 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 Realkredit must as far as possible continue to make timely payments to holders of CRD-compliant covered bonds, UCITS-compliant 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 Realkredit'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 UCITS-compliant covered bonds or CRD-compliant covered bonds 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 determines 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 Realkredit will defer payments to the holders of bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act 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 Realkredit again complies with the balance principle within one week, payments will not be deferred. Nykredit Realkredit will resume payments to the holders of bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act as from the time when the above-mentioned tests show that the balance principle is no longer breached.

Payments to the holders of bonds issued in pursuance of section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act will furthermore be deferred if Nykredit Realkredit has commenced reconstruction proceedings in accordance with the Danish Bankruptcy Act, or a bankruptcy order has been issued against Nykredit Realkredit.

#### 4.15 Joint funding

CRD-compliant covered bonds and UCITS-compliant covered bonds issued through Nykredit Realkredit'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 same group or not ("**Joint funding within or outside the group**").

##### Intercompany Funding

The framework for Intercompany Funding is laid down in section 20(3) and (4) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. The issuance of CRD-compliant covered bonds through Nykredit Realkredit's Capital Centres E, H and J may serve as Intercompany Funding of loans granted by Totalkredit (Totalkredit's Capital Centres E, H and J).

UCITS-compliant covered bonds issued through Nykredit Realkredit's Capital Centres G and I may serve as Intercompany Funding of loans granted by Totalkredit (Totalkredit's Capital Centres G and I).

As security for the funding, Totalkredit's capital centres issue master securities. The master securities satisfy the requirements for CRD-compliant covered bonds issued through Capital Centres E, H and J and for UCITS-compliant covered bonds issued through Capital Centres G and I.

Nykredit Realkredit 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 Realkredit 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 Realkredit'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 CRD-compliant covered bonds, but the task is performed in association with Nykredit Realkredit.

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

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

Subject to FSA approval, CRD-compliant covered bonds may be issued for the joint funding of lending against mortgages over real estate originally granted by other credit institutions – both within and outside an issuer's own group.

The original lender shall transfer title to the loans and mortgages to the mortgage bank. The joint funding within or outside the group is regulated by section 20(3) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and sections 16 b to 16 g and section 120 b of the Danish Financial Business Act.



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

## **5 TERMS AND CONDITIONS OF THE BONDS**

### **5.1 Introduction**

These terms and conditions apply to the Bonds issued by Nykredit Realkredit pursuant to this Base Prospectus in ISINs which are opened on or after the date of this Base Prospectus.

For CRD-compliant covered bonds and UCITS-compliant covered bonds issued by Nykredit Realkredit in ISINs opened before the date of this Base Prospectus, reference is made to the terms and conditions of the relevant base prospectus applicable when the relevant ISIN was opened and the final bond terms. See also 7 "DOCUMENTS INCORPORATED IN THIS BASE PROSPECTUS BY REFERENCE" of the Base Prospectus.

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.

### **5.2 Form, title, denomination and currency**

All Bonds issued under this Base Prospectus will be recorded electronically in dematerialised form with the securities depository VP (as defined below). No physical Bonds will be issued.

Nykredit Realkredit entered into an agreement with VP concerning VP services on 29 September 2017. Within the framework of this agreement, Nykredit Realkredit may in its own data systems record bonds approved by VP beforehand.

The title to the Bonds exclusively appears from the entry in the books of VP. Accordingly, title to the Bonds can only be transferred by recording of the title transfer at VP in accordance with the rules and procedures for VP.

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.

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.

Bonds issued under this Base Prospectus are, or are expected to be, admitted to trading and official listing at Nasdaq Copenhagen A/S. However, Nykredit Realkredit may decide not to apply for admission to trading and, if relevant, official listing of new Bond issues. The regulated market on which the Bonds are admitted to trading and, if relevant, official listing is set out in the Final Bond Terms. The first expected day of listing, if relevant, is set out in the Final Bond Terms.

The ISIN of the relevant Bonds will be open for new issuance during a predetermined opening period. Nykredit Realkredit may issue Bonds regularly during the opening period. The opening and the closing dates (opening period) of each ISIN will be set out in the Final Bond Terms. Nykredit Realkredit may decide to cease the offer of Bonds during parts of the opening period.

All other 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 Final Bond Terms. Bonds and interest coupons cannot be separated.

If stated in the Final Bond Terms under "Access to information on Bondholders", Nykredit Realkredit may, upon request to VP, access information on the names, addresses and other contact details of the Bondholders, the date of recording in the custody account, the size of the holding and any other relevant account information relating to the Bonds recorded with the securities depository.

### 5.3 Definitions

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

**"Adjustment Spread"** means any addition to or subtraction from a Substitute Reference Rate determined by Nykredit Realkredit, in good faith and in a commercially reasonable manner, and applied such as to place Bondholders in the same situation as if the Reference Rate had been available.

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

**"Bonds"** means any type of bonds issued under this Base Prospectus, ie SDOs, ROs and Section 15 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 "*TARGET2 Business Day*", which means a day on which the TARGET2 (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 5.5 "Interest" and the relevant Final Bond Terms. Nykredit Realkredit has been appointed as Calculation Agent.

**"Calendar Days for Interest Calculation"** are the calendar days applied and are stated in the relevant Final Bond Terms:

- (i) "*Danish Calendar*", which means days on which both Danish payment systems and banks located in Denmark are open for business; or
- (ii) "*TARGET2 Calendar*", which means days on which the TARGET2 (Trans-European Automated Real-time Gross settlement Express Transfer) payment system is open for payments in EUR; or
- (iii) "*Swedish Calendar*", which means days on which both Swedish payment systems and banks located in Sweden are open for business; or
- (iv) "[•] Calendar", which means the calendar of another jurisdiction. This will appear from the relevant Final Bond Terms.

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

**"CFI"** means Classification of Financial Instruments and is the code used for classification of financial instruments for the purpose of identifying the type and characteristics of each financial instrument in accordance with international standards. International Organization for Standardization ("**ISO**") has established and maintained the CFI code.

**"Closing Date"** means the last day on which Bonds may be issued in the relevant ISIN. Nykredit Realkredit 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 5.5(a). With respect to floating-rate Bonds, the Coupon Interest is fixed as set out in 5.5(b) and (c). The Coupon Interest may be positive, negative or zero. The Coupon Interest is rounded to four decimals.

**"Covered Bonds"** 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. The Denomination Currency is 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 Economic and Monetary Union.

**"Executive Order on Bonds"** means the Danish Executive Order on bond issuance, balance principle and risk management as amended from time to time.

**"Failed Refinancing Trigger"** means that the Bond is subject to the provisions regarding failed refinancing triggers, cf 5.10.1, Statutory refinancing. This is stated in the Final Bond Terms.

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

**"FISN"** means Financial Instrument Short Name and is a code that contains a maximum of 35 alphanumeric characters comprising abbreviations of an issuer name and instrument description in accordance with an ISO standard.

**"Green Bonds"** are covered bonds the net proceeds of which are applied, whether directly or indirectly, for the funding or refinancing of projects and activities that satisfy certain eligibility requirements purporting to promote climate-friendly or other environmental purposes.

**"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 5.10.1, Statutory refinancing. This is stated in the Final Bond Terms.

**"LEI"** is short for Legal Entity Identifier, which is a 20-digit code that uniquely identifies a legal entity participating in financial market transactions – across markets and legal systems.

**"Market Price"** means the "Nasdaq CPH consolidated reference price" published by Nasdaq Copenhagen A/S. It is a volume-weighted average of all standard trades published for the relevant bond and all reported trade prices applied for the settlement of mortgage loans funded by the relevant bond. If no official Nasdaq CPH consolidated reference price is quoted on the day the Market Price is determined, Nykredit Realkredit will settle the trade at the last quoted Nasdaq CPH consolidated reference price. If Nykredit Realkredit finds that the Nasdaq CPH consolidated reference price of the day or the last quoted Nasdaq CPH consolidated reference price does not constitute a market-consistent price, Nykredit Realkredit will determine the price. Nykredit will take 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 Realkredit"** 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 Bonds, 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 Date 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 and, if relevant, listing.

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

**"PLN"** means Zloty, the official currency in Poland at the time of the approval of the Base Prospectus.

**"Prepayment"** means that the Covered Bonds are callable due to the borrower's right to prematurely redeem the borrower's loan as at any mortgage payment date. The relevant Final Bond Terms will state whether Prepayment applies to the Covered Bonds in question.

**"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 5.5(c)):

- A. *Cibor*: The 1-, 3-, 6- or 12-month Copenhagen Interbank Offered Rate quoted daily. Cibor is administered as of the date of this Base Prospectus by Danish Financial Benchmark Facility ApS and quoted at [www.dfbf.dk/dfbf-benchmarks/rates/](http://www.dfbf.dk/dfbf-benchmarks/rates/).
- B. *Cita*: The 1-, 3-, 6- or 12-month Copenhagen Interbank Tomorrow/Next Average swap rate quoted daily. Cita is administered as of the date of this Base Prospectus by Danish Financial Benchmark Facility ApS and quoted at [www.dfbf.dk/dfbf-benchmarks/rates/](http://www.dfbf.dk/dfbf-benchmarks/rates/).
- C. *Euribor*: The Euro InterBank Offered Rate delivered daily by the European Money Markets Institute ("**EMMI**").
- D. *Stibor*: The 1-, 3- or 6-month Stockholm Interbank Offered Rate quoted daily. Stibor is administered as of the date of this Base Prospectus by Swedish Financial Benchmark Facility and quoted at [www.swfbf.se/sfbf-benchmarks/rates/](http://www.swfbf.se/sfbf-benchmarks/rates/).

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

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

If the Reference Rate as stated in the relevant Final Bond Terms is no longer published or if the terms underlying the relevant Reference Rate change considerably, or if Nykredit Realkredit finds that the agreed Reference Rate no longer reflects the relevant market for the relevant Reference Rate, Nykredit Realkredit may (in good faith and in a commercially reasonable manner), if necessary, substitute the Reference Rate by a Substitute Reference Rate and determine an Adjustment Spread, if relevant.

Moreover, Nykredit Realkredit may (in good faith and in a commercially reasonable manner) substitute the Reference Rate by a Substitute Reference Rate and determine an Adjustment Spread, if relevant, should one or more public authorities significantly dispute the use of the agreed Reference Rate as reference rate, or should a relevant financial sector enter into an agreement with a public authority about the use of a reference rate other than the agreed Reference Rate.

In the event of the above, Nykredit Realkredit will (in good faith and in a commercially reasonable manner) make a choice based on the following options – in order of priority:

1. If Danish and international participants essentially agree on how to handle the relevant Reference Rate that is no longer quoted or is changed, Nykredit Realkredit will follow this practice – including if such handling entails transition to another reference rate, which, in such case, will become a Substitute Reference Rate, possibly supplemented with an Adjustment Spread.
2. If there is no essential agreement, Nykredit Realkredit may ask one or more banks or other relevant financial participants to quote or offer advice on the choice of a Substitute Reference Rate, possibly supplemented with an Adjustment Spread.
3. If the contributing banks or other financial participants cannot indicate an appropriate Substitute Reference Rate, Nykredit Realkredit will determine a Substitute Reference Rate, if necessary supplemented with an Adjustment Spread.

**"Regulated Market"** means a market pursuant to Article 4(1)(21) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets for financial instruments.

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

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

**"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 Realkredit 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.

**"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.

"**Substitute Reference Rate**" may in some cases substitute the Reference Rate – see "Reference Rate". The Reference Rate may be positive, negative or zero. Nykredit Realkredit will, in such case, choose a Substitute Reference Rate. When choosing a Substitute Reference Rate, Nykredit Realkredit will act in good faith and in a commercially reasonable manner while safeguarding as much as possible that Bondholders are placed in the same situation as if the Reference Rate had been available. If so required, an Adjustment Spread will be added or subtracted for that purpose.

