

Base Prospectus dated 8 March 2017

# Nykredit

## Nykredit Realkredit A/S

*(incorporated as a public limited company in Denmark with CVR no. 12719280)*

## Nykredit Bank A/S

*(incorporated as a public limited company in Denmark with CVR no. 10519608)*

### €5,000,000,000

## Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Base Prospectus (the “**Programme**”) and subject to compliance with all relevant laws, regulations and directives, each of Nykredit Realkredit A/S (“**Nykredit Realkredit**”) and Nykredit Bank A/S (“**Nykredit Bank**”) (together the “**Issuers**” and each an “**Issuer**”) may from time to time issue notes (the “**Notes**”). The aggregate nominal amount of Notes outstanding will not at any time exceed €5,000,000,000 (or the equivalent in other currencies).

Under the Programme, Notes issued by (a) Nykredit Realkredit and Nykredit Bank may be dated and unsubordinated (“**Unsubordinated Notes**”), and (b) Nykredit Realkredit may be (i) dated and with a ranking as described in Condition 4(b) (*Status of the Notes – Senior Resolution Notes*) in “Terms and Conditions of the Notes” (“**Senior Resolution Notes**”), (ii) dated, subordinated and, on issue, constituting Tier 2 Capital (as defined in the Condition 2 (*Definitions*) in “Terms and Conditions of the Notes”) (“**Subordinated Notes**”) or (iii) dated or undated contingent capital and, on issue, constituting Tier 2 Capital (“**Contingent Capital Notes**”) as indicated in the relevant Final Terms or Pricing Supplement (each as defined below), as applicable.

An application may be made to Nasdaq Copenhagen A/S for Notes issued under the Programme (other than Exempt Notes (as defined below)) to be listed on the official list of Nasdaq Copenhagen A/S and to be admitted to trading on Nasdaq Copenhagen A/S’s regulated market. Nasdaq Copenhagen A/S’s regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (“**MiFID**”). Unlisted Exempt Notes and Notes listed on other stock exchanges may also be issued pursuant to the Programme. The relevant Final Terms or Pricing Supplement, as applicable, in respect of the issue of any Notes will specify whether or not such Notes will be listed on Nasdaq Copenhagen A/S’s regulated market (or any other stock exchange).

This Base Prospectus has been prepared by the Issuers with a view to having the Notes admitted to trading on Nasdaq Copenhagen A/S’s regulated market or on another regulated market for the purposes of MiFID. Save in the case of Exempt Notes, this Base Prospectus has been prepared as a prospectus in compliance with the Prospectus Directive (as defined below) for the purpose of giving information with regard to the relevant Issuer, the relevant Issuer and its subsidiaries taken as a whole and the Notes which, according to the particular nature of the relevant Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the relevant Issuer. Save in the case of Exempt Notes, this Base Prospectus constitutes two base prospectuses for the purposes of Article 5.4 of the Prospectus Directive: (i) the base prospectus for Nykredit Realkredit in respect of Notes to be issued by Nykredit Realkredit under the Programme, and (ii) the base prospectus for Nykredit Bank in respect of Notes to be issued by Nykredit Bank under the Programme.

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (“**EEA**”) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to “**Exempt Notes**” are to Notes for which no prospectus is required to be published under the Prospectus Directive. The Danish Financial Supervisory Authority has neither approved nor reviewed information contained in the section headed “Pricing Supplement” in this Base Prospectus in connection with Exempt Notes.

The Notes issued under the Programme will be issued in dematerialised form and settled through VP Securities A/S or another securities depository specified in the relevant Final Terms or Pricing Supplement, as applicable.

Each of Nykredit Realkredit and Nykredit Bank has been rated A (long unsecured rating) and F1 (short unsecured rating) by Fitch Ratings Limited (“**Fitch**”) and A (long unsecured rating) and A-1 (short unsecured rating) by Standard and Poor’s Credit Market Services Europe Limited (“**S&P**”). Fitch and S&P are established in the European Union and registered under Regulation (EC) No. 1060/2009 (the “**CRA Regulation**”) and are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website ([www.esma.europa.eu](http://www.esma.europa.eu)) in accordance with the CRA Regulation. Notes to be issued under the Programme will be rated or unrated. Where Notes issued under the Programme are to be rated, the applicable rating(s) will be specified in the relevant Final Terms or Pricing Supplement, as applicable. Whether or not a rating in relation to any Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under CRA Regulation will be specified in the relevant Final Terms or Pricing Supplement, as applicable. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Base Prospectus.

### *Arrangers for the Programme*

**BNP PARIBAS**

**Nykredit Realkredit A/S**

*In the case of any Notes other than Exempt Notes, either (i) all trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of €100,000 or (ii) the minimum specified denomination of each Note shall be €100,000 (or, in each case its equivalent in any other currency as at the date of issue of the Notes).*

*In the case of Exempt Notes, any person making or intending to make an offer in a Member State of the EEA of Exempt Notes which are the subject of an offering contemplated in this Base Prospectus as completed by the relevant Pricing Supplement in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer (as defined in “General Description of the Programme”) to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuers nor any of the Dealers have authorised, nor do they authorise, the making of any offer of Exempt Notes in circumstances in which an obligation arises for any Issuer or any Dealer to publish or supplement a prospectus for such offer.*

*The expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA*

*This Base Prospectus should be read and construed together with any supplement hereto and with any documents incorporated by reference herein and, in relation to any Tranche (as defined in “Terms and Conditions of the Notes” below) of Notes, should be read and construed together with the relevant Final Terms or Pricing Supplement, as applicable.*

**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 the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuers or any of the Dealers or the Arrangers (as defined in “General Description of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuers since the date of this Base Prospectus or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuers since the date of this Base Prospectus or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.**

**The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuers, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on the distribution of this Base Prospectus, see “Subscription and Sale”.**

**This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuers, the Dealers or the Arrangers to subscribe for, or purchase, any Notes.**

**To the fullest extent permitted by law, none of the Dealers and the Arrangers accepts any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by an Arranger or a Dealer or on its behalf in connection with an Issuer or the issue and offering of the Notes. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in**

tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and none of the Dealers and any of their respective affiliates (other than the Issuers) makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Arrangers or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers and the Arrangers undertakes to review the financial condition or affairs of any of the Issuers during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.

In connection with the issue of any Tranche of Notes, one or more relevant Dealers named as the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in the relevant Final Terms or Pricing Supplement, as applicable, may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Notes and 60 days after the date of the allotment of the relevant Notes. Any stabilisation action or over-allotment must be conducted in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “Sterling” are to the lawful currency of the United Kingdom, those to “Danish kroner”, “Kr” and “DKK” are to the lawful currency of the Kingdom of Denmark, those to “euro”, “EUR” or “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union (as amended from time to time), those to “Norwegian kroner” are to the lawful currency of the Kingdom of Norway and those to “Swedish kronor” are to the lawful currency of the Kingdom of Sweden.

The Contingent Capital Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Contingent Capital Notes to retail investors. Please refer to the information described under the section headed “Important Information” in this Base Prospectus.

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## RESPONSIBILITY STATEMENT

### The Issuers' responsibility

Each Issuer is responsible for this Base Prospectus in accordance with Danish law.

### Responsible persons

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

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

Steffen Kragh  
(Chairman, CEO)

Merete Eldrup  
(Deputy Chairman, CEO)

Nina Smith  
(Deputy Chairman, Professor)

Hans Bang-Hansen  
(Farmer)

Erling Bech Poulsen  
(Farmer)

Anders C. Obel  
(CEO)

Michael Demsitz  
(CEO)

Helge Baastad  
(CEO)

Bent Naur  
(Former bank CEO)

Per W. Hallgren  
(CEO)

Allan Kristiansen  
(Elected by the employees, Chief Relations Manager)

Leif Vinther  
(Elected by the employees, Chairman of Staff Association)

Marlene Holm  
(Elected by the employees, Political Secretary)

Olav Bedgaard Brusen  
(Elected by the employees, Chairman of Staff Association)

Inge Sand  
(Elected by the employees, Senior Adviser)

who have pursuant to a board resolution passed on 2 March 2017 authorised that two members of the Executive Board of Nykredit Realkredit may jointly sign this Base Prospectus and any future supplement. The members of the Executive Board of Nykredit Realkredit are:

Michael Rasmussen  
(Group Chief Executive)

Søren Holm  
(Group Managing Director)

Kim Duus  
(Group Managing Director)

David Hellemann  
(Group Managing Director)

Anders Jensen  
(Group Managing Director)

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

*Board of Directors of Nykredit Bank*

Michael Rasmussen  
(Chairman, Group Chief Executive)

Søren Holm  
(Deputy Chairman, Group Managing Director)

Kim Duus  
(Group Managing Director)

David Hellemann  
(Group Managing Director)

Anders Jensen  
(Group Managing Director)

Kent Ankersen  
(Elected by the employees, Chief Dealer)

Flemming Ellegaard  
(Elected by the employees, Chief Dealer)

Allan Kristiansen  
(Elected by the employees, Chief Relationship Manager)

who have pursuant to a board resolution passed on 3 February 2017 authorised that two members of the Board of Directors of Nykredit Bank may jointly sign this Base Prospectus and any future supplement. The members of the Executive Board of Nykredit Bank are:

Dan Sørensen  
(Managing Director)

Henrik Rasmussen  
(Managing Director)

The Issuers' statement

We, the Board of Directors and the Executive Board of each Issuer, hereby declare that we, as the persons responsible for this Base Prospectus on behalf of each Issuer, have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of its contents.

Copenhagen, 8 March 2017

For and on behalf of Nykredit Realkredit A/S

Kim Duus  
(Group Managing Director)

Søren Holm  
(Group Managing Director)

For and on behalf of Nykredit Bank A/S

Henrik Rasmussen  
(Managing Director)

Dan Sørensen  
(Managing Director)

## **RISK FACTORS**

*Each Issuer believes that the following factors, as applicable, may affect the relevant Issuer's ability to fulfil its obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuers are not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the relevant Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the relevant Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons. Additional risks not currently known to the Issuers or that they now deem immaterial may also adversely affect the Issuers or affect an investment in the Notes. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

*Word and expressions defined in the "Terms and Conditions of the Notes" below have the same meanings in this section, unless otherwise stated. Reference to a numbered "Condition" shall be to the relevant Condition in the Terms and Conditions of the Notes.*

### **Factors that may affect the relevant Issuer's ability to fulfil its obligations under Notes issued under the Programme**

#### *General*

The Issuers are exposed to a number of risks in connection with their business activities. If the relevant Issuer fails to manage this exposure, it may incur financial losses and its reputation may be damaged. In the Issuers' view, efficient risk management is a crucial precondition for competent financial business management, and risk management is therefore seen as one of each Issuer's core competencies. The Board of Directors of each Issuer determines the relevant Issuer's overall risk tolerance, and issues instructions and guidelines for measuring, monitoring and reporting risk. Each Issuer defines and manages exposure to the following main types of risk:

#### *Credit risk*

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

Traditional credit risk stems from the loan portfolio, undrawn credit facilities, guarantees and investments. Each Issuer has a counterparty risk in connection with financial derivatives in the form of outstanding positive market value, which depends on market factors. The counterparty risk on financial derivatives is reduced through netting 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.