"**VP**" means the Securities Depository VP Securities A/S, Nicolai Eigtveds Gade 8, 1402 Copenhagen K, Denmark, CVR no: 21 59 93 36.

#### **5.4 Status of the Bonds**

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

##### **Covered Bonds**

Holders of Covered Bonds have together with other holders of covered bonds 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 Nykredit Realkredit'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 Bonds, cf section 27(3) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Covered Bonds constitute preferential claims against the Nykredit Realkredit and the relevant capital centre and rank *pari passu* with all covered bonds (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 under Covered Bonds and other covered bonds in the period following the date of a bankruptcy order issued against Nykredit Realkredit.

If Nykredit Realkredit 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 Bonds, Preferential Derivative Contracts and claims for interest on Covered Bonds in the period following the issue date of a bankruptcy order.

To the extent that claims pertaining to Covered Bonds, Preferential Derivative Contracts and claims for interest on Covered Bonds 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 Nykredit Realkredit'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).

##### **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 Bonds and other covered bonds, Preferential Derivative Contracts and claims for interest on Covered Bonds and other covered bonds 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 Nykredit Realkredit'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 Nykredit Realkredit 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.

## **5.5 Interest**

### **a) Fixed-rate Bonds**

All fixed-rate Bonds carry Coupon 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.

If the Coupon Interest set out in the Final Bond Terms is lower than zero, Nykredit Realkredit 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.

### **b) Floating-rate Bonds**

All floating-rate Bonds carry Coupon 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 (or, where relevant, the Substitute Reference Rate and the Adjustment Spread) plus an Interest Rate Spread as set out in the Final Bond Terms. The calculation is made by Nykredit Realkredit.

In connection with the opening of an ISIN, Nykredit Realkredit determines 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 Realkredit may decide that the Interest Rate Spread only applies until the next following Interest Rate Reset.

Nykredit Realkredit may set 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 Realkredit 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] Calendar Days for Interest Calculation up to and including the fourth last Calendar Day for Interest Calculation 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 Calendar Day for Interest Calculation (adjusted)*  
The Reference Rate on the [x] last Calendar Day for Interest Calculation 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 Calendar Day for Interest Calculation*  
An Interest Rate Spread is added to the Reference Rate quoted on the [x] last Calendar Day for Interest Calculation 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.

### **5.6 Deferral of payments**

Nykredit Realkredit will defer payments to the holders of Section 15 Bonds if such payments would lead to a breach of the balance principle pursuant to the Executive Order on Bonds, or if the balance principle applicable at any time has already been breached. If Nykredit Realkredit again complies with the balance principle within one week, payments will not be deferred. Nykredit Realkredit 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 Nykredit Realkredit has commenced reconstruction proceedings in accordance with the Danish Bankruptcy Act, or a bankruptcy order has been issued against Nykredit Realkredit. In case of deferral, the Bondholders will be entitled to claim such deferred payments in connection with the bankruptcy or solvent liquidation of Nykredit Realkredit or to prove such claim after Nykredit Realkredit's reconstruction.

Such deferral of payments does not affect the legal position as regards the Bondholders' claims as set out 5.4 "Status of the Bonds", see 5.4.2.

### **5.7 Amortisation and redemption**

#### **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 distribution between interest payments and principal payments will change.

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 (the interest proportion and the principal proportion, respectively).

### **a) Callable Covered Bonds**

Covered Bonds 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 Bonds, by redemption resulting from prepayments or by full redemption on the Maturity Date.

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

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

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

In connection with the opening of an ISIN, Nykredit Realkredit fixes the redemption price in the Final Bond Terms at which the Covered Bonds 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 Bonds.

Redemption of Covered Bonds 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 Bonds 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. Reference is made to the definition of Prepayment.

### **b) Non-callable Covered Bonds**

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

The Covered Bonds 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 Realkredit 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 5.10.2 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 Realkredit having a claim against the Bondholders equivalent to the absolute value of the Coupon Interest, cf 5.5(a) and (b) above,

1. Nykredit Realkredit will be entitled, but not obliged, to use the redemption amounts derived as set out in 5.7 (a) and (b) to cover the absolute value of the negative Coupon Interest if the redemption price is Par or Market Price in the relevant Final Bond Terms. The redemption amounts will be earmarked for covering the Bondholders' payment of the negative interest.
2. Nykredit Realkredit will be entitled, but not obliged, to make additional redemptions, equivalent to the outstanding negative interest to ensure funds to cover the Bondholders' payment of negative interest, if the redemption price is Par or Market Price in the relevant Final Bond Terms and the absolute value of the negative Coupon Interest exceeds the redemption amount derived as set out in 5.7 (a) and (b).

Additional redemptions will be made concurrently with any redemption of Bonds in accordance with 5.7 (a) and (b). Prior to redemption, Nykredit Realkredit has determined the total redemption amount and the Bondholders' total negative interest to be paid.

### **Redemption by Nykredit Realkredit**

#### *Covered Bonds*

Nykredit Realkredit cannot on its own initiative call the Covered Bonds (no "Call Option") except as described in 5.7d) and below.

Nykredit Realkredit reserves the right (within the limits of the balance principle pursuant to the Executive Order on Bonds) to let the borrowers in respect of loans funded by the Covered Bonds redeem the loans by depositing other bonds for the loans – for instance to avoid any lock-in effect.

Further, Nykredit Realkredit reserves the right to redeem the Covered Bonds 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 Bonds are changed as a result of legislative changes, orders by the authorities and/or market conditions. Redemption of Covered Bonds as a result of prepayment by Nykredit Realkredit 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 Nykredit Realkredit under certain circumstances may redeem the Bonds prior to the Maturity Date ("Call Option").

## **Bondholders' right of redemption**

### *Covered Bonds and Section 15 Bonds*

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

## **5.8 Nykredit Realkredit's acquisition of Bonds**

Nykredit Realkredit and any of Nykredit Realkredit's subsidiaries (cf section 5(3) 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.

## **5.9 Cancellation of Bonds**

### *Special terms applying to Covered Bonds*

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

### *Terms applying to all Bonds*

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

The outstanding amount of Bonds will be updated in the books of VP and published at Nasdaq Copenhagen A/S's website, [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com).

## **5.10 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 Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and the Executive Order on Bonds and for the purpose of 5.10, 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 5.4.

It will appear from the Final Bond Terms whether the Bonds are subject to statutory refinancing pursuant to 5.10 as it will be stated whether the ISIN is subject to an Interest Rate Trigger or a Failed Refinancing Trigger.

### **5.10.1 Statutory refinancing – Covered Bonds**

- i) *Interest Rate Trigger*: If the term of a mortgage loan exceeds the maturity of the underlying Covered Bonds (SDOs or ROs), and if the underlying Covered Bonds 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 Bonds 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 Bonds. The maturity extension may be made for all or part of a given ISIN.

When the Covered Bonds 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 Bonds (SDOs or ROs), and if the underlying Covered Bonds carry a fixed interest rate, the maturity of the Covered Bonds 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 Bonds mature after the 12-month extension, new Covered Bonds 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 Bonds (SDOs or ROs), and if the underlying Covered Bonds carry a floating interest rate, the interest rate upon interest reset of Covered Bonds 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 Bonds in question, the maturity of these Covered Bonds will be extended by 12 months. The maturity extension may be made for all or part of a given ISIN.

When the Covered Bonds 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 Bonds (SDOs or ROs), the maturity of the Covered Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bond 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Realkredit based on the method described in 5.10.3 "Notices concerning statutory refinancing".

#### **5.10.2 Statutory refinancing – Section 15 Bonds**

If Covered Bonds are maturity-extended in accordance with 5.10.1, Nykredit Realkredit 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 Bonds 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 Realkredit 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 5.10.2 will be made by Nykredit Realkredit based on the method described in 5.10.3 "Notices concerning statutory refinancing".

#### **5.10.3 Notices concerning statutory refinancing**

Prior to the sale of bonds subject to 5.10, Nykredit Realkredit 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 Bonds. The market must be notified hereof immediately by way of a stock exchange announcement, which is also published via [www.nykredit.com](http://www.nykredit.com).

For practical and administrative reasons, the interest rate may rise by more than 5 percentage points. However, Nykredit Realkredit 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 Bonds. Nykredit Realkredit may exclusively commence a sale if Nykredit Realkredit 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, Nykredit Realkredit must discontinue the sale, and it cannot be resumed until Nykredit Realkredit 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 5.10.1 i) - iv).

Decisions to extend the maturity of all or part of a given ISIN by 12 months will be made by Nykredit Realkredit, 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.

### **5.11 Payments**

Nykredit Realkredit will pay interest and redemption amounts to Bondholders in full discharge by transferring the amounts on the due date to the central bank account attached to each relevant custody account with VP in which Bonds have been recorded and which appears from the VP's records.

The Bondholders' payments to Nykredit Realkredit prompted by the negative Coupon Interest may at Nykredit Realkredit'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 5.7d)(1);
  - (ii) Through set-off against Nykredit Realkredit's payment obligations in relation to redemption amounts as set out in 5.7a) and b); or
  - (iii) Through set-off as a combination of (i) and (ii).
- 2) If the redemption price is set as the Market Price in the relevant Final Bond Terms:
  - (i) Through set-off against Nykredit Realkredit's payment obligations in relation to redemption amounts as set out in 5.7a) and b); or
  - (ii) Through set-off against redemptions as set out in 5.7 (d)(2);
  - (iii) Through set-off as a combination of (i) and (ii).

The payment collection method reflects the current technical solution in VP. If VP materially changes its technical solution, Nykredit Realkredit will change its payment collection method accordingly. In that case, Nykredit Realkredit 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.

### **5.12 Taxation**

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

### **5.13 Breach**

*Covered Bonds and Section 15 Bonds*



Holders of SDOs, ROs and Section 15 Bonds may not rely on the issuance of a bankruptcy order against Nykredit Realkredit as a ground for acceleration of payments by Nykredit Realkredit. Correspondingly, a bankruptcy order against Nykredit Realkredit will not bar Nykredit Realkredit's borrowers in respect of loans funded by the Covered Bonds 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 5.10 above as a ground for acceleration of payments by Nykredit Realkredit. Further, statutory refinancing does not constitute breach on the part of Nykredit Realkredit. Nykredit Realkredit's borrowers retain their right to prepay their mortgage loans in part or in full in accordance with the loan prepayment terms.

Finally, Nykredit Realkredit'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.

#### *SDOs issued through Capital Centre J*

The Bondholders cannot exercise any remedies for default in respect of the Bonds issued from Capital Centre J if the Danish government has assumed the outstanding obligations.

### **5.14 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.

Bond and interest payments due do not carry interest as from the due date and will accrue to Nykredit Realkredit if they are not withdrawn before expiry of the limitation period.

### **5.15 Additional issues**

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

### **5.16 Conflicts of interest**

With respect to the Bonds, the stakeholders are the borrowers in respect of loans funded by the Covered Bonds, the Bondholders, Nykredit Realkredit and public authorities.

Nykredit Realkredit 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 Realkredit 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.

### **5.17 Notices**

Notices to the Bondholders will be issued in accordance with the rules and procedures of VP as well as the rules applying to the regulated market on which the Bonds are admitted to trading and, if relevant, listing.

**5.18 Representation of Bondholders**

The terms applying to Bonds issued under this Base Prospectus do not contain any provisions on the representation of the Bondholders pursuant to part 4 of the Danish Capital Markets Act.

**5.19 Governing law and venue**

The Bonds and any legal matters arising out of or in connection with the Bonds are governed by Danish law. 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.

**5.20 Nykredit Realkredit's liability for damages**

Nykredit Realkredit 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 Realkredit 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 Realkredit or an external supplier is responsible for the operation of the systems;
- failures in Nykredit Realkredit'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 Realkredit or its organisation and regardless of the reason for the conflict. This shall also apply where the conflict only affects part of Nykredit Realkredit or its organisation; and
- other circumstances beyond Nykredit Realkredit's control.

Nykredit Realkredit's exemption from liability does not apply if

- Nykredit Realkredit 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 Realkredit is liable for the factor causing the loss pursuant to Danish law.

## 6 FORM OF FINAL BOND TERMS

### **Bond forms**

*Below please find a form for Final Bond Terms for the purpose of Bonds issued under this Base Prospectus. 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 ("**Final Bond Terms**") only apply to [SDOs/ROs/Section 15 Bonds] issued under the ISIN stated below (the "**Bonds**"). The Bonds have been issued pursuant to Nykredit Realkredit A/S's ("**Nykredit Realkredit**") 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 dated [●] [as amended by prospectus supplement no [●] dated [●] *[Any additional prospectus supplements are numbered, and the dates thereof are stated]*] (the "**Base Prospectus**"). These Final Bond Terms only apply to the stated ISIN.

Together with the bond terms and conditions stated in 5 "TERMS AND CONDITIONS OF THE BONDS" of the Base Prospectus, these Final Bond Terms represent the terms and conditions applying to the issued Bonds. Definitions set out in these Final Bond Terms shall be taken to be the same as those applying to 5 "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 Realkredit declares:**

- that the Final Bond Terms have been prepared in accordance with Article 8(4) of Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and must be read in conjunction with this Base Prospectus;
- that this Base Prospectus has been published electronically at Nykredit Realkredit's website, nykredit.com, and at the website of the Danish FSA, ftnet.dk;
- that in order to obtain all information, an investor should read this Base Prospectus and the Final Bond Terms[; and/.]
- [that Appendix A to the Final Bond Terms contains a summary of the specific issue.] *[Reference to the summary is deleted if it is not relevant to the specific issue]*

**[MiFID II PRODUCT GOVERNANCE – THE TARGET MARKET OF THE BONDS IS RETAIL CLIENTS, PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds solely consists of eligible counterparties, professional clients and retail clients as defined in Directive 2014/65/EU ("MiFID II"); and (ii) all channels for distribution are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "Distributor") should take into consideration the manufacturer's target market assessment; However, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels subject to the Distributor's suitability and appropriateness test under MiFID II, if relevant.]**

**[UNITED KINGDOM MiFIR PRODUCT GOVERNANCE – THE TARGET MARKET OF THE BONDS IS RETAIL CLIENTS, PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES – Solely for the purposes of each product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds solely consists of eligible counterparties as defined in FCA Handbook Conduct of Business Sourcebook ("COBS") and professional clients as**

defined in Regulation (EU) 600/2014, which has effect as national legislation pursuant to the European Union (Withdrawal) Act 2018/EUWA ("EUWA") ("United Kingdom MiFIR") and retail clients as defined in Article 2(8) of Regulation (EU) 2017/565, which has effect as national legislation pursuant to the EUWA; and (ii) all channels for distribution are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "Distributor") should take into consideration the manufacturers' assessment of the type of clients; However, a Distributor subject to FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels subject to the Distributor's suitability and appropriateness test under COBS, if relevant.]

**[MiFID II PRODUCT GOVERNANCE – THE TARGET MARKET OF THE BONDS IS PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES ONLY –** Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU ("MiFID II"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "Distributor") should take into consideration the manufacturers' assessment of the type of clients; However, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.]

**[UNITED KINGDOM MiFIR PRODUCT GOVERNANCE – THE TARGET MARKET OF THE BONDS IS PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES ONLY –** Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds solely consists of eligible counterparties as defined in FCA Handbook Conduct of Business Sourcebook and professional clients as defined in Regulation (EU) 600/2014, which has effect as national legislation pursuant to the European Union (Withdrawal) Act 2018/EUWA ("United Kingdom MiFIR") and all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "Distributor") should take into consideration the manufacturers' assessment of the type of clients; However, a Distributor subject to FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.]

***(FINAL BOND TERMS FOR FIXED-RATE BONDS – TO BE DELETED IN CASE OF FLOATING-RATE BONDS)***

**Final Bond Terms**

The Issuer is Nykredit Realkredit A/S  
 CVR no 12719280  
 LEI: LIU16F6VZJSD6UKHD557  
 ("Nykredit Realkredit")

**Fixed-Rate Bonds**  
 1. **Series/Capital centre**

**Comments**  
 [Series name]/Capital Centre [E/G/H/I/J/[•]]

<b>2. Bond type</b>	[SDOs/ROs/Section 15 Bonds]
<b>3. Green Bonds</b>	[Yes/Not applicable]
<b>4. ISIN</b>	[ <i>ISIN</i> ] [(if applicable) Common code: [•] / CFI [•] / FISN [•]]
<b>5. First Day of Listing</b>	[[•]][ <i>The first day on which the security has been admitted to trading and listing, if relevant, on a regulated market</i> )] [The Bonds are not admitted to trading and official listing]
<b>6. Maturity Date</b>	[ <i>Maturity Date</i> ]
<b>7. Soft Bullet</b>	[Not applicable to this bond type]/[Yes]/[No] [ <i>Description of the conditions for such maturity extension (only applicable to Section 15 Bonds)</i> ]
<b>8. Opening Date</b>	[ <i>Date</i> ]
<b>9. Closing Date</b>	[ <i>Date</i> ] ( <i>last date for which the ISIN is open for issuance</i> )
<b>10. Denomination Currency</b>	[ <i>Currency</i> ]
<b>11. Denomination</b>	[•]/[All trades in Bonds as well as the initial subscription must be made in trading units of at least [minimum trading unit.] A Bondholder who, as a result of trading in such trading units, holds Bonds of a value which is less than [minimum trading unit] in its custody account with the relevant settlement system will not be able to sell the remainder of such holding without first purchasing Bonds of a nominal value of or in excess of [minimum trading unit], such that its holding will amount to or exceed [minimum trading unit]
<b>12. Principal</b>	[•]/[Not applicable to Covered Bonds, see 11]
<b>13. Outstanding amount</b>	[The outstanding amount of Bonds will be announced regularly at the website of Nasdaq Copenhagen A/S: <a href="http://www.nasdaqomxnordic.com">www.nasdaqomxnordic.com</a> ] [ <i>Other regulated or similar markets where bonds of the same ISIN have already been admitted to trading</i> ]
<b>14. Redemption price on maturity</b>	100%/[•]
<b>Interest and payment</b>	
<b>15. Coupon Interest</b>	[ <i>Nominal interest rate</i> ]% pa

<b>16. Interest Commencement Date</b>	[•]
<b>17. Yield-to-maturity</b>	[Cannot be specified, as the Bonds are issued regularly as long as the ISIN is open.]/[ <i>Yield-to-maturity, if possible</i> ]
<b>18. Day Count Fraction</b>	[Actual/Actual (ICMA)]/[Actual/360]/[•]
<b>19. Annual number of Payment Dates</b>	[•]
<b>20. Payment Periods</b>	[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] [Interest is calculated from the first day of the Payment Period to the last day of the Payment Period both days inclusive (" <i>unadjusted</i> ").] [•]
<b>21. Business Days</b>	[Danish Business Days]/[TARGET2 Business Days]/[•]
<b>22. Payment Dates</b>	[[Dates] each year until the Maturity Date] [If the Payment Date is not a Business Day, the payment will fall due on the next following Business Day (business day convention: " <i>Following Business Day</i> ")] [•]
<b>23. The ISIN includes</b>	
Bullet bonds	[Yes/No]
Annuity bonds	[Yes/No]
• Interest-only option offered to borrowers	[Yes [(up to [10/30/[•] years)]]/No]
<b>24. Redemption price on prepayment</b>	[100/105]/[Not applicable, as the Bonds are non-callable.]
<b>25. Call Option/Put Option</b>	[Not applicable to this Bond type] [Call Option]/[Put Option][ <i>terms for exercise of Call Option/Put Option</i> ]
<b>26. Prepayment</b>	[The Bonds are callable and can be prepaid at a payment date in case of the borrower's premature redemption. The bonds are non-callable by Bondholders]/[Not applicable]
<b>27. Exempt from Par Agreement</b>	[Yes/No]
<b>28. Subject to the rules governing statutory refinancing</b>	
<b>(i) Interest Rate Trigger</b>	[Yes/No] [ <i>any comments or supplementary descriptions</i> ]

**(ii) Failed Refinancing Trigger**

[Yes/No] [*any comments or supplementary descriptions*]

**Securities depository and regulated market**

**29. Place of Recording**

[VP Securities A/S, Nicolai Eigtveds Gade 8, 1402 Copenhagen K, Denmark] [*name and address of other securities depository*]

**30. Place of Listing**

[The Bonds will be admitted to trading [and official listing] on Nasdaq Copenhagen A/S]

**31. Calculation Agent**

[Nykredit Realkredit]/[•]

**Other terms and conditions**

**32. Guarantee provided by the Danish government**

[Bonds issued through Capital Centre J are guaranteed by the Danish government which assumes primary liability as guarantor. In this connection the Bondholders cannot exercise any remedies for default in respect of the bonds if the Danish government has assumed all obligations.]/[Not applicable]

**Costs and offering**

**33. 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]  
[•]

**34. Other costs payable by purchasers of the Bonds**

[Standard trading costs, ie commission and/or price spread]  
[•]

**35. Issue price**

[•]/[Issue price cannot be specified, as the Bonds are issued regularly as long as the ISIN is open for issuance]

[The price is fixed on the basis of bids/offers and is published at the website of Nasdaq Copenhagen A/S: [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com)] [•]

**36. Offer period/subscription process**

[There will be no public offer, as the Bonds are placed by Nykredit Realkredit via the regulated market of the Place of Listing]  
[*Description of offer period and/or subscription process*]

**37. Restrictions on an individual investor's right to subscribe for the Bonds**

[Nykredit Realkredit has not imposed any restrictions on an individual investor's right to subscribe for the Bonds]  
[*Description of any limitations*]

- 38. Access to information on Bondholders** [Nykredit Realkredit may, upon request to VP, access available information on the names, addresses and other contact details of the Bondholders, the date of recording in the custody account, the holding amounts and any other relevant account information relating to the Bonds recorded with VP]/[Not applicable]
- 39. Agreements on placement and/or underwriting of the offer** [Nykredit Realkredit has not entered into any binding agreement with any third party concerning the placement and/or underwriting of the issue of the Bonds]  
[Nykredit Realkredit has entered into an agreement with the following arrangers:  
[Arranger, address]  
[Arranger 2, address]  
The agreement includes the following terms and conditions:  
[material contractual terms]] [•]
- 40. Unambiguous and objective terms and conditions** [Not applicable]/[Other unambiguous and objective terms and conditions, if any, related to the consent and relevant to the use of the prospectus.]
- 41. Agreements on market making** [Nykredit Realkredit has not entered into an agreement with any enterprise concerning market making in the Bonds]  
[Nykredit Realkredit 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 Realkredit is not aware of any interest and/or conflicts of interest of importance to the offering of the Bonds]/[•] [Description of any interests and/or 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]  
[•]

These Final Bond Terms are signed on behalf of Nykredit Realkredit A/S:



---

*(Name)*

*(Position)*

---

*(Name)*

*(Position)*

**(FINAL BOND TERMS FOR FLOATING-RATE BONDS – TO BE DELETED IN CASE OF FIXED-RATE BONDS)**

**Final Bond Terms**

**The Issuer is Nykredit Realkredit A/S**  
**CVR no 12719280**  
**LEI: LIU16F6VZJSD6UKHD557**  
**("Nykredit Realkredit")**