Settlement and delivery risk derives from securities, derivatives and foreign exchange trading. In order to reduce the risk of foreign exchange-related transactions, the Issuers make use of the Continuous Linked

Settlement cooperation through Nykredit Bank as a third-party member, which ensures that no payment transfers are made until opposite payments have been registered.

Each Issuer's credit policy guidelines are laid down in the relevant Board of Directors' credit instructions. The purpose of each Issuer's credit policy is to ensure that the relevant Issuer does not assume risk in connection with counterparties or sectors which is not within the risk limits laid down. As a result of the credit policy, each Issuer is mainly exposed to Danish counterparties and to other OECD-based counterparties. Each Issuer has only limited exposure to non-OECD counterparties.

Adverse changes in the credit quality of the relevant Issuer's borrowers or other counterparties could affect the recoverability and value of the Issuers' assets and require an increase in provisions made for bad and doubtful debts and other provisions.

Given that Nykredit Realkredit's loans in its capital centres are secured by mortgages over real property, the credit risk of Nykredit Realkredit may partly be related to the performance of the real estate and housing markets primarily in Denmark but also in other countries where Nykredit Realkredit operates or will operate in future. There can be no guarantees regarding the future development of the value of the collateral. Should the prices of real property and the housing market substantially decline, this could affect Nykredit Realkredit's financial position and, in turn, its ability to service Notes issued by Nykredit Realkredit.

There are many circumstances that affect the level of credit loss, early repayments, withdrawals and final payments of interest and principal amounts, such as changes in the economic climate, both nationally and internationally, and changes regarding taxation, interest rate developments, inflation and/or the political environment. Borrowers may default on their loans as a result of interest rate increases or as a result of adverse developments in their personal circumstances, such as a redundancy or divorce. Defaults by borrowers could jeopardise the relevant Issuer's ability to make payments in full or on a timely basis on the Notes.

#### *Market risk*

Market risk is defined as the risk of a loss prompted by unfavourable fluctuations in interest rates, foreign exchange rates and equity prices. Each Issuer's overall risk limits are laid down in the relevant Board of Directors' market risk instructions. The Board of Directors of each Issuer has delegated market risk limits to the Group Executive Board, which has in turn delegated the limits to the various trading units within the Nykredit Realkredit Group.

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

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

#### *Liquidity risk*

Liquidity risk is defined as the risk of markedly higher funding costs and/or inability to honour payments when due. The relevant Board of Directors' liquidity instructions contain liquidity risk limits for each Issuer.

Currently, Nykredit Realkredit's loans are primarily match-funded by the issue of covered bonds. The loan rate equals 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 have no fixed funding, but are funded by bonds with maturities between one and 11 years. On refinancing, the loan rate is adjusted to the yield-to-maturity of the

bonds sold for the purpose of refinancing. The liquidity risk is therefore primarily limited to the risk that borrowers do not make timely interest or principal payments on the loans.

In the case of loans that are not match-funded, Nykredit Realkredit seeks to hedge its liquidity risk by entering into derivative contracts in accordance with the rules of the Danish Executive Order no. 1425 of 16 December 2014 on Bond Issuance, Balance Principle and Risk Management to the extent that Nykredit 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.

Liquidity risk may also be related to loss in other risk categories where losses prevent the relevant Issuer from refinancing its short-term debt obligations and/or, in the case of Nykredit Bank, to cause deposits to be withdrawn.

#### *Operational risk*

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

Each Issuer's operational risk is chiefly handled by way of a comprehensive setup of office procedures and controls. Also, the setup comprises IT contingency plans. The internal audit division checks the contents of and compliance with office procedures on a continuous basis.

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

#### *Risks relating to deposit guarantee schemes and resolution fund*

In Denmark and other jurisdictions, deposit guarantee schemes and similar funds (each, a “**Deposit Guarantee Scheme**”) have been implemented from which compensation for deposits may become payable to customers of financial services firms in the event that such financial services firm is unable to pay, or unlikely to pay, claims against it. In many jurisdictions, these Deposit Guarantee Schemes are funded, directly or indirectly, by financial services firms which operate and/or are licensed in the relevant jurisdiction. The future target level of funds to be accumulated in Deposit Guarantee Schemes and resolution funds across different EU countries may exceed the minimum levels provided for in the BRRD, Directive 2014/49/EU (the “**Revised Deposit Guarantee Schemes Directive**”) and in EU Regulation no. 806/2014 and EU Regulation no. 81/2015 of the European Parliament and of the Council establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the latter of which will be relevant should Denmark choose to participate in the Single Resolution Mechanism).

Both the BRRD and the Revised Deposit Guarantee Schemes Directive are implemented in Danish law as referred to in “*Resolution tools and powers under the BRRD*” below and by Consolidated Act no. 917 of 8 July 2015 on Depositor and Investor Guarantee Scheme, as amended from time to time.

Through participation in the Deposit Guarantee Scheme, both Danish banks and mortgage banks, such as the Issuers, as applicable, undertake to cover losses incurred on covered deposits for banks and covered cash funds for mortgage banks held with distressed credit institutions. The Danish Deposit Guarantee Scheme fund's capital must amount to at least 0.8 per cent. of the covered deposits of Danish banks and 0.8 per cent. of the covered cash funds for Danish mortgage banks. In addition, each Issuer contributes to the Danish resolution fund established as the Danish resolution financing arrangement under the BRRD, which fund's capital must amount to 1.0 per cent. of the covered deposits of Danish banks and 1.0 per cent. of the covered cash funds for Danish mortgage banks by 31 December 2024.

It is still unclear whether Denmark, despite being outside the Eurozone, will join the European Banking Union and therefore be part of the Single Resolution Mechanism. It therefore remains unclear which costs each Issuer, as applicable, will incur in the coming years in relation to payments to deposit guarantee funds and/or resolution funds on a national or European level.

#### *Risk pertaining to implementation of new regulation*

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

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

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

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

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

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

In June 2014, the Danish Financial Supervisory Authority appointed Nykredit Realkredit to be a SIFI. In June 2015 and in June 2016, Nykredit Realkredit was re-appointed as a SIFI. The systemic risk buffer will be gradually implemented in the period 2015 to 2019. Nykredit Realkredit will be subject to a further buffer requirement of 0.8 per cent. as regards Common Equity Tier 1 capital as of 2016 and 1.2 per cent. as regards

Common Equity Tier 1 capital as of 2017. The requirement will gradually rise to 2.0 per cent. in 2019. The intention is to bring Danish SIFI capital requirements on a par with the requirements in other comparable Member States. The level of the Danish SIFI capital requirements will be finally determined in 2017, at the latest, on the basis of a comparison with the final requirements in the other Member States. It is still unknown how this in practice will affect the willingness of the Kingdom of Denmark to support its banking sector and in particular the SIFI's. As Nykredit Bank being a wholly-owned subsidiary of Nykredit Realkredit, the SIFI-designation also impacts Nykredit Bank.

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

The EBA published guidelines on 19 December 2014 addressed to national supervisors on common procedures and methodologies for the supervisory review and evaluation process ("**SREP**") which contained guidelines proposing a common approach to determining the amount and composition of additional own funds requirements and which was implemented by 1 January 2016. Under these guidelines, national supervisors should set a composition requirement for the additional own funds requirements to cover certain risks of at least 56 per cent. Common Equity Tier 1 capital and at least 75 per cent. Tier 1 capital. The guidelines also contemplate that national supervisors should not set additional own funds requirements in respect of risks which are already covered by capital buffer requirements and/or additional macro-prudential requirements. The SREP was implemented in Denmark with effect as of 1 January 2016 by Executive Order no. 1587 of 3 December 2015 on Capital to Fulfil the Individual Solvency Requirement of Credit Institutions. According hereto institutions' additional own funds requirement shall be met with at least 56 per cent. Common Equity Tier 1 capital and at least 75 per cent. Tier 1 capital. The remaining 25 per cent. of the additional own funds requirement may be fulfilled with Common Equity Tier 1 capital, Additional Tier 1 capital or Tier 2 capital. Additional Tier 1 Capital or Tier 2 capital instruments issued prior to 31 December 2015 that until 31 December 2015 were eligible to cover institutions' additional own funds requirements will be grandfathered until 31 December 2021.

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

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

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

If Denmark should join the European Banking Union, it is most likely that Nykredit Realkredit will be supervised by the European Central Bank (“ECB”) rather than the Danish Financial Supervisory Authority from that point on, due to the SIFI designation.

#### *Risk pertaining to regulatory capital*

Any failure by the Issuers to satisfy their respective regulatory capital requirements, liquidity requirements and other requirements, and any further increases in such requirements, could result in regulatory intervention or sanctions or significant reputation harm, which may have a material adverse effect on the relevant Issuer’s financial condition, results of operations and prospects, which may affect the relevant Issuer’s ability to fulfil its obligations under the Notes.

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

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

#### *Competition in the mortgage loan business*

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 presence in, or to facilitate their entry into, the market and compete for customers. Increased competition may adversely impact Nykredit Realkredit’s position in the market for mortgage business, which could adversely affect Nykredit Realkredit’s financial position and, in turn, its ability to service the Notes.

#### *Limitations to the liability of the Issuers*

Each Issuer shall be liable for damages resulting from any delay or default in performing its obligations if such delay or default is due to errors or negligence. Even in areas where a stricter statutory liability applies, the relevant Issuer shall not be liable for losses due to: (i) the breakdown of/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 the relevant Issuer itself or an external supplier is responsible for the operation of the systems; (ii) failures in the relevant Issuer’s power supply or telecommunications, statutory intervention or administrative acts, natural disasters, war, insurrections, civil riots, sabotage, terror or vandalism (including computer viruses and hacking); (iii) strike, lockout, boycott or blockade regardless of whether the conflict is directed at or initiated by the relevant Issuer itself or its organisation and regardless of the reason for the conflict. This shall also apply where the conflict only affects part of the relevant Issuer; (iv) other circumstances beyond the relevant Issuer’s control. The relevant Issuer’s exemption from liability shall not apply if: (a) the relevant Issuer should have anticipated the factor causing the loss when the agreement or contract was concluded or (b) should have avoided or overcome the reason for the loss; or (iii) the relevant Issuer is liable for the factor which caused the loss pursuant to current legislation.

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

On 15 May 2014, the European Parliament and the Council of the European Union adopted the BRRD. The BRRD, including the general bail-in tool and MREL has been implemented into Danish law with effect as of 1 June 2015 by the Danish Recovery and Resolution Act and by amendments to the Danish Financial Business Act.

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 institutions or investment firms (each,

an “**institution**”) to ensure the continuity of the institution’s critical financial and economic functions while minimising the impact of an institution’s failure on the economy and financial system.

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 problem 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 (which 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 (the “**general bail-in tool**”), which equity or other instruments could also be subject to any future application of the general bail-in tool. The general bail-in tool applies to Nykredit Bank but does not apply to mortgage banks such as Nykredit Realkredit.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the European Union state aid framework.

An institution will be considered as failing or likely to fail when either: (i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; (ii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iii) it requires extraordinary public financial support (except in limited circumstances).

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity, certain capital instruments (such as the Subordinated Notes and the Contingent Capital Notes), at the point of non-viability and before any other resolution action is taken (“**non-viability loss absorption**”).

Any application of the general bail-in tool and, in the case of the Subordinated Notes and the Contingent Capital Notes, non-viability loss absorption under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on Noteholders will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution or group meets the applicable conditions for resolution (but no resolution action has yet been taken) or that the institution or group will no longer be viable unless the relevant capital instruments (such as the Subordinated Notes and the Contingent Capital Notes) are written-down or converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution or group would no longer be viable. A group shall be deemed to be failing or likely to fail where the group infringes or there are objective

elements to support a determination that the group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the relevant authority including, but not limited to, where the group has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds (as defined in the CRR).

To the extent any resulting treatment of Noteholders pursuant to the exercise of the general bail-in tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, such Noteholder has a right to compensation under the BRRD based on an independent valuation of the institution (which is referred to as the “no creditor worse off” principle under the BRRD). Under the Danish implementation of the BRRD, the “no creditor worse off” principle also applies to the exercise of the non-viability loss absorption. However, any such compensation is unlikely to compensate that holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under any Notes that have been subject to the application of the general bail-in tool or non-viability loss absorption.

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.

With the implementation in Denmark of the BRRD, Danish banks, including Nykredit Bank, but not mortgage banks such as Nykredit Realkredit, are required to have bail in-able resources in order to fulfil the Minimum Requirement for own funds and Eligible Liabilities (“**MREL**”). There is no minimum European Union-wide level of MREL – each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution. On 19 January 2017, the Danish Financial Supervisory Authority published a press release regarding preliminary principles for the MREL requirement for Danish SIFI banks. According to the press release, Danish SIFI banks will need to hold own funds and liabilities to absorb losses that are twice their total capital requirement. It follows that it is expected that the MREL requirement will have to be met with instruments that have contractual bail-in provisions. Over the next months, the Danish Financial Supervisory Authority will discuss with the Danish banking industry the phase-in period of the MREL requirement and the details of the capital that can be used to fulfil the MREL requirement. Finally, it follows from the press release that the Danish Financial Supervisory Authority expects to approve each Danish SIFI bank’s resolution plans and to set their MREL requirement before the end of 2017.

This may require Danish SIFI banks to issue debt that can be bailed in. If an institution does not fulfil the MREL requirement, the relevant authority may withdraw its banking licence. Also, a comparable concept for loss absorption, Total Loss Absorbing Capacity (“**TLAC**”), is under discussion internationally, and these discussions and their outcome could influence the implementation of MREL.

In connection with the Danish implementation of BRRD, it was adopted that all Danish mortgage banks, such as Nykredit Realkredit, must have a debt buffer calculated on the basis of the total unweighted lending of the individual mortgage bank. The implementation of the debt buffer is a political agreement, and the debt buffer requirement must be evaluated until 2018. If such evaluation results in a higher requirement than the agreed 2 per cent., it may have an impact on Nykredit Realkredit’s financial position.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed, as well as, in certain circumstances, the rights of creditors.

The holders of Unsubordinated Notes issued by Nykredit Bank may be subject to the application of the general bail-in tool and/or the holders of Subordinated Notes and Contingent Capital Notes may be subject to the non-viability loss absorption and/or applicable statutory resolution powers, which may result in such Noteholders, as applicable, losing some or all of their investment. As a result, the exercise of any power under the Danish Recovery and Resolution Act or any suggestion of such exercise could, therefore, materially adversely affect the rights of Noteholders, as applicable, the price or value of their investment in the relevant Notes and/or the ability of the relevant Issuer to satisfy its obligations under the relevant Notes.

On 23 November 2016, the European Commission, together with the CRD IV Amendment Proposal, proposed a reform of the BRRD by way of two proposals (COM(2016) 852 and COM(2016) 853) to amend the BRRD (together the “**BRRD Amendment Proposal**”). The BRRD Amendment Proposal includes, among other things, the introduction of a higher MREL requirement to take form as MREL guidance and that any shortfall of complying with the MREL requirement will automatically be filled up with Common Equity Tier 1 Capital. At the date of this Base Prospectus it is still uncertain whether and if so, to what extent, the proposed amendments will impose additional capital requirements on each of the Issuers, which in turn may affect the relevant Issuer’s capacity to make payments of interest on the Notes. According to the BRRD Amendment Proposal, mortgage banks, such as Nykredit Realkredit, are still exempt from the application of the MREL requirement.

#### *Other risks*

The Issuers are subject to extensive legal regulation in respect of their conduct as respectively mortgage bank and bank, and any amendments hereto may have an adverse effect on the relevant Issuer’s potential for continuing its business scope and therefore its financial position and the results of its operations. Further, if the Issuers are unable to recruit competent staff, they may have difficulties in continuing their activities.

The Issuers are operating in a consolidated market where competition is keen and new entrants may erode the business scope. This continued pressure may have an adverse impact on the Issuers’ respective financial positions and the results of their operations.

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

#### *Notes may not be a suitable investment for all investors*

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement to this Base Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the currency in which such potential investor’s financial activities are principally denominated;
- (iv) understand thoroughly the terms of the relevant Notes; and

- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

***Risks related to the structure of a particular issue of Notes***

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

***Contingent Capital Notes: loss absorption following a Trigger Event***

The Contingent Capital Notes include a principal loss absorption feature that means that the proceeds of their issue will be available to absorb any losses of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group. If at any time the Common Equity Tier 1 Capital Ratio of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group has, in any such case, fallen below 7.00 per cent., the outstanding principal amount of the Contingent Capital Notes shall be reduced to zero as described in, and subject as provided in, Condition 7 (*Loss absorption following a Trigger Event*).

Noteholders will lose all of their investment as a result of such a reduction to the outstanding principal amount of the Contingent Capital Notes. Any such reduction of the outstanding principal amount of the Contingent Capital Notes shall not constitute an Enforcement Event and, following such reduction, Noteholders will have no further claim in respect of principal.

Furthermore, upon the occurrence of a reduction of the outstanding principal amount of the Contingent Capital Notes to zero, (i) interest will cease to accrue and (ii) all claims to interest amounts or additional amounts that were not due and payable prior to the date on which the Trigger Event Notice is given shall become null and void. Consequently, Noteholders will not be entitled to receive any interest that has accrued on the Contingent Capital Notes from (and including) the last interest payment date falling on or prior to the date on which the Trigger Event Notice is given.

Investors should note that any such reduction will be irrevocable and the Noteholders will, upon the occurrence of a Trigger Event (subject as provided in Condition 7 (*Loss absorption following a Trigger Event*)), not (i) receive any shares of Nykredit Realkredit or be entitled to any other participation in the upside potential of any equity or debt securities issued by Nykredit Realkredit or any other member of the Nykredit Realkredit Group and/or the Nykredit Holding Group, or (ii) be entitled to any subsequent write-up or any other compensation in the event of a potential recovery Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group.

The market price of the Contingent Capital Notes is expected to be affected by fluctuations in the Common Equity Tier 1 Capital Ratio of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group. Any indication that the Common Equity Tier 1 Capital Ratio of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group is trending towards 7.00 per cent. may have an adverse effect on the market price of the Contingent Capital Notes. The level of the Common Equity Tier 1 Capital Ratio of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group may significantly affect the trading price of the Contingent Capital Notes.

Investors should note that, while such a reduction of the outstanding principal amount of the Contingent Capital Notes is not common, it is an appreciable risk and is not limited to the liquidation or bankruptcy of Nykredit Realkredit.

*Contingent Capital Notes: the calculation of the Common Equity Tier 1 Capital Ratios will be affected by a number of factors, many of which may be outside Nykredit Realkredit's control*

The occurrence of a Trigger Event and, therefore a reduction of the outstanding principal amount of the Contingent Capital Notes, is inherently unpredictable and depends on a number of factors, many of which may be outside Nykredit Realkredit's control. Because the Relevant Regulator may require the Common Equity Tier 1 Capital Ratios to be calculated as of any date, a Trigger Event could occur at any time. The calculation of the Common Equity Tier 1 Capital Ratios of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group could be affected by a wide range of factors, including, among other things, factors affecting the level of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group's earnings or dividend payments, the mix of businesses, the ability to effectively manage the risk exposure amounts in both the ongoing businesses and those Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group may seek to exit, losses in commercial banking, investment banking or other businesses, changes in the Nykredit Realkredit Group's and/or the Nykredit Holding Group's structure or organisation, or any of the factors described in "*Description of Nykredit Realkredit A/S*". The calculation of the ratios also may be affected by changes in applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion under the applicable accounting rules is exercised.

Due to the uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, the outstanding principal amount of the Contingent Capital Notes may be reduced to zero. Accordingly, the trading behaviour of the Contingent Capital Notes may not necessarily follow the trading behaviour of other types of subordinated securities. Any indication that the Common Equity Tier 1 Capital Ratio of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group is approaching the level that would trigger a Trigger Event may have an adverse effect on the market price and liquidity of the Contingent Capital Notes. Under such circumstances, investors may not be able to sell their Contingent Capital Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

*The claims of holders of Subordinated Notes and Contingent Capital Notes are subordinated*

Subject, in the case of Contingent Capital Notes only, to Condition 7 (*Loss absorption following a Trigger Event*), the Subordinated Notes and the Contingent Capital Notes will constitute direct, unsecured and subordinated debt obligations of Nykredit Realkredit as described in Condition 4 (*Status of the Notes*).