**Floating-Rate Bonds**

**1. Series/Capital centre**

**Comments**

[*Series name*]/Capital Centre [E/G/H/I/J/[•]]

**2. Bond type**

[SDOs/ROs/Section 15 Bonds]

**3. Green Bonds**

[Yes/Not applicable]

**4. ISIN**

[*ISIN*]

[(if applicable) Common code: [•] / CFI [•] / FISN [•]]

**5. First Day of Listing**

[[•]][*The first day on which the security has been admitted to trading and listing, if relevant, on a regulated market*)] [The Bonds are not admitted to trading and official listing]

**6. Maturity Date**

[*Maturity Date*]

**7. Opening Date**

[*Date*]

**8. Closing Date**

[*Date*] (*last date for which the ISIN is open for issuance*)

**9. Soft Bullet**

[Not applicable to this bond type]/[Yes]/[No]

[*Description of the conditions for such maturity extension (only applicable to Section 15 Bonds)*]

**10. Denomination Currency**

[*Currency*]

**11. Denomination**

[•]/[All trades in Bonds as well as the initial subscription must be made in trading units of at least [minimum trading unit.] A Bondholder who, as a result of trading in such trading units, holds Bonds of a value which is less than [minimum trading unit] in its custody account with the relevant settlement system will not be able to sell the remainder of such holding without first purchasing Bonds of a nominal value of or in excess of [minimum trading unit], such that its holding will amount to or exceed [minimum trading unit]

**12. Principal**

[•]/[Not applicable to Covered Bonds, see 11]

<b>13. Outstanding amount</b>	[The outstanding amount of Bonds will be announced regularly at the website of Nasdaq Copenhagen A/S: <a href="http://www.nasdaqomxnordic.com">www.nasdaqomxnordic.com</a> ] [Other regulated or similar markets where bonds of the same ISIN have already been admitted to trading]
<b>14. Redemption price on maturity</b>	100%/[•]
<b>Interest and payment</b>	
<b>15. Coupon Interest</b>	[For the period until the first Interest Rate Reset, the interest rate is [•]% pa] [•]
<b>16. Interest Commencement Date</b>	[•]
<b>17. Date of first interest rate fixing</b>	[•]
<b>18. Interest Rate Floor/Interest Rate Cap</b>	[•] [Description of the period is included, if relevant]
<b>19. Reference Rate</b>	[Cibor/Euribor/Cita/Stibor]/[1M/3M/6M/12M]/[•] [Cibor/Euribor/Cita/Stibor/[•] is provided by [legal name of benchmark administrator] (the " <b>Administrator</b> ")/European Money Markets Institute (" <b>EMMI</b> "). On the date of these Final Bond Terms, [the Administrator/EMMI] is [not] included in the European Securities and Markets Authority's (ESMA) register of administrators and benchmarks established and maintained by ESMA in accordance with Article 36 of Regulation (EU) 2016/1011 (the " <b>Benchmarks Regulation</b> ").
<b>20. Interest Rate Spread</b>	[•]% pa
<b>21. Interest Rate Reset Frequency</b>	[•]
<b>22. Fixing method</b>	[•]
<b>23. Yield-to-maturity</b>	[•] [Cannot be specified, as the Bonds carry a floating interest rate]
<b>24. Day Count Fraction</b>	[Actual/Actual (ICMA)]/[Actual/360]/[•]
<b>25. Annual number of Payment Dates</b>	[•]
<b>26. Payment Periods</b>	[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] [Interest is calculated from the first day of the Payment Period to the last day of the Payment Period inclusive ("unadjusted")][•]

<b>27. Business Days</b>	[Danish Business Days]/[TARGET2 Business Days] [•]
<b>28. Payment Dates</b>	[[Dates] each year until and including the Maturity Date] [If the Payment Date is not a Business Day, the payment will fall due on the next following Business Day (business day convention: " <i>Following Business Day</i> ")] [•]
<b>29. Calendar Days for Interest Calculation</b>	[Danish Calendar]/[TARGET Calendar]/[Swedish Calendar] [•]
<b>30. The ISIN includes</b>	
<b>(i) bullet bonds</b>	[Yes/No]
<b>(ii) annuity bonds</b>	[Yes/No]
• <b>Interest-only option offered to borrowers</b>	[Yes [(up to [10/30/[•] years)]]/No]
<b>31. Redemption price on prepayment</b>	[100/105] [Not applicable, as the Bonds are non-callable] [•]
<b>32. Call Option/Put Option</b>	[Not applicable to this Bond type] [Call Option]/[Put Option][ <i>terms for exercise of Call Option/Put Option</i> ]
<b>33. Prepayment</b>	[The Bonds are callable and can be prepaid at a payment date in case of the borrower's premature redemption. The bonds are non-callable by Bondholders]/[Not applicable]
<b>34. Redemption price on redemption due to negative Coupon Interest</b>	[Par (100)/Market Price]/[Not applicable to this Bond type]/[•]
<b>35. Exempt from Par Agreement</b>	[Yes/No]
<b>36. Subject to the rules governing statutory refinancing</b>	
<b>(i) Interest Rate Trigger</b>	[Yes/No] [ <i>any comments or supplementary descriptions</i> ]
<b>(ii) Failed Refinancing Trigger</b>	[Yes/No] [ <i>any comments or supplementary descriptions</i> ]
<b>Securities depository and regulated market</b>	
<b>37. Place of Recording</b>	[VP Securities A/S, Nicolai Eigtveds Gade 8, 1402 Copenhagen K, Denmark] [ <i>name and address of other securities depository</i> ]
<b>38. Place of Listing</b>	[The Bonds will be admitted to trading [and official listing] on Nasdaq Copenhagen A/S]
<b>39. Calculation Agent</b>	[Nykredit Realkredit]/[•]

**Other terms and conditions**

**40. Guarantee provided by the Danish government** [Bonds issued through Capital Centre J are guaranteed by the Danish government which assumes primary liability as guarantor. In this connection the Bondholders cannot exercise any remedies for default in respect of the bonds if the Danish government has assumed all obligations.]/[Not applicable]

**Costs and offering**

**41. 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][•]

**42. Other costs payable by purchasers of the Bonds** [Standard trading costs, ie commission and/or price spread][•]

**43. Issue price** [•]% The issue price cannot be specified, as the Bonds are issued regularly as long as the ISIN is open for issuance]

[The price is fixed on the basis of bids/offers and is published at the website of Nasdaq Copenhagen A/S: [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com)]

**44. Offer period/subscription process** [•][There will be no public offer, as the Bonds are placed by Nykredit Realkredit via the regulated market of the Place of Listing]

**45. Restrictions on an individual investor's right to subscribe for the Bonds** [Nykredit Realkredit has not imposed any restrictions on an individual investor's right to subscribe for the Bonds][•]

**46. Access to information on Bondholders** [Nykredit Realkredit may, upon request to VP, access available information on the names, addresses and other contact details of the Bondholders, the date of recording in the custody account, the holding amounts and any other relevant account information relating to the Bonds recorded with VP]/[Not applicable]

**47. Agreements on placement and/or underwriting of the offer** [Nykredit Realkredit has not entered into any binding agreement with any third party concerning the placement and/or underwriting of the issue of the Bonds]

[Nykredit Realkredit has entered into an agreement with the following arrangers:

[Arranger, address]

[Arranger 2, address]

The agreement includes the following terms and conditions:

[material contractual terms]]

- 48. Unambiguous and objective terms and conditions** [Not applicable]/[Other unambiguous and objective terms and conditions, if any, related to the consent and relevant to the use of the prospectus.]
- 49. Agreements on market making** [Nykredit Realkredit has not entered into an agreement with any enterprise concerning market making in the Bonds]  
[Nykredit Realkredit 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]
- 50. Conflicts of interest** [Nykredit Realkredit is not aware of any interest and/or conflicts of interest of importance to the offering of the Bonds]/[•] [Description of any interests and/or conflicts of interest material to the offering of Bonds, including a specification of the persons involved and the nature of such interest]
- 51. Authorisations and approvals pursuant to which the Bonds have been issued** [Description of authorisations and approvals]
- 52. Credit rating of the Bonds** [Credit rating and credit rating agency]
- 53. Selling restrictions for investors related to the US** [Regulation S, Category [1/2]  
TEFRA does not apply]  
[•]

These Final Bond Terms are signed on behalf of Nykredit Realkredit A/S:

\_\_\_\_\_  
(Name)

(Position)

\_\_\_\_\_  
(Name)

(Position)

## 7 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 Realkredit's audited consolidated financial statements for the financial years ended 31 December 2020 and 31 December 2021, both together with the appropriate Auditors' Reports which are included in the page references in the tables below, Nykredit Realkredit's unaudited consolidated financial statements for the period 1 January to 31 March 2022 and (ii) pages 20-22 of prospectus for the offering of CRD-compliant covered bonds in Nykredit Realkredit, Capital Centre E dated 9 November 2007, pages 24-27 of prospectus for the offering of CRD-compliant covered bonds in Nykredit Realkredit's Capital Centre H dated 18 August 2011, pages 24-26 of prospectus for the offering of UCITS-compliant covered bonds issued out of Capital Centres D, G and I dated 24 May 2012, 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, pages 43-60 of the base prospectus dated 13 May 2016, pages 43-59 of the base prospectus dated 15 May 2017, pages 50-67 of the base prospectus dated 15 May 2018, pages 51-68 of the base prospectus dated 15 May 2019, pages 41-57 of the base prospectus dated 13 May 2020 and pages 41-57 of the base prospectus dated 12 May 2021, which have been published and registered separately with the Danish FSA.

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

- The terms for Capital Centre E adopted by Nykredit Realkredit's Board of Directors on 8 November 2007 and revised by Nykredit Realkredit's Board of Directors on 7 March 2013;
- The terms for Capital Centre G adopted by Nykredit Realkredit's Board of Directors on 8 January 2009 and revised by Nykredit Realkredit's Board of Directors on 7 March 2013;
- The terms for Capital Centre H adopted by Nykredit Realkredit's Board of Directors on 18 August 2011 and revised by Nykredit Realkredit's Board of Directors on 7 March 2013;
- The terms for Capital Centre I adopted by Nykredit Realkredit's Board of Directors on 19 April 2012 and revised by Nykredit Realkredit's Board of Directors on 7 March 2013;
- The terms for Capital Centre J adopted by Nykredit Realkredit's Board of Directors on 7 February 2018.

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.

The documents incorporated in this prospectus are publicly available on Nykredit Realkredit's website at [nykredit.com](http://nykredit.com), and copies may be obtained on request in person at the registered office of Nykredit Realkredit, Kalvebod Brygge 1-3, DK-1780 Copenhagen V, during ordinary business hours on all business days in Denmark. The documents are available in English at the same site.

For the sake of ease, the table below lists the relevant page references to the audited consolidated financial statements of Nykredit Realkredit as stated in the Annual Report for the period 1 January – 31 December 2020 of the Nykredit Realkredit Group and the unaudited financial statements of Nykredit Realkredit for the period 1 January – 31 March 2021. The information incorporated by reference which is not included in the table below is considered to be supplementary information.