Nykredit Realkredit may issue other subordinated obligations or capital instruments that rank or are expressed to rank senior to the Subordinated Notes and the Contingent Capital Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit. In the event of a liquidation or bankruptcy of Nykredit Realkredit, Nykredit Realkredit will be required to pay its depositors, its unsubordinated creditors and its other subordinated creditors other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to each of the Subordinated Notes and the Contingent Capital Notes, as applicable, in full before it can make any payments on the Subordinated Notes and the Contingent Capital Notes, as applicable. If this occurs, Nykredit Realkredit may not have enough assets remaining after these payments are made to pay amounts due under the Subordinated Notes and Contingent Capital Notes, as applicable.

*The Senior Resolution Notes rank junior to unsubordinated creditors*

Subject to Condition 6 (*Loss absorption following a Resolution Event*) the Senior Resolution Notes will constitute direct and unsecured debt obligations of Nykredit Realkredit, which rank as described in Condition

4 (Status of the Notes) and, in particular, the Senior Resolution Notes will rank junior to present or future claims of unsubordinated creditors of the Issuer.

Nykredit Realkredit may issue other unsubordinated obligations or capital instruments that rank or are expressed to rank senior to the Senior Resolution Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit. In the event of a liquidation or bankruptcy of Nykredit Realkredit, Nykredit Realkredit will be required to pay its depositors and its unsubordinated creditors in full before it can make any payments on the Senior Resolution Notes. If this occurs, Nykredit Realkredit may not have enough assets remaining after these payments are made to pay amounts due under the Senior Resolution Notes.

*The BRRD Amendment Proposal contains a proposal for the introduction of non-preferred senior debt, which may affect the relative ranking of Senior Resolution Notes*

According to the proposed changes to Article 108 as contained in the BRRD Amendment Proposal a new class of “non-preferred” senior debt (“**non-preferred senior debt**”) is created for credit institutions subject to the MREL requirement. The non-preferred senior debt will, according to the BRRD Amendment Proposal, rank junior to a credit institution’s most senior (preferred) ranking unsecured debt, but senior to Common Equity Tier 1 Capital, Additional Tier 1 Capital, Tier 2 Capital and other unsecured senior debt, which is expressed to rank junior to the non-preferred senior debt. If Article 108 is implemented in Denmark as set out in the BRRD Amendment Proposal and also made applicable for mortgage banks such as Nykredit Realkredit, then obligations under any future issuance by Nykredit Realkredit of such non-preferred senior debt would rank senior to the Senior Resolution Notes and could therefore affect the relative ranking of the Senior Resolution Notes.

*Senior Resolution Notes: loss absorption following a Resolution Event*

The Senior Resolution Notes include a principal loss absorption feature that means that the proceeds of their issue will be available to absorb any losses of Nykredit Realkredit and/or the Nykredit Realkredit Group upon the occurrence of a Resolution Event. The principal loss absorption feature is included as a contractual provision of the Senior Resolution Notes as a result of the fact that the general bail-in tool under the BRRD as implemented in Denmark does not apply to Danish mortgage banks such as Nykredit Realkredit. The principal loss absorption feature applicable to the Senior Resolution Notes is (A) intended to have the same effect as the general bail-in tool would have to an institution to which the general bail-in tool applies and (B) included as a contractual provision in the Conditions as the Senior Resolution Notes are intended to be (i) used to fulfil the debt buffer requirement of Nykredit Realkredit and Totalkredit A/S pursuant to section 125i of the Danish Financial Business Act and (ii) eligible for inclusion in the Additional Loss-Absorbing Capacity of Nykredit Realkredit as described by Standard & Poor’s Rating Services.

Upon the occurrence of a Resolution Event, the Outstanding Principal Amounts of the Senior Resolution Notes may be written-down permanently (in whole or in part) or the Senior Resolution Notes may be converted (in whole or in part) into a subordinated instrument of Nykredit Realkredit, all as determined by the Relevant Regulator and/or the Danish Resolution Authority, provided that all other debt instruments and other obligations of Nykredit Realkredit which are expressed to rank or which rank junior to the Senior Resolution Notes in the case of bankruptcy or liquidation of Nykredit Realkredit have already fully absorbed losses of Nykredit Realkredit to the extent required by the Danish Resolution Authority before any write-down or conversion of the Senior Resolution Notes pursuant to the application of this provision.

Holders of Senior Resolution Notes will lose all or a part of their investment as a result of (i) such a write-down to the Outstanding Principal Amounts of the Senior Resolution Notes or (ii) such a conversion of the

Senior Resolution Notes to a subordinated instrument. Any such write-down or conversion is not a default in payment pursuant to the Conditions.

Following (i) a write-down of the Outstanding Principal Amounts of the Senior Resolution Notes or (ii) a conversion of the Senior Resolution Notes into a subordinated instrument of Nykredit Realkredit, in either case as described above, the holders of Senior Resolution Notes will be automatically deemed to waive irrevocably their right to receive, and no longer have any rights against Nykredit Realkredit with respect to, repayment of the aggregate principal amount of the Senior Resolution Notes so written down or converted (such amount, the “**Written Down Amount**” or the “**Converted Amount**”) or any accrued but unpaid interest on the Written Down Amount or Converted Amount.

Investors should note that any such write-down or conversion as a result of the occurrence of a Resolution Event will be irrevocable and that the holders of Senior Resolution Notes will, following any such write-down or conversion, not be entitled (A) to any subsequent reinstatement of any Written Down Amount or any Converted Amount or (B) to receive any additional subordinated instruments or any other compensation in the event of a potential recovery of Nykredit Realkredit and/or the Nykredit Realkredit Group.

The market price of the Senior Resolution Notes is expected to be affected by the financial viability of Nykredit Realkredit and/or the Nykredit Realkredit Group. Any indication that Nykredit Realkredit and/or the Nykredit Realkredit Group is failing or likely to fail may have an adverse effect on the market price of the Senior Resolution Notes.

Investors should note that, while neither a write-down of the Outstanding Principal Amounts of the Senior Resolution Notes nor a conversion of the Senior Resolution Notes into a subordinated instrument of Nykredit Realkredit is common, the occurrence of either such event is an appreciable risk and is not limited to the liquidation or bankruptcy of Nykredit Realkredit.

*Uncertainty in respect of the enforceability relating to the principal loss absorption feature of the Senior Resolution Notes*

The principal loss absorption feature for the Senior Resolution Notes included in the Conditions grants broad powers and a wide discretion to the Relevant Regulator and/or the Danish Resolution Authority as to the precise scope and manner in which the loss absorption should be effected if a Resolution Event were to occur. Certain provisions of the BRRD as implemented into Danish law would apply to an application of the principal loss absorption feature. For example, according to section 49 of the Danish Recovery and Resolution Act, the Danish Resolution Authority can only exercise its powers to write-down or convert the Senior Resolution Notes as described in Condition 6 (*Loss absorption following a Resolution Event*) to the extent that the holders of Senior Resolution Notes do not incur greater losses than they would have incurred had Nykredit Realkredit been wound up under normal insolvency proceedings. Moreover, section 125i, subsection 6 of the Danish Financial Business Act stipulates that the Danish Financial Supervisory Authority may require that the debt buffer requirement for a Danish mortgage bank be met in whole or in part with capital or debt instruments which contain a contractual provision providing for write-down or conversion. However, unlike the general bail-in tool which applies to Danish banks, but not to Danish mortgage banks such as Nykredit Realkredit, there is no explicit statutory basis for the principal loss absorption feature. The broad powers and large discretion granted to the Relevant Regulator and/or the Danish Resolution Authority and the lack of statutory basis for the principal loss absorption feature mean that there is some uncertainty in respect of (i) the enforceability of the principal loss absorption feature and (ii) the precise scope and manner in which it may be effected if a Resolution Event were to occur.

*Senior Resolution Notes are new types of instruments for which there is a limited trading history*

Prior to the issue by Nykredit Realkredit of senior resolution notes in June 2016, Danish issuers had not issued securities with a ranking senior to Tier 2 Capital and junior to unsubordinated creditors. Accordingly, there is limited trading history for securities of Danish credit institutions with this ranking. Market participants, including credit rating agencies, are in the initial stages of evaluating the risks associated with obligations which rank as senior resolution securities such as the Senior Resolution Notes. The credit ratings assigned to senior resolution securities such as the Senior Resolution Notes may change as the rating agencies refine their approaches, and the value of such securities may be particularly volatile as the market becomes more familiar with them. It is possible that, over time, the credit ratings and value of senior resolution securities such as the Senior Resolution Notes will be lower than those expected by investors at the time of issuance of the Senior Resolution Notes. If so, investors may incur losses in respect of their investments in the Senior Resolution Notes.

*Notes subject to redemption by the relevant Issuer upon the occurrence of a Tax Event or for tax reasons*

Subject as provided in the Conditions, Nykredit Realkredit may, at its option, redeem all, but not some only, of the Senior Resolution Notes, Subordinated Notes and/or Contingent Capital Notes at any time at their Early Redemption Amount plus accrued interest thereon upon the occurrence of a Tax Event.

Subject as provided in the Conditions, the relevant Issuer may, at its option, redeem all, but not some only, of the Unsubordinated Notes at any time at their Early Redemption Amount plus accrued interest thereon upon it being required to pay additional amounts as provided in Condition 11 (*Taxation*).

An early redemption feature is likely to limit the market value of the Notes. During any period when the relevant Issuer may elect to redeem the relevant Notes, the market value of the relevant Notes generally will not rise substantially above the price at which they can be redeemed.

The relevant Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the relevant Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the relevant Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*Subordinated Notes and Contingent Capital Notes subject to redemption by Nykredit Realkredit upon the occurrence of a Capital Event*

Subject as provided in the Conditions, Nykredit Realkredit may, at its option, redeem all, but not some only, of the Subordinated Notes and Contingent Capital Notes at any time at their Early Redemption Amount plus accrued interest thereon upon the occurrence of a Capital Event.

An early redemption feature is likely to limit the market value of the Subordinated Notes and Contingent Capital Notes. During any period when Nykredit Realkredit may elect to redeem the Subordinated Notes and/or the Contingent Capital Notes, as applicable, the market value of the Subordinated Notes and/or the Contingent Capital Notes, as applicable, generally will not rise substantially above the price at which they can be redeemed.