**Audited Consolidated Financial Statements of the Nykredit Realkredit Group for the period 1 January – 31 December 2021**

**Nykredit Realkredit A/S – Annual Report 2021**

Management statement .....	Page 46
Independent auditors' report .....	Pages 47-50
Income statements.....	Page 51
Balance sheets.....	Pages 53-54
Cash flow statement .....	Page 57
Accounting policies .....	Pages 59-71
Notes.....	Pages 58-157

Link to the Financial Statements for 2021:

[https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2021/nykredit\\_realkredit\\_group\\_q4\\_21\\_2022-02-09\\_en.pdf](https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2021/nykredit_realkredit_group_q4_21_2022-02-09_en.pdf)

**Audited Financial Statements of the Nykredit Realkredit Group for the period 1 January to 31 December 2020**

**Nykredit Realkredit A/S – Annual Report 2020**

Management statement .....	Page 46
Independent auditors' report .....	Pages 47-50
Income statements.....	Page 51
Balance sheets.....	Pages 53-54
Cash flow statement .....	Page 57
Accounting policies .....	Pages 59-71
Notes.....	Pages 58-158

Link to the Financial Statements for 2020:

[https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2020/nykredit\\_realkredit\\_group\\_q4\\_20\\_2021-02-11\\_en.pdf](https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2020/nykredit_realkredit_group_q4_20_2021-02-11_en.pdf)

**Unaudited Interim Financial Statements of the Nykredit Realkredit Group for the period 1 January to 31 March 2022**

**Nykredit Realkredit A/S – Q1 Interim Report 2021**

Statements of income and comprehensive income.....	Page 32
Balance sheets.....	Pages 33-34
Cash flow statement .....	Page 37
Notes.....	Pages 38-66

Link to the Financial Statements for Q1/2022:

[https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2022/nykredit\\_realkredit\\_group\\_q1\\_22\\_2022-05-05\\_en.pdf](https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2022/nykredit_realkredit_group_q1_22_2022-05-05_en.pdf)



## 8 PURPOSE OF BOND OFFERING AND APPLICATION OF PROCEEDS

### **Covered Bonds**

Covered Bonds 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 Realkredit, a credit institution which is a subsidiary of Nykredit Realkredit or a third credit institution which has assigned loans and mortgages to Nykredit Realkredit or to a credit institution which is a subsidiary of Nykredit Realkredit, see Risk factors pertaining to Nykredit Realkredit that may affect the issuer's ability to pay any amounts due under the Bonds "Joint funding".

### **Green Bonds**

If, in respect of an issue, the net proceeds are to be applied by Nykredit Realkredit, whether directly or indirectly, for the funding or refinancing of projects and activities that satisfy certain eligibility requirements for the purpose of promoting climate-friendly and other environmental purposes ("**Eligible Green Mortgages**"), this will appear from the Final Bond Terms. The relevant assets or projects to be financed or refinanced will at any time be described in the Green Bond Framework, available at <https://www.nykredit.com/en-gb/investor-relations/debt/green-bonds/green-bond-framework/>.

If the Final Bond Terms specify that the Bonds in question are Green Bonds, prospective investors should have regard to the information regarding the use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Bonds together with any other investigation such investor deems necessary. No assurance is given by Nykredit Realkredit that the use of such proceeds for any Eligible Green Mortgages will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply in accordance with legislation for the time being (including Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (also known as the Taxonomy Regulation and its related delegated acts)) or by its own bylaws or other rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental or sustainability impact of any projects or uses the subject of, or related to, the relevant Eligible Green Mortgages.

Similarly, no assurance is given that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Mortgages. Further, no assurance is given that the assets that are deemed Eligible Green Mortgages will meet or continue to meet on an ongoing basis the eligibility requirements that purport to promote climate-friendly and other environmental purposes if eg the published energy label is incorrect or if a borrower does not maintain the property.

Nykredit Realkredit does not warrant (i) that any Eligible Green Mortgage will continue to fulfil on an ongoing basis the criteria for being an Eligible Green Mortgage, or (ii) that such Eligible Green Mortgages will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by Nykredit Realkredit.

Any of the above-mentioned events and/or failures by Nykredit Realkredit will not constitute an Event of Default under the Bonds.

### **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, H and J must at least equal the value of the SDOs issued.

The proceeds from issuance of Section 15 Bonds are placed in assets pursuant to CRR Article 129(1), subparagraph 1, points (a)-(f), and subparagraph 3.

## 9 ABOUT NYKREDIT REALKREDIT

### 9.1 Background

The Danish mortgage system dates back to the Great Fire of Copenhagen in 1795. Nykredit Realkredit has issued mortgage bonds since 1985 under the name of "Nykredit", but has issued mortgage 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 business 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 Nykredit A/S (formerly Nykredit Holding A/S) to Nykredit Realkredit, which continued the mortgage activities of the former mortgage association. Forenet Kredit f.m.b.a. "**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 merged with IRF Industrifinansiering, providing Industriens Realkreditfond (the Industrial Mortgage Fund of Denmark) with an ownership interest in Nykredit A/S.

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

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

To further strengthen its distribution capacity to personal customers, Nykredit Realkredit acquired the mortgage bank 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 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 Realkredit's acquisition of Totalkredit.

With the implementation of the Capital Requirements Directive at end-2007, more bond types became eligible for issuance: traditional UCITS-compliant covered bonds (ROs) and CRD-compliant covered bonds (SDOs). On 2 November 2007 the Danish FSA authorised Nykredit Realkredit to issue CRD-compliant covered bonds (SDOs) pursuant to section 16 a of the Danish Financial Business Act.

In September 2008 Nykredit Realkredit announced its acquisition of Forstædernes Bank A/S. Forstædernes Bank A/S was fully integrated into the Nykredit Realkredit Group as at 1 April 2010.

In March 2010 the Nykredit Realkredit Group sold Nykredit Forsikring A/S to Gjensidige Forsikring ASA. The parties entered into a distribution agreement according to which Nykredit Realkredit supplied and sold insurance products and services to its customers with Gjensidige as supplier. Personal customers were served under the

Nykredit brand, whereas business – including agricultural – customers were served under the Gjensidige brand. In January 2021 Nykredit entered into a new insurance partnership with Codan Forsikring effective from May 2021. At the same time the partnership with Gjensidige ended.

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

In November 2017 the Committee of Representatives of Forenet Kredit approved an agreement on the sale of parts of the association's shareholding in Nykredit A/S to a group of Danish pension companies. Forenet Kredit remains the principal shareholder of Nykredit A/S.

In August 2019 Nykredit acquired 75% of the shares in the asset manager Sparinvest Holdings SE ("**Sparinvest**"), and at the same time a cooperation agreement was concluded with the selling banks, which are also Totalkredit partner banks. Subsequently, Sparinvest was integrated into Nykredit's asset management activities.

In December 2019 Nykredit also acquired LR Realkredit ("**LR Realkredit**"), Denmark's smallest mortgage bank, from a group of Danish and Swedish banks. On 25 January 2021 Nykredit Realkredit and LR Realkredit merged with Nykredit Realkredit as the surviving company.

The Nykredit Realkredit Group is one of the largest lenders in Denmark, based on the MFI statistics of the Danish central bank.

## **9.2 Ownership and legal structure**

Nykredit Realkredit is a Danish public limited company registered with the Danish Business Authority under CVR no 12 71 92 80, LEI: LIU16F6VZJSD6UKHD557. Nykredit Realkredit's registered address is Kalvebod Brygge 1-3, DK-1780 Copenhagen V, tel +45 44 55 10 00, and Copenhagen is the municipality of Nykredit Realkredit's registered office.

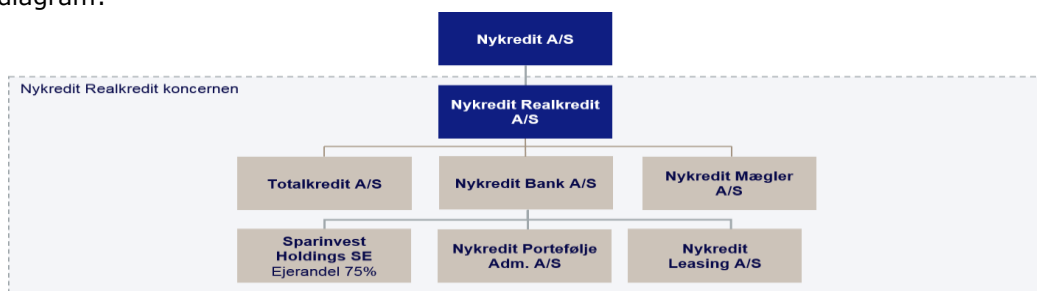
According to Article 3(2) of Nykredit Realkredit's Articles of Association, Nykredit Realkredit's objects are to carry on mortgage banking, ie activities allowed under current Danish financial legislation, including legislation governing mortgage banks, and to carry on other financial business, including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

Nykredit Realkredit carries on business under the following secondary names: Industrikredit A/S, IRF Erhvervsfinansiering A/S, IRF Industrifinansiering A/S, IRF Industrikredit A/S, LR Realkredit A/S, LRF Kredit A/S, Landsbankernes Reallånefond A/S, Nykredit Industri A/S, Realkreditaktieselskabet Nykredit, Direkte Realkredit A/S and Den Ny Kreditforening A/S.

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

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



All Nykredit Realkredit's subsidiaries (except for Sparinvest) are wholly owned by Nykredit Realkredit. Nykredit Bank and Totalkredit are the most important of these subsidiaries as both these units form an integral part of Nykredit Realkredit's day-to-day business. For example, Totalkredit accounts for the main part of the Nykredit Realkredit Group's mortgage lending to personal customers, and in addition to its other activities, Nykredit Bank serves as daily bank to the entire Nykredit Realkredit 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 Realkredit has not taken special measures to prevent Nykredit A/S from abusing its controlling interest in Nykredit Realkredit. Nykredit Realkredit is not aware of any agreements that may lead to a third party obtaining a controlling interest in Nykredit Realkredit.

The Nykredit Realkredit Group's assets totalled DKK 1,673bn at 31 December 2021. The Group's equity excluding Additional Tier 1 capital amounted to DKK 93.6bn at 31 December 2021, and profit before tax for the financial year ended 31 December 2021 was DKK 10,733m. In 2021 the Nykredit Realkredit Group had an average number of staff (FTE) of 3,907.

### Nykredit Realkredit Group

DKK million	Q1/ 2022	Q1/ 2021	2021	2020
Income	3,959	4,223	16,529	14,569
Costs	1,546	1,447	6,343	5,762
Business profit before impairment charges	2,413	2,776	10,186	8,807
Impairment charges for loans and advances	(162)	91	(115)	2,272
Business profit	2,575	2,685	10,302	6,535
Legacy derivatives <sup>1</sup>	329	237	432	258
Profit before tax for the period	2,904	2,922	10,733	6,791
Common Equity Tier 1 capital ratio, %	18.9	20.1	20.6	20.2

### 9.3 Nykredit Realkredit's authorised business areas

Nykredit Realkredit is authorised to carry on:

- mortgage lending funded by UCITS-compliant covered bonds, SDROs or CRD-compliant covered bonds; and

<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.

- securities dealing relating to its mortgage banking activities.

Nykredit Realkredit carries on other financial business through its subsidiaries:

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

#### 9.4 Nykredit Realkredit Group business activities

On the date of this Base Prospectus, mortgage lending remains the core business of the Nykredit Realkredit Group. Nykredit Realkredit's primary market is the Danish market for lending against mortgages over real estate. Nykredit Realkredit provides loans to personal, business and agricultural customers. The Nykredit Realkredit Group's mortgage lending, calculated as debt outstanding at fair value, totalled DKK 1,383bn as at 31 December 2021. Bank lending totalled DKK 75bn as at 31 December 2021.

Nykredit Realkredit and Totalkredit's most important business activity is lending for housing purposes. Total lending as at 31 December 2021 (as set out below):

<b>Nykredit Realkredit Group's nominal mortgage lending by property category as at 31 December 2021</b>	<b>Proportion (%)</b>
Owner-occupied dwellings and holiday homes . . . . .	64
Public housing and cooperative housing . . . . .	9
Private residential rental properties. . . . .	9
Industry and trades properties . . . . .	2
Office and retail properties . . . . .	9
Agricultural properties. . . . .	6
Properties used for social, cultural or educational purposes . . . .	1
<b>Total.</b> . . . . .	<b>100</b>

On the date of this Base Prospectus, the Nykredit Realkredit Group is organised into the following business areas: Banking, Totalkredit Partners and Wealth Management.

#### Banking

The business area Banking comprises Nykredit's personal customers and business and institutional clients, including cooperative and public housing

Within Banking, the "Retail" unit serves personal customers and SMEs. The business area also includes mortgage lending to Nykredit Realkredit's personal customers provided via Totalkredit. The "Corporates & Institutions" unit serves corporate and institutional clients and also comprises the activities of Nykredit Markets.

The Nykredit Realkredit Group's multi-channel strategy means that customers are served through Nykredit Realkredit's customer centres, estate agencies (the Nybolig and Estate agency chains and 50% of the Jesper Nielsen chain), and the nationwide sales and advisory centre, Nykredit Direkte®. Under the Nykredit brand, Retail customers are offered bank, mortgage, insurance, investment and pension products.

Outside Denmark, Nykredit Realkredit 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. Nykredit Realkredit also offers mortgage loans for properties owned by Danish and selected international corporate clients. Nykredit Realkredit offers property finance for corporate clients in the UK,

Norway, Sweden, Germany and Finland. International mortgage lending is based on authorisations from the Danish FSA, and lending activities comply with Danish mortgage regulation.

### Totalkredit Partners

The Totalkredit partner 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.

### Wealth Management

Wealth Management offers asset management and portfolio administration to HNWI clients, institutional clients and corporate clients.

## 9.5 Capital

### Capital structure

The table below shows the Nykredit Realkredit Group's capital structure and capital ratios.

#### Nykredit Realkredit Group

DKK million	2021	2020
Common Equity Tier 1 capital . . . . .	82,959	81,257
.....		
Total Additional Tier 1 capital after regulatory deductions . . . . .	3,685	3,691
.....		
Tier 2 capital after regulatory adjustments . . . . .	12,826	12,725
.		
Own funds . . . . .	99,471	97,673
.....		
Total risk exposure amount. . . . .	401,644	401,837
.....		
Common Equity Tier 1 capital ratio . . . . .	20.6%	20.2%
.....		
Tier 1 capital ratio . . . . .	21.5%	21.1%
.....		
Total capital ratio . . . . .	24.7%	24.3%
..		
Internal capital adequacy requirement (Pillar I and Pillar II) . . . . .	11.2%	11.0%

#### Nykredit Realkredit

	2021	2020
Common Equity Tier 1 capital ratio . . . . .	15.5%	16.4%

#### Nykredit Group

	2021	2020
Common Equity Tier 1 capital ratio . . . . .	20.6%	20.2%

### Capital policy

Table 1 below illustrates the structure of the Nykredit Realkredit Group's capital policy, which has been translated into a capital target following a dialogue with the Danish FSA. In 2017 Danish FSA found that the

capital flexibility offered by the Group's new ownership model was in principle slightly lower than that of a stock exchange listing. The Danish FSA therefore indicated that the capital target should be 0.5 percentage points higher under this structure than for a listed Nykredit A/S. At the same time the Danish FSA indicated that the 0.5% could be discontinued once Forenet Kredit has accumulated capital reserves of more than DKK 10bn, which was the case in 2021.

The total regulatory capital requirement of 10.0-10.5% consists of the following: 4.5% Common Equity Tier 1 capital requirement, 1-1.5% Pillar 2 (variable) requirement, 2% SIFI requirement and 2.5% permanent buffer requirement. The countercyclical capital buffer for Denmark was reduced to 0.0% in March 2020 as a consequence of the outbreak of the COVID-19 pandemic. At the date of this Base Prospectus, the countercyclical capital buffer is 0%, but it will increase to 1% as of 30 September 2022, to 2% on 31 December 2022 and (expectedly) to 2.5% on 31 March 2023.

On top of the regulatory requirement, the Nykredit Realkredit Group applies a buffer of about 4% Common Equity Tier 1 capital (gross) to cover the stress of a severe recession, which is considered a requirement. In case of a severe recession stress, the countercyclical capital buffer for Denmark is expected to be zero. In aggregate, this results in a minimum capital level of 13.5-14.0%.

To meet ongoing business or regulatory changes, fluctuations in risk exposures, profit and loss etc, the Nykredit Realkredit Group applies a management buffer. In total, this results in a capital target of 15.0-16.0%.

In addition to the targeted Common Equity Tier 1 capital levels, the Nykredit Realkredit Group will utilise Additional Tier 1 and Tier 2 capital to achieve the company's total capital target of 19.5-20.5%.

The Nykredit Realkredit Group has already accumulated the necessary Common Equity Tier 1 capital buffer to cover the expected impact of the Basel IV accord (for a more detailed introduction to Basel IV, see "Risk pertaining to implementation of new regulation" in 3.1. "Risk factors pertaining to Nykredit Realkredit that may affect the issuer's ability to pay any amounts due under the Bonds"). Following dialogue with the Danish FSA, this buffer will remain in place until Basel IV is fully implemented.

Table 1

Capital target	
Total legal requirement	10.0-10.5%
Stress testing requirement (new FSA approach)	4.0%
Management buffers	1.0-1.5%
Common Equity Tier 1 capital target of investor model	15.0-16.0%
Total capital target	19.5-20.5%

## 9.6 Ratings

The majority of the Nykredit Realkredit Group's bonds have been rated by S&P, and Nykredit Realkredit has been rated as issuer by S&P and Fitch. S&P and Fitch operate in the EU, and they were registered in accordance with Regulation (EC) 1060/2009 on the date of the Base Prospectus:

### Nykredit Realkredit Group ratings

Ratings	S&P	Fitch
Capital Centre E (CRD-compliant covered bonds, SDOs)	AAA	
Capital Centre C (UCITS-compliant covered bonds, ROs)	AAA	
Capital Centre D (UCITS-compliant covered bonds, ROs)	AAA	
Capital Centre G (UCITS-compliant covered bonds, ROs)	AAA	



Capital Centre H (CRD-compliant covered bonds, SDOs)	AAA	
Capital Centre I (UCITS-compliant covered bonds, ROs)	AAA	
Nykredit Realkredit In General (UCITS-compliant covered bonds, ROs)	AAA	
Short-term issuer credit rating	A-1	F1
Long-term issuer credit rating	A+	A
Short-term senior preferred debt	A-1	F1
Long-term senior preferred debt	A+	A+
Non-preferred senior debt/ <i>senior resolution notes</i>	BBB+	A
Tier 2 capital	BBB	BBB+
Additional Tier 1 capital	BB+	BBB-
Resolution Counterparty (short-term)	A-1+	
Resolution Counterparty (long-term)	AA-	
<b>Totalkredit</b>		
Capital Centre C (UCITS-compliant covered bond, ROs)	AAA	
<b>Nykredit Bank</b>		
Short-term deposit rating	A-1	F1
Long-term deposit rating	A+	A+
Euro MTN Programme		
- short-term senior preferred debt	A-1	F1
- long-term senior preferred debt	A+	A+
Euro Commercial Paper and Certificate of Deposit Programme		
- short-term senior unsecured debt	A-1	F1
Resolution Counterparty (short-term)	A-1+	
Resolution Counterparty (long-term)	AA-	

Capital Centre J, which issues Bonds covered by a guarantee provided by the Danish government, does not have a credit rating.

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

### 9.7 Nykredit Realkredit accounts with banks

Nykredit Realkredit's accounts with banks are subject to certain requirements by S&P. These requirements could be subject to future changes in the form of both stricter or more lenient requirements for Nykredit Realkredit's accounts with banks. In accordance with current S&P requirements, the accounts must be held with banks having an Issuer Credit Rating from S&P 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 under Nykredit Realkredit's CRD-compliant covered bonds and UCITS-compliant covered bonds during the replacement period; or b) an adverse impact on Nykredit Realkredit's CRD-compliant covered bonds and UCITS-compliant 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 an S&P rating of at least A/A-1.

For handling of short-term deposits, the account-holding bank must have an S&P 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 Realkredit's CRD-compliant covered bonds and UCITS-compliant covered bonds during the replacement period; or b) an adverse impact on Nykredit Realkredit's CRD-compliant covered bonds and UCITS-compliant 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 S&P rating requirements, Nykredit Realkredit/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 S&P rating requirements) as specified by Nykredit Realkredit/Totalkredit. This provision applies to proceeds placed in accounts (that are not exempted from the bank's bankruptcy estate). S&P's requirements as set out above are based on the current rating of the CRD-compliant covered bonds and UCITS-compliant covered bonds and the current counterparty methodology and criteria as published by S&P.

Changes in the ratings of CRD-compliant covered bonds and UCITS-compliant covered bonds and/or the wording and interpretation of the methodology/criteria, as well as clarification with the understanding of S&P, may lead to changes to S&P's requirement as set out above.

S&P's requirements as set out above will cease to apply if Nykredit Realkredit and/or S&P terminate the agreement to rate Nykredit Realkredit's CRD-compliant covered bonds and UCITS-compliant covered bonds.

## **9.8 Risk management**

Nykredit Realkredit's Board of Directors is responsible for defining limits to and monitoring the Nykredit Realkredit Group's 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 Realkredit's most important Group committees are the Group Risk Committee, the Executive Committee, the Asset/Liability Committee and the Credits Committee.

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

The Group Risk Committee must also oversee all the Nykredit Realkredit 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.

The Executive Committee is charged with ensuring broad-based implementation of strategy and business development and increasing Group-wise collaboration, value building and execution. The Executive Committee will participate in strategy development and undertakes to contribute actively to ensuring that the Group's development initiatives and business activities are prioritised and integrated to the best effect across the Group. The Committee is also charged with the important continuous task of driving efficiency in the Group in order to free up resources for new initiatives, thereby contributing to increased customer growth.

In relation to the Nykredit Realkredit Group and the individual companies Nykredit Realkredit, Totalkredit, LR Realkredit and Nykredit Bank, the 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 Credits Committee is charged with overseeing and supervising the management of risks in the Nykredit Realkredit Group in the credits area. The Committee chiefly processes cases and manages portfolios in the credits area.

Nykredit Realkredit 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.

### **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 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 Credits Committee reports on individual credit exposures. The 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 Realkredit 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 Credits Committee, the Executive Board 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 1,000m.

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 Realkredit'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 Realkredit will often demand contracts providing the Nykredit Realkredit 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 Realkredit uses a statistical model for the monitoring of market values of properties funded by CRD-compliant covered bonds and UCITS-compliant 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 every year in respect of detached houses, holiday homes and owner-occupied flats.

A substantial part of the Nykredit Realkredit 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. For certain loan types, other limits apply when calculating the amount for set-off, which grants Nykredit with an extended right of set-off in connection with losses. For loans offered from June 2014 to December 2020, a minor part of the right of set-off has been replaced by a loss guarantee provided by the partner banks.

### **Credit risk models**

Nykredit Realkredit 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 Realkredit 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.

## 9.9 Market risk

The Nykredit Realkredit 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 Realkredit'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 Realkredit Group, including Value-at-Risk, interest rate, equity price, foreign exchange and volatility risk, are subject to approval by Nykredit Realkredit'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.

### Market risk on mortgage lending

Nykredit Realkredit's mortgage lending complies with the balance principle, which limits Nykredit Realkredit'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 Executive Order on Bonds.

The above acts specify risk limits to all types of market risk. The Nykredit Realkredit 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 UCITS-compliant covered bonds and CRD-compliant covered bonds are granted according to uniform principles for market and liquidity risk.