Nykredit Realkredit may be expected to redeem the Subordinated Notes and/or the Contingent Capital Notes, as applicable, when its cost of borrowing is lower than the interest rate on the Subordinated Notes and/or the Contingent Capital Notes, as applicable. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Subordinated Notes and/or the Contingent Capital Notes, as applicable, being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*Senior Resolution Notes may be subject to redemption by Nykredit Realkredit upon the occurrence of an Eligibility Event*

Subject as provided in the Conditions, and if so specified in the relevant Final Terms or Pricing Supplement, as applicable, Nykredit Realkredit may, at its option, redeem all, but not some only, of the Senior Resolution Notes at any time at their Early Redemption Amount plus accrued interest thereon upon the occurrence of an Eligibility Event.

An early redemption feature is likely to limit the market value of the Senior Resolution Notes. During any period when Nykredit Realkredit may elect to redeem the Senior Resolution Notes the market value of the Senior Resolution Notes generally will not rise substantially above the price at which they can be redeemed.

Nykredit Realkredit may be expected to redeem the Senior Resolution Notes, as applicable, when its cost of borrowing is lower than the interest rate on the Senior Resolution Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Senior Resolution Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*Substitution and variation of the Senior Resolution Notes without consent from the Noteholders*

If an Alignment Event, and/or an Eligibility Event and/or a Rating Methodology Event and/or a Tax Event has/have occurred and is/are continuing, Nykredit Realkredit may, at its option, substitute all (but not some only) of the Senior Resolution Notes or vary the terms of all (but not some only) of the Senior Resolution Notes without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Senior Resolution Notes.

Qualifying Senior Resolution Notes are securities issued or guaranteed by Nykredit Realkredit that have, *inter alia*, terms not prejudicial to the interests of the Noteholders compared to the terms of the Senior Resolution Notes (provided that Nykredit Realkredit shall have delivered a certificate to that effect signed by two members of its Executive Board to the Fiscal Agent). There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Senior Resolution Notes will be as favourable to each Noteholder in all respects.

*Substitution and variation of the Subordinated Notes without consent from the Noteholders*

If a Capital Event and/or a Tax Event, has/have occurred and is/are continuing, Nykredit Realkredit may, if so specified in the relevant Final Terms or Pricing Supplement, as applicable, at its option, substitute all (but not some only) of the Subordinated Notes or vary the terms of all (but not some only) of the Subordinated Notes without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Subordinated Notes.

Qualifying Subordinated Notes are securities issued or guaranteed by Nykredit Realkredit that have, *inter alia*, terms not prejudicial to the interests of the Noteholders compared to the terms of the Subordinated Notes (provided that Nykredit Realkredit shall have delivered a certificate to that effect signed by two members of its Executive Board to the Fiscal Agent). There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Subordinated Notes will be as favourable to each Noteholder in all respects.

*It is expected that the credit rating of Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes by one or more credit rating agencies will be lower than Nykredit Realkredit's credit rating reflecting the increased risk of loss in the event of the Nykredit Realkredit's insolvency*

The Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes, upon issue, are expected to be rated by one or more credit rating agencies lower than Nykredit Realkredit's credit rating, reflecting the

increased risk of loss in the event of Nykredit Realkredit's insolvency. As a result, Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes may be subject to a higher risk of price volatility than Unsubordinated Notes.

In addition, the rating may change in the future depending on the assessment, by one or more credit rating agencies, of the impact on the different instrument classes resulting from the changed liability structure following the issuance of the Senior Resolution Notes.

*There are no events of default and limited enforcement events in relation to Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes*

Each Series of Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes will not contain any events of default and will only contain limited enforcement events relating to:

- (i) non-payment by Nykredit Realkredit of any amounts due under the relevant Series of Notes. In such circumstances, as described in more detail in Condition 14 (*Enforcement Events*) and subject as provided below, a Noteholder may institute proceedings in Denmark in order to recover the amounts due from Nykredit Realkredit to such Noteholder; and
- (ii) the liquidation or bankruptcy of Nykredit Realkredit. In such circumstances, as described in more detail in Condition 14 (*Enforcement Events*), the relevant Series of Notes will become due and payable at their outstanding principal amount, together with accrued interest thereon.

Accordingly, a Noteholder under such Series of Notes may not itself file for the liquidation or bankruptcy of Nykredit Realkredit.

Furthermore, according to Section 17(2) of the Danish Bankruptcy Act, a debtor is insolvent if it cannot meet its obligations as and when they fall due, unless the inability to meet such obligations may be considered to be temporary. However, according to Section 234(2) of the Danish Financial Business Act, notwithstanding Section 17(2) of the Danish Bankruptcy Act, if Nykredit Realkredit cannot meet its obligations regarding capital raised as Tier 2 Capital, which as of the date hereof will include the Subordinated Notes and the Contingent Capital Notes, Nykredit Realkredit is not considered insolvent. Therefore, even if Nykredit Realkredit cannot meet its obligations regarding capital raised as Tier 2 Capital, Nykredit Realkredit will not be considered insolvent.

*Contingent Capital Notes with no scheduled redemption*

Contingent Capital Notes may be issued with a fixed maturity date or with no fixed maturity, as specified in the relevant Final Terms or Pricing Supplement, as applicable. Contingent Capital Notes with no fixed maturity specified in the relevant Final Terms or Pricing Supplement, as applicable, are perpetual securities and will have no fixed date for redemption. Nykredit Realkredit is under no obligation to redeem the Contingent Capital Notes at any time (except as provided in Condition 8 (*Redemption, purchase and options*)) and, in any such case, Nykredit Realkredit's redemption options are always subject to Condition 8(j) (*Conditions to redemption etc. prior to the Maturity Date*) and Condition 9 (*Replacement Capital*) if so specified in the relevant Final Terms or Pricing Supplement, as applicable. There will be no redemption at the option of the Noteholders and thus the Contingent Capital Notes will only become redeemable to the extent Nykredit Realkredit exercises one of its redemption options.

*Notes subject to optional redemption by the relevant Issuer*

An optional redemption feature is likely to limit the market value of the Notes. During any period when the relevant Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the relevant Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the relevant Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Depositor preference*

As part of the reforms required by the BRRD, amendments have been made to relevant legislation in Denmark to establish a preference in the insolvency hierarchy for certain deposits that are eligible for protection by the Danish deposit guarantee scheme and the uninsured element of such deposits and, in certain circumstances, deposits made in non-EEA branches of EEA credit institutions. In addition, the Danish implementation of the Revised Deposit Guarantee Scheme increased the nature and quantum of insured deposits to cover a wide range of deposits, including corporate deposits (unless the depositor is a public sector body or financial institution) and some temporary high value deposits. The effect of these changes is to increase the size of the class of preferred creditors. All such preferred deposits will rank in the insolvency hierarchy ahead of all other unsecured creditors of credit institutions which accept deposits such as Nykredit Bank, including the holders of Notes issued by Nykredit Bank.

Furthermore, insured deposits are excluded from the scope of the general bail-in tool. As a result, if the general bail-in tool were exercised by the relevant resolution authority, Notes in respect of which the general bail-in tool are applicable (that is, Unsubordinated Notes issued by Nykredit Bank) would be more likely to be bailed-in than certain other unsubordinated liabilities of Nykredit Bank such as other preferred deposits.

#### *Reset Notes*

Reset Notes will initially bear interest at the relevant Initial Rate of Interest until (but excluding) the relevant First Reset Date. On the relevant First Reset Date, the relevant Second Reset Date (if applicable) and each relevant Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the relevant Mid-Swap Rate and the relevant Subsequent Reset Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Interest Determination Date (each such interest rate, a “**Subsequent Reset Rate of Interest**”). The Subsequent Reset Rate of Interest for any relevant Reset Interest Period could be less than the relevant Initial Rate of Interest or the relevant Subsequent Reset Rate of Interest for prior Reset Interest Periods, which could affect the market value of an investment in the relevant Notes.

#### *No right of set-off or counterclaim*

Subject as provided in the Conditions and as a general principle of Danish law, in respect of Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes, no Noteholder, who shall in the event of the liquidation or bankruptcy of Nykredit Realkredit be indebted to Nykredit Realkredit, shall be entitled to exercise any right of set-off or counterclaim against moneys owed by Nykredit Realkredit in respect of the Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes held by such Noteholder.

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *Risks related to Notes generally*

Set out below is a brief description of certain risks relating to the Notes generally:

### *Modification and waivers*

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Issuer may also, subject to the provisions of Condition 20 (*Modification of Notes*), make any modification to the Notes, which is not prejudicial to the interests of the Noteholders without the consent of the Noteholders. Any such modification shall be binding on the Noteholders.

*Because the Notes are dematerialised securities, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer.*

Notes issued under the Programme will not be evidenced by any physical note or document of title other than statements of account made by VP or other securities depository through which the Notes are issued and settled. Ownership of the Notes will be recorded and transfer effected only through the book entry system and register maintained by VP or other securities depository through which the Notes are issued and settled.

### *Minimum trading amount of Notes (other than Exempt Notes)*

All trades in Notes (other than Exempt Notes) shall either be in a minimum amount of EUR 100,000 or the minimum specified denomination of each Note (other than Exempt Notes) shall be a minimum EUR 100,000 (or, in each case, if the Notes (other than Exempt Notes) are denominated in a currency other than euro, the equivalent amount as of the relevant date of issue in such other currency). In such a case a Noteholder who, as a result of trading such amounts, holds an amount which is less than EUR 100,000 in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of the Notes (other than Exempt Notes) at or in excess of EUR 100,000 such that its holding amounts to EUR 100,000 or above (or, in each case, if the Notes (other than Exempt Notes) are denominated in a currency other than euro, the equivalent amount as of the relevant date of issue in such other currency).

### *Change of law*

The Conditions are based on Danish law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to Danish law or administrative practice after the date of issue of the relevant Notes.

### ***Risks related to the market generally***

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If a market does develop, it may not be very liquid and any liquidity in such market could be significantly affected by any purchase and cancellation of the Notes by the relevant Issuer or any of its subsidiaries, as provided in Condition 8 (*Redemption, purchase and options*). Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

#### *Exchange rate risks and exchange controls*

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

#### *Interest rate risks*

Investment in Notes with a fixed rate of interest for all or part of their tenor involves the risk that subsequent changes in market interest rates may adversely affect the value of such Notes.

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, there is no guarantee that any rating of the Notes and/or the Issuers will be maintained by each Issuer following the date of this Base Prospectus. If any rating assigned to a Series of Notes and/or the relevant Issuer is revised lower, suspended, withdrawn or not maintained by the relevant Issuer, the market value of such Notes may be reduced. Furthermore, any reduction in the credit rating of any of the Issuers could cause a deterioration in the market's perception of the Issuers' financial resilience, which could significantly increase its borrowing costs and/or limit the Issuers' access to liquidity, especially in the short term money market, such as the market for issuance of commercial paper, thus adversely affecting the Issuers' competitive position, increase its funding costs and, hence, have an adverse effect on the Issuers' business, results, financial position of prospects.

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

#### *The Issuers are exposed to changing methodology by rating agencies*

The Issuers are exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may materially and adversely affect the relevant Issuer's operations or financial condition, the relevant Issuer's willingness or ability to leave individual transactions outstanding and adversely affect the relevant Issuer's capital market standing.

#### *The Issuers may decline ratings and the Notes may be rated on a non-solicited basis*

To the extent permitted by a rating agency hired by the relevant Issuer, the relevant Issuer may decline a rating (which may include a non-investment grade rating) assigned by the hired rating agency to the Notes, which would typically delay the publication of that rating by such rating agency. In addition to ratings assigned by any hired rating agencies, rating agencies not hired by the relevant Issuer to rate the Notes may assign unsolicited ratings. If any non-hired rating agency assigns an unsolicited rating to the Notes, there can

be no assurance that such rating will not differ from, or be lower than, the ratings provided by a hired rating agency. The decision to decline a rating assigned by a hired rating agency, the delayed publication of such rating or the assignment of a non-solicited rating by a rating agency not hired by the relevant Issuer could adversely affect the market value and liquidity of the Notes.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## IMPORTANT INFORMATION

### *PRIIPS Regulation – EEA Retail Investors*

If the relevant Final Terms or Pricing Supplement, as applicable, in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) no. 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### *Contingent Capital Notes is subject to certain PI Rules*

In June 2015, the United Kingdom Financial Conduct Authority published Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the “**PI Instrument**”). Under the rules set out in the PI Instrument (as amended or replaced from time to time, the “**PI Rules**”), certain contingent write-down or convertible securities, such as the Contingent Capital Notes, must not be sold to retail clients in the EEA and there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exceptions set out in the PI Rules.

Certain of the Dealers may be required to comply with the PI Rules. In addition, by purchasing, or making or accepting an offer to purchase, any Contingent Capital Notes from Nykredit Realkredit and/or the Dealers, each prospective investor in relation to the Contingent Capital Notes represents, warrants, agrees with and undertakes to Nykredit Realkredit and each of the Dealers that:

1. it is not a retail client in the EEA (as defined in the PI Rules);
2. whether or not it is subject to the PI Rules, it will not sell or offer the Contingent Capital Notes to retail clients in the EEA or communicate (including the distribution of this Base Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Contingent Capital Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the PI Rules), other than (i) in relation to any sale of or offer to sell Contingent Capital Notes to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale of or offer to sell Contingent Capital Notes to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Contingent Capital Notes and is able to bear the potential losses involved in an investment in the Contingent Capital Notes and (b) it has at all times acted in relation to such sale or offer in compliance with MiFID to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Contingent Capital Notes, including any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Contingent Capital Notes by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Contingent Capital Notes from Nykredit Realkredit and/or the Dealers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following overview is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this general description of the Programme.*

<b>Issuers:</b>	Nykredit Realkredit A/S Nykredit Bank A/S
<b>Description:</b>	Euro Medium Term Note Programme
<b>Size:</b>	€5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time
<b>Arrangers:</b>	BNP Paribas Nykredit Realkredit A/S
<b>Dealers:</b>	The relevant Issuer may from time to time appoint dealers either in respect of one or more Tranches. References in this Base Prospectus to “ <b>Dealers</b> ” are to all persons appointed as a dealer in respect of one or more Tranches.
<b>Fiscal Agent and Paying Agent:</b>	If Nykredit Realkredit A/S is the Issuer: Nykredit Realkredit A/S. If Nykredit Bank A/S is the Issuer: Nykredit Bank A/S
<b>Issuing Agent:</b>	If Nykredit Realkredit A/S is the Issuer: Nykredit Realkredit A/S (being authorised by VP to process and register issues in the system operated by VP). If Nykredit Bank A/S is the Issuer: Nykredit Bank A/S (being authorised by VP to process and register issues in the system operated by VP).
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in Series having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the relevant Final Terms or Pricing Supplement, as applicable.
<b>Issue Price:</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
<b>Form of Notes</b>	The Notes will be issued in dematerialised book entry form.
<b>Clearing System:</b>	VP Securities A/S or another securities depository specified in the relevant Final Terms or Pricing Supplement, as applicable.

**Status of Notes:**

Nykredit Realkredit A/S may issue Unsubordinated Notes, Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes, as specified in the relevant Final Terms or Pricing Supplement, as applicable. Nykredit Bank A/S may issue Unsubordinated Notes.

Unsubordinated Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and rank *pari passu* without any preference among themselves and, save for such exceptions as may be provided by applicable legislation, at least *pari passu* with all other unsubordinated obligations of the relevant Issuer, present and future.

Subject to Condition 6 (*Loss absorption following a Resolution Event*), Senior Resolution Notes will constitute direct and unsecured debt obligations of Nykredit Realkredit, and shall at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with any other obligations or instruments of Nykredit Realkredit that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit;
- (iii) senior to holders of Nykredit Realkredit's ordinary shares and any other obligations or capital instruments of Nykredit Realkredit that rank or are expressed to rank junior to the Notes, including any obligations or capital instruments of Nykredit Realkredit which constitute Additional Tier 1 Capital or Tier 2 Capital or which rank or are expressed to rank *pari passu* with Additional Tier 1 Capital or Tier 2 Capital, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit; and
- (iv) junior to present or future claims of unsubordinated creditors of Nykredit Realkredit.

Subordinated Notes (in Danish: "*kapitalbeviser*") on issue will constitute Tier 2 Capital of Nykredit Realkredit.

Subordinated Notes will constitute direct, unsecured and subordinated debt obligations of Nykredit Realkredit, and shall at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with (a) any obligations or capital instruments of Nykredit Realkredit which constitute Tier 2 Capital (including Contingent Capital Notes) and (b) any other obligations or capital instruments of Nykredit Realkredit that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive

repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit;

- (iii) senior to holders of Nykredit Realkredit's ordinary shares and any other obligations or capital instruments of Nykredit Realkredit that rank or are expressed to rank junior to the Notes including any Junior Securities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit; and
- (iv) junior to present or future claims of (a) unsubordinated creditors of Nykredit Realkredit and (b) subordinated creditors of Nykredit Realkredit other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes.

Contingent Capital Notes (in Danish: "*kapitalbeviser*") on issue will constitute Tier 2 Capital of Nykredit Realkredit.

Subject to Condition 7 (*Loss absorption following a Trigger Event*), Contingent Capital Notes will constitute direct, unsecured and subordinated debt obligations of Nykredit Realkredit, and shall at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with (a) any obligations or capital instruments of Nykredit Realkredit which constitute Tier 2 Capital (including Subordinated Notes) and (b) any other obligations or capital instruments of Nykredit Realkredit that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit;
- (iii) senior to holders of Nykredit Realkredit's ordinary shares and any other obligations or capital instruments of Nykredit Realkredit that rank or are expressed to rank junior to the Notes including any Junior Securities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit; and
- (iv) junior to present or future claims of (a) unsubordinated creditors of Nykredit Realkredit and (b) subordinated creditors of Nykredit Realkredit other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes.

Each Issuer reserves the right in the future to issue other notes or capital instruments which rank identical to, or different to, the Notes.

- Currencies:** Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer and the relevant Dealer(s).
- Maturities:** Notes may be issued having any maturity, subject to such minimum or maximum maturity as may be allowed or required from time to time by the Relevant Regulator or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency. Contingent Capital Notes may also be issued with no fixed maturity.
- As at the date of this Base Prospectus, the Danish Financial Business Act provides that, to be eligible to fulfil the Debt Buffer Requirement, each Tranche of Senior Resolution Notes must have an original maturity of at least two years and CRD IV provides that, to be treated as Tier 2 Capital, each Tranche of Subordinated Notes or Contingent Capital Notes must have an original maturity of at least five years.
- Redemption:** Subject to any purchase and cancellation or early redemption or, in the case of Contingent Capital Notes only, unless the relevant Final Terms or Pricing Supplement, as applicable, provides that such Notes are perpetual securities that have no fixed date for redemption, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date.
- Specified Denomination:** Notes will be issued in such denominations as may be specified in the relevant Final Terms or Pricing Supplement, as applicable, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and save that in respect of Notes other than Exempt Notes either (i) all trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of €100,000 or (ii) the minimum specified denomination of each Note will be €100,000 (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount as of the relevant date of issue in such other currency).
- Fixed Rate Notes:** Fixed Rate Notes will bear interest at a fixed rate of interest specified in the relevant Final Terms or Pricing Supplement, as applicable, and will be payable in arrear on the date or dates in each year specified in the relevant Final Terms or Pricing Supplement, as applicable.
- Floating Rate Notes:** Floating Rate Notes will bear interest determined separately for each Series as follows:
- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
  - (ii) by reference to LIBOR, EURIBOR, CIBOR, STIBOR or

NIBOR as adjusted for any applicable margin,

in each case, all as specified in the relevant Final Terms or Pricing Supplement, as applicable.

Interest periods will be specified in the relevant Final Terms or Pricing Supplement, as applicable, and interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms or Pricing Supplement, as applicable.

**Reset Notes:**

Reset Notes will have reset provisions pursuant to which the relevant Notes will, in respect of an initial period, bear interest at an initial fixed rate of interest specified in the relevant Final Terms or Pricing Supplement, as applicable. Thereafter, the fixed rate of interest will be reset on one or more date(s) by reference to a mid-market swap rate for the relevant Specified Currency, and for a period equal to the Reset Period, as adjusted for any applicable margin, in each case as may be specified in the relevant Final Terms or Pricing Supplement, as applicable. Interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms or Pricing Supplement, as applicable.

**Interest Periods and Interest Rates:**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms or Pricing Supplement, as applicable.

**Optional redemption:**

The relevant Final Terms or Pricing Supplement, as applicable, will state whether the relevant Notes may be redeemed prior to their stated maturity (if any) at the option of the relevant Issuer and, if so, the terms applicable to such redemption. Any such redemption shall (in the case of Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes only) be subject to the provisions of Condition 8(k) (*Conditions to redemption etc.*) and (in the case of Contingent Capital Notes only) Condition 9 (*Replacement Capital*) to the extent it is applicable. The first optional redemption date in relation to any Series of Subordinated Notes or Contingent Capital Notes may occur no earlier than the fifth anniversary of the date of issue of the last Tranche of the Notes of such Series.

**Redemption for tax reasons  
(Unsubordinated Notes only):**

In the case of Unsubordinated Notes only, early redemption will be permitted at the option of the relevant Issuer for tax reasons as described in Condition 8(c)(i).

**Redemption upon the  
occurrence of a Tax Event  
(Senior Resolution Notes,  
Subordinated Notes and  
Contingent Capital Notes only):**

In the case of Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes only, early redemption will be permitted at the option of Nykredit Realkredit upon the occurrence of a Tax Event as described in Condition 8(c)(ii) and subject to the provisions of Condition 8(k) (*Conditions to redemption etc.*).

**Redemption upon the occurrence of a Capital Event (Subordinated Notes and Contingent Capital Notes only):**

In the case of Subordinated Notes and Contingent Capital Notes only, subject to the provisions of Condition 8(k) (*Conditions to redemption etc.*), redemption will be permitted at the option of Nykredit Realkredit upon the occurrence of a Capital Event as described in Condition 8(d) (*Redemption upon the occurrence of a Capital Event*).

**Redemption upon the occurrence of an Eligibility Event (Senior Resolution Notes only):**

In the case of Senior Resolution Notes only, if so specified in the relevant Final Terms or Pricing Supplement, as applicable, early redemption will be permitted at the option of Nykredit Realkredit upon the occurrence of an Eligibility Event as described in Condition 8(e) (*Redemption upon the occurrence of an Eligibility Event*) and subject to the provisions of Condition 8(k) (*Conditions to redemption etc.*).

**Substitution and variation (Senior Resolution Notes only):**

In the case of Senior Resolution Notes only, if an Alignment Event and/or an Eligibility Event and/or a Rating Methodology Event and/or a Tax Event has/have occurred and is/are continuing, Nykredit Realkredit may subject to the provisions of Condition 8(k) (*Conditions to redemption etc.*), at its option, substitute all (but not some only) of the Senior Resolution Notes or vary the terms of all (but not some only) of the Senior Resolution Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Senior Resolution Notes.

**Substitution and variation (Subordinated Notes only):**

In the case of Subordinated Notes only, if a Capital Event and/or a Tax Event has/have occurred and is/are continuing, Nykredit Realkredit may, if so specified in the relevant Final Terms or Pricing Supplement, as applicable, subject to the provisions of Condition 8(k) (*Conditions to redemption etc.*), at its option, substitute all (but not some only) of the Subordinated Notes or vary the terms of all (but not some only) of the Subordinated Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Subordinated Notes.

**Loss absorption following a Resolution Event (Senior Resolution Notes only)**

In the case of Senior Resolution Notes only, upon the occurrence of a Resolution Event, the Outstanding Principal Amounts of the Senior Resolution Notes may be written-down permanently (in whole or in part) or the Senior Resolution Notes may be converted (in whole or in part) into a subordinated instrument of Nykredit Realkredit, all as determined by the Relevant Regulator and/or the Danish Resolution Authority as described, and subject as provided for in Condition 6 (*Loss absorption following a Resolution Event*).

**Loss absorption following a Trigger Event (Contingent Capital Notes only):**

In the case of Contingent Capital Notes only, if at any time a Trigger Event occurs, the Outstanding Principal Amount of the Contingent Capital Notes shall be reduced to zero as described, and subject as provided for in Condition 7 (*Loss absorption following a Trigger Event*).

**Replacement Capital (Contingent Capital Notes only):**

In the case of Contingent Capital Notes only, if so specified as applicable in the relevant Final Terms or Pricing Supplement, as applicable, for so long as Nykredit Realkredit solicits an issuer rating (or such similar nomenclature used by S&P from time to time) from S&P, Nykredit

Realkredit will only redeem the Contingent Capital Notes pursuant to Condition 8(f) (*Redemption at the option of the Issuer*) to the extent that the aggregate principal amount of the Contingent Capital Notes to be redeemed does not exceed such part of the net proceeds, received by Nykredit Realkredit and/or any member of the Nykredit Realkredit Group during the 360-day period prior to the date of such redemption, from the sale or issuance by Nykredit Realkredit and/or any member of the Nykredit Realkredit Group to third party purchasers (other than members of the Nykredit Realkredit Group), of securities that are assigned by S&P, at the time of sale or issuance, a level of “equity content” (or such similar nomenclature used by S&P from time to time) that is equal to or greater than the “equity content” assigned to the Contingent Capital Notes to be redeemed at the date of issue of the first Tranche of the Contingent Capital Notes (but taking into account any changes in bank capital methodology or another relevant methodology or the interpretation thereof since the date of issue of the first Tranche of the Contingent Capital Notes). This limitation will no longer apply if a Rating Methodology Event occurs.

**Negative pledge**

None.

**Enforcement Events in relation to Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes:**

In relation to Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes, there will be enforcement events relating only to non-payment (allowing a Noteholder to institute proceedings in Denmark in order to recover the amounts due from Nykredit Realkredit to such Noteholder) and the liquidation or bankruptcy of Nykredit Realkredit, provided that a Noteholder may not itself file for the liquidation or bankruptcy of Nykredit Realkredit.

**Meetings of Noteholders and modifications:**

The Notes contain provisions for calling meetings of holders of a Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of such Series including holders of such Series who did not attend and vote at the relevant meeting and holders of such Series who voted in a manner contrary to the majority.

The relevant Issuer may also, subject to Condition 8(k) (*Conditions to redemption*) in the case of Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes, make any modification to the relevant Series of Notes which is not prejudicial to the interests of the holders of such Series without the consent of the holders of such Series. Any such modification shall be binding on the holders of such Series.

**Ratings:**

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is to be rated, the applicable rating(s) will be specified in the relevant Final Terms or Pricing Supplement, as applicable.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

- Taxation:** All payments of principal and interest in respect of the Notes by or on behalf of the relevant Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Denmark or any political subdivision therein or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the relevant Issuer shall, save in certain limited circumstances provided in Condition 11 (*Taxation*), be required to pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.
- Governing law and jurisdiction:** The Conditions and the Notes shall be governed by, and construed in accordance with, Danish law and the courts of Denmark shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Conditions and the Notes.
- Listing and admission to trading:** Application may be made to Nasdaq Copenhagen A/S for Notes issued under the Programme (other than Exempt Notes) to be admitted to the official list of Nasdaq Copenhagen A/S and trading on its regulated market. A Series of Notes may also be unlisted or may be listed on other stock exchanges. The relevant Final Terms or Pricing Supplement, as applicable, in respect of the issue of any Notes will specify whether or not such Notes will be listed on Nasdaq Copenhagen A/S (or any other stock exchange).
- Selling restrictions:** For a description of restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, Japan and Denmark, see “*Subscription and Sale*” below.
- Exempt Notes:** The relevant Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes and this General Description of the Programme, in which event the relevant provisions will be included in the relevant Pricing Supplement.

## **PROSPECTUS SUPPLEMENT**

If at any time an Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to the Prospectus Directive as implemented in Denmark, the Issuers will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed on Nasdaq Copenhagen A/S, shall constitute a supplement to this Base Prospectus as required by the Prospectus Directive as implemented in Denmark.

Each Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there arises or is noted a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuers, and the rights attaching to the Notes, the Issuers shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with:

- (i) the audited consolidated annual financial statements of each Issuer for the financial years ended 31 December 2015 and 31 December 2016 together, in each case, with the audit report thereon; and
- (ii) the audited unconsolidated annual financial statements of each Issuer for the financial years ended 31 December 2015 and 31 December 2016, together, in each case, with the audit report thereon,

each of which has been previously published or is published simultaneously with this Base Prospectus. Such documents shall be incorporated in, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The audited annual consolidated financial statements of each Issuer for the two financial years ended 31 December 2015 and 31 December 2016, respectively, incorporated by reference herein have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and Danish disclosure requirements for issuers of listed bonds.

The audited consolidated financial statements of the Issuers for the financial year ended 31 December 2016 are presented and prepared in a form consistent with that which will be adopted in the Issuers' next published annual financial statements.

The table below sets out the relevant page references for (i) the audited consolidated and unconsolidated annual financial statements of each Issuer for the financial years ended 31 December 2015 and 31 December 2016 as set out in the relevant annual report of each Issuer for such periods (respectively, the "2015 Annual Report of Nykredit Realkredit", the "2016 Annual Report of Nykredit Realkredit", the "2015 Annual Report of Nykredit Bank", the "2016 Annual Report of Nykredit Bank" and together, the "Annual Reports of the Issuers"). Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only and does not form part of this Base Prospectus.

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**Audited unconsolidated annual financial statements of Nykredit Bank for the financial year ended 31 December 2016**

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The 2016 Annual Report of Nykredit Realkredit incorporated by reference herein can be viewed online at [https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/\\_stock\\_exchange\\_2017/realkredit/nykredit-realkredit-group-annual-report-2016-07022017.pdf](https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/_stock_exchange_2017/realkredit/nykredit-realkredit-group-annual-report-2016-07022017.pdf)

The 2015 Annual Report of Nykredit Realkredit incorporated by reference herein can be viewed online at [https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/\\_stock\\_exchange\\_2016/realkredit/nykredit-realkredit-group-annual-report-2015-110216.pdf](https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/_stock_exchange_2016/realkredit/nykredit-realkredit-group-annual-report-2015-110216.pdf).