The vast majority of the Nykredit Realkredit Group's mortgage loans are match-funded and have the following characteristics:

- On granting loans, Nykredit Realkredit 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 bonds sold;
- When loans are prepaid, the matching proportion of the outstanding funding is redeemed. Borrowers cover Nykredit Realkredit's costs incidental to prepayments. If loans are not match-funded, Nykredit Realkredit 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 Realkredit receives the funds on or before the date on which the payments to Bondholders fall due, provided that borrowers make timely payments; and
- Nykredit Realkredit'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 Realkredit's and Totalkredit's interest rate, liquidity and refinancing risk on mortgage lending and the underlying funding.

The Nykredit Realkredit 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 Realkredit 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 Realkredit will fix a prepayment price for the loan which reflects Nykredit Realkredit's cost of hedging the risk relating to the cash flows concerned.

For the purpose of day-to-day business risk management, the Nykredit Realkredit Group calculates VaR at a time horizon of one day and at a confidence level of 99%. VaR is calculated for both the trading book and the banking book for internal purposes. When determining capital requirements, Nykredit Realkredit 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 the determination of risk exposure amount, own funds and internal capital adequacy requirement, 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.

#### **9.10 Liquidity risk**

The Board of Directors has laid down requirements for the Nykredit Realkredit Group's liquidity limits in both expected and stressed scenarios for an appropriate time horizon. The overall liquidity risk of the Nykredit Realkredit Group is assessed by the Asset/Liability Committee, whereas day-to-day liquidity management is performed by the individual group companies.

The Nykredit Realkredit 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.

#### **9.11 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 Realkredit Group. The Nykredit Realkredit Group strives to always limit operational risk, taking into consideration the costs involved.

#### **9.12 Other information concerning Nykredit Realkredit**

In connection with Nykredit Realkredit's acquisition of Totalkredit in 2003, Nykredit Realkredit agreed to a merger condition stipulating that Nykredit Realkredit cannot raise the administration margins for personal customers with mortgage loans in the Nykredit Realkredit Group without the approval of the competition authorities. In November 2011 and September 2017 the competition authorities permitted defined administration margin increases on certain loan types in Nykredit Realkredit's loan portfolio. The increases are indefinite, but any additional administration margin increases will require renewed permission from the competition authorities. New loans offered by Nykredit Realkredit from 27 September 2017 are not subject to any restrictions on determination of the administration margin.

## **10 BOARD OF DIRECTORS, EXECUTIVE BOARD AND OTHER BODIES**

### **10.1 Board of Directors and Executive Board**

The table below shows the names, business addresses and positions of the members of the Board of Directors and the Executive Board of Nykredit Realkredit on the date of this Base Prospectus as well as principal activities undertaken by them outside of Nykredit Realkredit, where such activities are of significance to Nykredit Realkredit.

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Other principal activities</u></b>
<b>Board of Directors</b>		
Merete Eldrup	Chair of Nykredit Realkredit	Former Chief Executive Officer  Chair of: <ul style="list-style-type: none"> <li>• Nykredit A/S</li> <li>• Københavns Universitet</li> <li>• Rockwool Fonden.</li> </ul> Deputy Chair of: <ul style="list-style-type: none"> <li>• Egmont Fonden</li> <li>• Egmont International Holding A/S</li> </ul> Director of: <ul style="list-style-type: none"> <li>• Ejendomsselskabet Gothersgade 55 ApS</li> <li>• Ejendomsselskabet Vognmagergade 11 ApS</li> <li>• Justitia</li> <li>• Kalaallit Airports International A/S,</li> <li>• Molslinjen A/S</li> <li>• Molslinjen Group ApS</li> </ul>
Preben Sunke	Deputy Chair of Nykredit Realkredit	Managing Director  Deputy Chair of: <ul style="list-style-type: none"> <li>• Forenet Kredit f.m.b.a.</li> <li>• Nykredit A/S</li> <li>• Nykredits Fond</li> </ul> Managing Director of: <ul style="list-style-type: none"> <li>• Anpartsselskabet PS af 1/8 – 1998</li> </ul>
Olav Bredgaard Brusen	Director (staff-elected)	Deputy Chair of Finansforbundet NYKREDS  Director of: <ul style="list-style-type: none"> <li>• Nykredit A/S</li> </ul> Member of the Committee of Representatives of Forenet Kredit f.m.b.a.
Michael Demsitz	Director	Chief Executive Officer of Boligkontoret

Per W. Hallgren	Director	<p>Chair of:</p> <ul style="list-style-type: none"> <li>• Byggeskadefonden</li> <li>• Forenet Kredit f.m.b.a.</li> <li>• Nykredits Fond.</li> </ul> <p>Director of:</p> <ul style="list-style-type: none"> <li>• Nykredit A/S</li> </ul> <p>Chief Executive Officer of Jeudan A/S.</p>
Jørgen Høholt	Director	<p>Chair of:</p> <ul style="list-style-type: none"> <li>• CEJ Ejendomsadministration A/S</li> <li>• CEJ Aarhus A/S</li> <li>• Center for politiske studier (CEPOS)</li> <li>• a number of Jeudan A/S's subsidiaries.</li> </ul> <p>Director of:</p> <ul style="list-style-type: none"> <li>• Nykredit A/S</li> <li>• Erik Fjeldsøe fonden</li> <li>• Forenet Kredit f.m.b.a.</li> <li>• Foreningen Ofelia Plads</li> <li>• Real Care Association</li> </ul> <p>Former Banking Executive</p> <p>Deputy Chair of:</p> <ul style="list-style-type: none"> <li>• DKT Finance ApS</li> <li>• DKT Holdings ApS</li> <li>• DK Telekommunikation ApS</li> <li>• TDC Holding A/S</li> </ul> <p>Director of:</p> <ul style="list-style-type: none"> <li>• Nykredit A/S</li> <li>• ATP Real Estate Partners I K/S</li> <li>• ATP Ejendomme A/S</li> <li>• EKF Danmarks Eksportkredit</li> <li>• Eksport Kredit Finansiering A/S</li> <li>• Norsad Finance Limited</li> </ul> <p>Other:</p> <ul style="list-style-type: none"> <li>• Member of Advisory Board of Kirk Kapital A/S</li> <li>• Special Adviser to ATP</li> <li>• Senior Adviser to Investeringsfonden for Udviklingslande (IFU)</li> </ul>
Hans-Ole Jochumsen	Director	<p>Former Vice Chairman</p> <p>Chair of:</p> <ul style="list-style-type: none"> <li>• NDX Interessenter AB</li> <li>• Nordax Bank AB</li> <li>• Nordax Group AB</li> </ul>



Director of:

- Nykredit A/S

Other:

- Member of the Advisory Board of Concordium
- Senior Adviser to Alkymi
- Industrial Adviser to Airfinity Ltd
- Member of expert panel under the board of directors of the Danish Financial Supervisory Authority

Vibeke Krag

Director

Former Chief Executive Officer

Director of:

- Nykredit A/S
- Arbejdsmarkedets Fond for Udstationerede (AFU)
- Arbejdsmarkedets Tillægspension (ATP)
- Gjensidige Forsikring ASA
- Heimstaden AB
- Heimstaden Bostad AB (publ)
- Lønmodtagernes Garantifond
- Seniorpensionsenheden

Other:

- Chair of the audit committee of Gjensidige Forsikring ASA
- Faculty member, CBS Executive, bestyrelsesuddannelsen
- Member of Konkurrencerådet
- Editor of Erhvervsjuridisk Tidsskrift, Karnov
- Member of Udpegningsudvalget of Københavns Universitet.

Allan Kristiansen

Director (staff-elected)

Chief Relationship Manager

Director of:

- Nykredit A/S
- Nykredit Bank A/S

Chief Executive

Mie Krog

Director

Chair of:

- All Styles A/S
- Kentaur A/S
- Ruths Hotel A/S
- Sinful ApS
- Sinful Bidco A/S
- Sinful HoldCo A/S
- Y-Connection A/S
- Y-Connection Group ApS

- Aarhus Letbane I/S
- Aarhus Letbane Ejendomme ApS

Director of:

- Nykredit A/S
- Forenet Kredit f.m.b.a.
- Ejendomsselskabet Plantorama A/S
- Imerco A/S
- Imerco Holding A/S
- Plantorama A/S
- Plantorama Holding A/S
- Republica A/S

Chief Executive of:

- Koldby ApS

Inge Sand

Director (staff-elected)

Chair of NYKREDS

Director of:

- Nykredit A/S
- Den Sociale Fond i Nykredit
- Executive Committee of  
Finansforbundet
- Nykredits Fond

Other:

- Member of the Committee of  
Representatives of Forenet Kredit  
f.m.b.a.
- Velliv Foreningen

Kristina Andersen Skiøld

Director (staff-elected)

Customer Adviser

Director of:

- Nykredit A/S

Other:

- Member of the Committee of  
Representatives of Forenet Kredit  
f.m.b.a.

### **Executive Board**

Michael Rasmussen

Group Chief Executive

Managing Director of Nykredit A/S

Chair of:

- Investeringsfonden for  
Udviklingslande (IFU),
- Totalkredit A/S,
- Nykredit Bank A/S,
- Sparinvest Holdings SE,
- Sund og Bælt Holding A/S

Anders Jensen	Group Managing Director	<p>Deputy Chair of:</p> <ul style="list-style-type: none"> <li>• Copenhagen Business School</li> <li>• Finance Denmark</li> <li>• FR I af 16. september 2015 A/S</li> </ul> <p>Member of Investor Board of Danish SDG Investment Fund (Verdensmålsfonden) Managing Director of Nykredit A/S</p>
David Hellemann	Group Managing Director	<p>Deputy Chair of:</p> <ul style="list-style-type: none"> <li>• Nykredit Bank A/S</li> </ul> <p>Director of:</p> <ul style="list-style-type: none"> <li>• Totalkredit A/S,</li> <li>• Bokis A/S,</li> <li>• Foreningen Dansk Skoleskak</li> <li>• Grænsefonden,</li> <li>• Niels Brock (Copenhagen Business College), and</li> <li>• Niels Brock International A/S.</li> </ul> <p>Managing Director of Nykredit A/S</p>
Tonny Thierry Andersen	Group Managing Director	<p>Chair of:</p> <ul style="list-style-type: none"> <li>• Bankernes EDB Central a.m.b.a.,</li> <li>• Kalvebod Ejendomme I A/S,</li> <li>• JN Data A/S and</li> <li>• Kirstinehøj 17 A/S.</li> </ul> <p>Deputy Chair of:</p> <ul style="list-style-type: none"> <li>• Totalkredit A/S</li> </ul> <p>Director of:</p> <ul style="list-style-type: none"> <li>• Nykredit Bank A/S,</li> <li>• CBS Executive Fonden, and</li> <li>• Landsdækkende Banker.</li> </ul> <p>Managing Director of Nykredit A/S</p>
		<p>Director of:</p> <ul style="list-style-type: none"> <li>• Nykredit Bank A/S</li> </ul>

The business address of all members of the Board of Directors and the Executive Board is: Nykredit Realkredit A/S, Kalvebod Brygge 1-3, DK-1780 Copenhagen V.

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

## 10.2 Board committees and corporate governance

The Board of Directors of Nykredit Realkredit has appointed a Board Audit Committee, a Board Remuneration Committee, a Board Nomination Committee and a Board Risk Committee. These committees advise the Board of Directors on particular matters and prepare cases for review by the entire Board of Directors, each within their field of responsibility.

### Corporate governance

The Board of Directors of Nykredit Realkredit has decided that the Nykredit Realkredit 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 Realkredit Group complies with the revised Recommendations on Corporate Governance of the Danish Committee on Corporate Governance (the "**Recommendations**") and Finance Denmark's managerial code of conduct from November 2013, which integrate and supplement the Recommendations. The Recommendations form part of the rules of Nasdaq Copenhagen A/S.