The 2016 Annual Report of Nykredit Bank incorporated by reference herein can be viewed online at [https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/\\_stock\\_exchange\\_2017/nykredit-bank/nykredit-bank-group-annual-report-2016-07022017.pdf](https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/_stock_exchange_2017/nykredit-bank/nykredit-bank-group-annual-report-2016-07022017.pdf)

The 2015 Annual Report of Nykredit Bank incorporated by reference herein can be viewed online at [https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/\\_stock\\_exchange\\_2016/nykredit-bank/nykredit-bank-group-annual-report-2015-110216.pdf](https://www.nykredit.com/aboutnykredit/ressourcer/dokumenter/pdf/_stock_exchange_2016/nykredit-bank/nykredit-bank-group-annual-report-2015-110216.pdf)

The Annual Reports of the Issuers are English translations of the original reports in the Danish language. Each Issuer accepts responsibility for the English translations of the Annual Reports of the relevant Issuer.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms or (in the case of Exempt Notes only) subject to completion and/or amendment and/or replacement by the relevant Pricing Supplement, shall be applicable to the Notes. All capitalised terms that are not defined in the Conditions will have the meanings given to them in Part A of the relevant Final Terms or (in the case of Exempt Notes only) the relevant Pricing Supplement. Unless the context otherwise requires, references in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

### 1 Introduction

- (a) **Programme:** Nykredit Realkredit A/S, CVR no. 12719280 (“**Nykredit Realkredit**” or an “**Issuer**”) and Nykredit Bank A/S, CVR no. 10519608 (“**Nykredit Bank**” or an “**Issuer**”) have established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of notes (the “**Notes**”). References in the Conditions to the “**Issuer**” shall mean whichever of Nykredit Realkredit or Nykredit Bank is specified as the Issuer in the relevant Final Terms (as defined below) or Pricing Supplement (as defined below), as applicable.
- (b) **Final Terms or Pricing Supplement:** Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche of Notes other than Exempt Notes (as defined below) is the subject of a final terms document (the “**Final Terms**”) which completes these Terms and Conditions (the “**Conditions**”). Each Tranche of Exempt Notes is the subject of a pricing supplement (the “**Pricing Supplement**”) which completes and/or amends and/or replaces the Conditions. The terms and conditions applicable to any particular Tranche of Notes are the Conditions as completed by the relevant Final Terms or (in the case of Exempt Notes only) as completed and/or amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between the Conditions and the relevant Final Terms or Pricing Supplement, as applicable, the relevant Final Terms or Pricing Supplement, as applicable, shall prevail. Where a particular Condition is applicable only to certain classes or to a particular Tranche or Series of Notes, “**Notes**” shall be construed in accordance with the relevant Condition. References herein to “**Exempt Notes**” are to Notes for which no prospectus is required to be published under the Prospectus Directive (as defined below).
- (c) **Recording of Notes in dematerialised form:** Notes issued under the Programme will be recorded electronically in dematerialised form with VP Securities A/S (“**VP**” or the “**Securities Depository**”) with such terms deemed to include any successor or replacement thereto), Weidekampsgade 14, DK-2300 Copenhagen S, CVR no 21599336 (if Nykredit Realkredit is the Issuer) in accordance with an agreement between Nykredit Realkredit and VP (effective date 19 July 1993) or (if Nykredit Bank is the Issuer) in accordance with an agreement between Nykredit Bank and VP (effective date 12 July 1996) (Nykredit Realkredit or Nykredit Bank, in this capacity, the “**Issuing Agent**”). References herein to VP or the Securities Depository shall, wherever the context so permits, be deemed to include a reference to any additional or alternative securities depository specified in the relevant Final Terms or Pricing Supplement, as applicable. Settlement of the Notes may take place on the VP settlement platform, or on the TARGET2-Securities (T2S) platform, if the required conditions for T2S settlement as set out in VP’s settlement rules are fulfilled. The T2S platform provides harmonised and commoditised delivery-versus-payment settlement and corporate actions processing in central bank money.

### 2 Definitions

In the Conditions, in addition to the expressions defined in Condition 1 above, the following expressions have the following meanings:

“**Additional Tier 1 Capital**” means capital which is treated as Additional Tier 1 capital (or any equivalent or successor term) under the CRD IV requirements by the Relevant Regulator for the purposes of, as the case may be, Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group;

“**Affected Common Equity Tier 1 Capital Ratio(s)**” means whichever of the Common Equity Tier 1 Capital Ratio of Nykredit Realkredit, the Common Equity Tier 1 Capital Ratio of the Nykredit Realkredit Group and the Common Equity Tier 1 Capital Ratio of the Nykredit Holding Group has/have been affected by the occurrence of a Trigger Event pursuant to Condition 7;

“**Aggregate Nominal Amount**” has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

“**ALAC**” means Additional Loss-Absorbing Capacity (or such similar nomenclature used by S&P from time to time);

“**Alignment Event**” means, in respect of a Series of Senior Resolution Notes, as a result of the implementation of the Senior Ranking Amendment Legislation and/or any change in, or amendment to, the Senior Ranking Amendment Legislation and/or CRD IV and/or BRRD (including any provision of Danish law transposing or implementing BRRD) and/or the legislation relating to the Debt Buffer Requirement (as applicable), at any time after the date of issue of the last Tranche of such Senior Resolution Notes, Nykredit Realkredit would be able to issue an Eligible Liability that contains one or more provisions that are, in the reasonable opinion of Nykredit Realkredit, different in any material respect from those in the Conditions;

“**Broken Amount**” has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

“**BRRD**” means the Directive (2014/59/EU) of the European Parliament and of the Council on resolution and recovery of credit institutions and investment firms dated 15 May 2014 and published in the Official Journal of the European Union on 12 June 2014, as amended or replaced from time to time;

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

“**Business Centre(s)**” has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

“**Calculation Agent**” means the Fiscal Agent or such other person specified in the relevant Final Terms or Pricing Supplement, as applicable, as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms or Pricing Supplement;

“**Calculation Amount**” has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

“**Capital Event**” means, if the Notes are Subordinated Notes or Contingent Capital Notes, at any time, on or after the date of issue of the last Tranche of the Notes, there is a change in the regulatory classification of the Notes that results or will result in:

- (i) their exclusion, in whole or in part, from the regulatory capital of Nykredit Realkredit and/or the Nykredit Realkredit Group; or
- (ii) reclassification, in whole or in part, as a lower quality form of regulatory capital of Nykredit Realkredit and/or the Nykredit Realkredit Group,

in each case provided that Nykredit Realkredit satisfies the Relevant Regulator that the regulatory reclassification of such Notes was not reasonably foreseeable at the time of their issuance;

“**CIBOR**” means the Copenhagen interbank offered rate;

“**Code**” has the meaning given in Condition 11(c);

“**Common Equity Tier 1 Capital**” means common equity tier 1 capital (or any equivalent or successor term) of, as the case may be, Nykredit Realkredit, the Nykredit Realkredit Group or the Nykredit Holding Group, in each case as calculated by Nykredit Realkredit in accordance with the CRD IV requirements and any applicable transitional arrangement under CRD IV;

“**Common Equity Tier 1 Capital Ratio**” means:

- (i) in relation to Nykredit Realkredit, the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of Nykredit Realkredit divided by the Risk Exposure Amounts of Nykredit Realkredit;
- (ii) in relation to the Nykredit Realkredit Group, the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Nykredit Realkredit Group divided by the Risk Exposure Amounts of the Nykredit Realkredit Group; and
- (iii) in relation to the Nykredit Holding Group, the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Nykredit Holding Group divided by the Risk Exposure Amounts of the Nykredit Holding Group,

in each case, all as calculated by Nykredit Realkredit in accordance with the CRD IV requirements and any applicable transitional arrangements under CRD IV and reported to the Relevant Regulator;

“**Contingent Capital Notes**” means the Notes (i) issued by Nykredit Realkredit, (ii) specified as such in the relevant Final Terms or Pricing Supplement, as applicable and (iii) having the status set out in Condition 4(d);

“**Converted Amount**” shall have the meaning given in Condition 6(b);

“**CRD IV**” means, as the context requires, any or any combination of the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

“**CRD IV Directive**” means the Directive (2013/36/EU) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013 (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time;

“**CRD IV Implementing Measures**” means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and which prescribe (alone or in conjunction with any other rules, regulations or other requirements) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis) to the extent required by

the CRD IV Directive or the CRR, including for the avoidance of doubt any regulatory technical standards guidelines, recommendations and/or opinions released from time to time by the European Banking Authority (or any successor or replacement thereof) or the Relevant Regulator, as the case may be;

“**CRR**” means the Regulation (2013/575) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time;

“**Danish Bankruptcy Act**” means the Danish Bankruptcy Act (Consolidated Act no. 11 of 6 January 2014, as amended);

“**Danish Companies Act**” means the Danish Companies Act (Consolidated Act no. 1089 of 14 September 2015, as amended);

“**Danish Financial Business Act**” means the Danish Financial Business Act (Consolidated Act no. 174 of 31 January 2017, as amended);

“**Danish Limitation Act**” means the Danish Limitations Act (Consolidated Act no. 1238 of 9 November 2015, as amended);

“**Danish Recovery and Resolution Act**” means the Danish Act on Restructuring and Resolution of Certain Financial Undertakings (Consolidated Act no. 333 of 31 March 2015, as amended);

“**Danish Resolution Authority**” means Finansiell Stabilitet and any successor or replacement thereto, or other authority having primary responsibility for the restructuring and resolution of the Issuer, as determined by the Issuer;

“**Danish Securities Trading Act**” means the Danish Securities Trading Act (Consolidated Act no. 1229 of 7 September 2016, as amended)

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual – ISDA**” is specified in the relevant Final Terms or Pricing Supplement, as applicable, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/Actual – ICMA**” is specified in the relevant Final Terms or Pricing Supplement, as applicable,
  - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“**Determination Date**” means the date specified as such in the relevant Final Terms or Pricing Supplement, as applicable, or, if none is so specified, the Interest Payment Date

- (iii) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms or Pricing Supplement, as applicable, the actual number of days in the Calculation Period divided by 365
- (iv) if “**Actual/365 (Sterling)**” is specified in the relevant Final Terms or Pricing Supplement, as applicable, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (v) if “**Actual/360**” is specified in the relevant Final Terms or Pricing Supplement, as applicable, the actual number of days in the Calculation Period divided by 360
- (vi) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Final Terms or Pricing Supplement, as applicable, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30

- (vii) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms or Pricing Supplement, as applicable, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case  $D_2$  will be 30

(viii) if “**30E/360 (ISDA)**” is specified in the relevant Final Terms or Pricing Supplement, as applicable, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date (if any) or (ii) such number would be 31, in which case  $D_2$  will be 30;

“**Debt Buffer Requirement**” means the debt buffer requirement referred to in section 125i of the Danish Financial Business Act;

“**Eligibility Event**” means, at any time, on or after the date of issue of the last Tranche of the Notes, there is a change in the regulatory treatment of the Notes (as a result of (i) a change of laws, (ii) new laws or regulations coming into effect or (iii) a change in the interpretation or administrative practice by the Relevant Regulator) that results, or will result in, their exclusion in full from eligibility for the purposes of the Debt Buffer Requirement of Nykredit Realkredit and/or Totalkredit A/S and/or the MREL Requirement (if

applicable) of Nykredit Realkredit, provided that Nykredit Realkredit satisfies the Relevant Regulator that the change in regulatory treatment of such Notes was not reasonably foreseeable at the time of their issuance;

**“Eligible Liability”** means a security that, if issued, would be eligible for the purposes of (i) the Debt Buffer Requirement of each of