### ***Nykredit Realkredit 's deviations from the Recommendations***

<p>1.3.1. <b>The Committee recommends</b> that the company has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the Board of Directors to consider in the event of a takeover bid, or if the Board of Directors obtains reasonable grounds to suspect that a takeover bid may be submitted [abridged].</p> <p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests [abridged].</p> <p>3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that a majority of the members of a board committee be independent.</p>	<p><b>Nykredit does not comply with the recommendation.</b> The recommendation is not relevant due to the ownership structure of the Nykredit Realkredit Group.</p> <p><b>Due to Nykredit Realkredit's special ownership structure, this recommendation is not relevant.</b> For information about the independence of members of the Boards of Directors, see <a href="https://www.nykredit.com">nykredit.com</a> and the Management Commentary of the Annual Report. The recommendation is not relevant to the other wholly-owned financial subsidiaries whose Boards of Directors are generally, as a natural consequence of the Group structure, composed of members of the Executive Board and executive staff members of Nykredit Realkredit.</p> <p><b>See 3.2.1 on independence.</b></p>
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An overall account for Nykredit Realkredit's approach to corporate governance is given at [https://www.nykredit.com/globalassets/nykredit.com/pdf/corporate-governance-rapport-2021\\_nykredit-koncernen-2022-01-17-final.pdf](https://www.nykredit.com/globalassets/nykredit.com/pdf/corporate-governance-rapport-2021_nykredit-koncernen-2022-01-17-final.pdf)

**11 LEGAL AND ARBITRATION PROCEEDINGS**

By virtue of its size, business scope and business model, the Nykredit Realkredit Group is continuously involved in legal proceedings and litigation. The complaints cases are subject to ongoing audit, and necessary impairment provisions are made based on an assessment of the risk of loss.

Nykredit Realkredit has not been involved in any state, legal or arbitration proceedings during the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects on Nykredit Realkredit and/or the financial position or results of Nykredit Realkredit.

## 12 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 Nykredit Realkredit 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. Nykredit Realkredit 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 under the Bonds other than, in certain cases to payments in respect of controlled debt in relation to Nykredit Realkredit as referred to in the Danish Corporation Tax Act and in part 4 of the Danish Tax Control Act. This will not have any impact on Bondholders who – whether alone or jointly, including by agreement on joint control – do not control or are not controlled by Nykredit Realkredit.

### *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 under 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 (the "**mark-to-market principle**"), ie when tax is levied based on an increase or a decrease in value 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 are also 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*

According to C.A. 11.2.1 of the Guidance Notes 2021-1 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 Nykredit Realkredit 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 Nykredit Realkredit 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 location of operation to which payments should be directed.

*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. In Denmark, the rules have been implemented in sections 22 and 23 of the Danish tax reporting act.

In its capacity of mortgage bank, Nykredit Realkredit is not subject to the reporting duty.

However, if an amount is to be deducted or withheld from any payments in accordance with the Danish rules on the implementation of FATCA, neither Nykredit Realkredit nor any other person will pay additional amounts as a result of the deduction or withholding of such tax.

**The tax legislations in the member state of the investor and in the country of incorporation of Nykredit Realkredit may have an impact on income from the Bonds. Prospective investors should consult their own tax advisers on how these rules may apply to Nykredit Realkredit and to payments they may receive in connection with the Bonds.**

### 13 SUBSCRIPTION, SALE, RECORDING AND SETTLEMENT

Nykredit Realkredit has not fixed any limits to the number of Bonds subscribed for by individual investors. There are no subscription rights attached to the Bonds. Nykredit Realkredit 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 Realkredit 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 Realkredit's website, [nykredit.com](http://nykredit.com), and on Nasdaq Copenhagen A/S's website [nasdaqomxnordic.com](http://nasdaqomxnordic.com). The outstanding amount may be increased during the opening period through regular issuance, auctions or pre-issuance. During this period, prepayments may also occur, just as regular principal payments are made on the mortgage loans granted, with the exception, however, of bullet or interest-only mortgage loans. The outstanding amount of the individual Covered Bonds may thus increase as well as decrease during the opening period. When the opening period ends, issuance in an ISIN ceases, and the outstanding amount can no longer be increased.

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

Trades in Bonds admitted to trading on a regulated market are published in accordance with the rules issued pursuant to the Danish Capital Markets Act and the current rules applying to the relevant regulated market.

#### *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 Bonds are sold on a current basis in the bond market, and no investors have pre-emption rights to buy the Covered Bonds. In connection with auctions held via the auction systems of Nasdaq Copenhagen A/S, the Covered Bonds are allotted pursuant to the rules of Nasdaq Copenhagen A/S. The Covered Bonds 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.

When selling Bonds covered by government guarantee, these must be offered to Danmarks Nationalbank as investor on behalf of the Danish government before the Bonds are offered to other investors. The Danish government is not obligated to make a bid or purchase the relevant Bonds. Apart from this, Bonds covered by government guarantee can be sold in the same way as other Bonds.

#### *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 Realkredit is responsible for the coordination of the entire issue. Nykredit Realkredit has not entered into any agreement with paying agents or securities depositaries for Bonds recorded by VP. Nykredit Realkredit has not entered into any underwriting agreement or agreement under which a third party undertakes to place Bonds. If Nykredit Realkredit 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 admission to trading and listing, if relevant, as well as the first day of listing of the Bonds on regulated markets is set out in the Final Bond Terms.

An agreement on market making in certain Covered Bonds has been concluded between Nykredit Realkredit and Nykredit Bank, under which Nykredit Bank undertakes to quote bid and offer prices for a number of ISINs of Covered Bonds at an agreed maximum spread on Nasdaq Copenhagen A/S. Nykredit Realkredit 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.

Legal title to the Bonds will exclusively be evidenced by book entries in the books of VP, 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.

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

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

#### *Financial intermediaries*

In connection with an offering of Bonds to the public, which is not exempt from the requirement of the Prospectus Regulation to publish a prospectus, Nykredit Realkredit may accept, on the basis of a written agreement, cf Article 5(2) of the Prospectus Regulation, the use of this Base Prospectus by financial intermediaries for subsequent resale or final placement of the Bonds, and only provided this is set out in the Final Bond Terms. In such case, Nykredit Realkredit accepts the use of the Base Prospectus. Nykredit Realkredit accepts responsibility for the contents of the Base Prospectus, also in connection with resale or final placement of the Bonds via financial intermediaries who have been granted consent with respect to the use of the Base Prospectus.

**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.**

Financial intermediaries who have been granted consent by Nykredit Realkredit on the basis of a written agreement are hereinafter referred to as "Authorised Financial Intermediaries". Nykredit Realkredit 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. 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 of the Base Prospectus, unless this Base Prospectus has previously been revoked, cancelled or replaced, in which case Nykredit Realkredit 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 (if relevant) for the specific issue. At the time of approval of this Base Prospectus, no consent has been granted on the basis of a written agreement to any financial intermediaries.

In connection with an offering of Bonds to the public which is not exempt from the requirement of the Prospectus Regulation to publish a prospectus, except as stated above, Nykredit Realkredit 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 Nykredit Realkredit has not approved the use of the Base Prospectus is not undertaken by Nykredit Realkredit or on its behalf. Accordingly, Nykredit Realkredit does not accept any responsibility or liability in damages for such offering or the persons undertaking the offering.

In connection with an offering of Bonds to the public which is not exempt from the requirement of the Prospectus Regulation to publish a prospectus, any investor in the Bonds who buys, sells or is offered the Bonds by Authorised Financial Intermediaries acts in accordance with an agreement between the investor and the Authorised Financial Intermediary, and Nykredit Realkredit is not a party to any such agreements. **Authorised Financial Intermediaries making an offering are obliged to inform investors of the terms and conditions for the offering at the time of 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.

This Base Prospectus does not constitute an offer of or an invitation by or on behalf of any financial intermediary to subscribe for or purchase 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 Nykredit Realkredit 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 of Nykredit Realkredit and should not be considered as a recommendation by any financial intermediaries or any other parties to purchase securities under this Base Prospectus.

## 14 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. Nykredit Realkredit 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 Nykredit Realkredit nor Nykredit Realkredit and its subsidiaries nor persons acting on behalf of Nykredit Realkredit or Nykredit Realkredit'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 Nykredit Realkredit; or
- if each financial intermediary has represented that, except as permitted by its agreement with Nykredit Realkredit, 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 Prospectus Regulation, the Danish Capital Markets Act as amended and executive orders issued thereunder and in compliance with the Danish Executive Order on investor protection in connection with securities trading 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(8) 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 Nykredit Realkredit; 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 Nykredit Realkredit 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. Nykredit Realkredit 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.

## 15 GENERAL INFORMATION

- (1) Nykredit Realkredit's Board of Directors approved the launch of this Base Prospectus on 15 April 2021.
- (2) The outlook for Nykredit Realkredit has not deteriorated significantly since the date of the publication of the most recent Annual Report, and no significant changes have been recorded in terms of the Nykredit Realkredit Group's financial position since the end of the most recent financial period. No significant changes have been recorded in terms of Nykredit Realkredit's financial position since the end of the most recent financial period.
- (3) On the date of this Base Prospectus, Nykredit Realkredit 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 Realkredit for this financial year.
- (4) This Base Prospectus does not include any expectations of future profit or forecasts relating to Nykredit Realkredit, as such expectations or forecasts are not considered material to the admission to trading of the Bonds or the offering of the Bonds.
- (5) As of the date of this Base Prospectus, Nykredit Realkredit has not entered into any material agreements except in the ordinary course of its business that entail obligations or rights for Nykredit Realkredit which affect Nykredit Realkredit's ability to meet its obligations to the Bondholders under the Bonds.
- (6) No information in the Base Prospectus has been sourced from a third party, and the Base Prospectus does not contain any opinions or reports by experts.
- (7) Nykredit Realkredit's Board of Directors and Executive Board declare that the following documents are available for inspection as long as the Base Prospectus is in force:
  - Nykredit Realkredit's Articles of Association
  - Nykredit Realkredit's Annual Report and financial information included in whole or in part in the Base Prospectus
  - The Base Prospectus.

No other reports, letters, other documents or assessments of or expert opinions on the Base Prospectus are available.

Documentation is available for inspection in physical form upon request to Nykredit Realkredit's headquarters at Kalvebod Brygge 1-3, DK-1780 Copenhagen V, on weekdays during regular office hours, or in electronic form at [www.nykredit.com](http://www.nykredit.com)

- (8) EY Godkendt Revisionspartnerselskab, CVR no: 30700228, Dirch Passers Allé 36, DK-2000 Frederiksberg, represented by Lars Rhod Søndergaard (Danish State-Authorised Public Accountant, mne no 28632) and Thomas Hjortkjær Petersen (Danish State-Authorised Public Accountant, mne no 33748), has audited Nykredit Realkredit's consolidated financial statements in accordance with Directive 2014/56/EU and Regulation (EU) 537/2014, and the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as approved by the EU in accordance with Regulation (EC) 1606/2002 as well as Danish disclosure requirements in force for issuers of listed bonds. The annual financial statements are prepared in accordance with the Danish Financial Business Act. Nykredit Realkredit's external auditor is a member of FSR - Danish Auditors.

- (9) This Base Prospectus does not refer to audited information other than that contained in the annual reports. Nykredit Realkredit prepares and publishes interim reports. Interim reports are not audited and are available to the public at Nykredit Realkredit's website, [nykredit.com](http://nykredit.com).
- (10) Information on significant terms and conditions of Bonds covered by a guarantee provided by the Danish government is available to the public in the Danish Executive Order no 832 of 4 June 2018 on government guarantees for certain bonds issued for the purpose of public housing financing. The Executive Order is available at [retsinfo.dk](http://retsinfo.dk)

**REGISTERED OFFICE OF THE ISSUER**

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**EY Godkendt Revisionspartnerselskab**

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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.*

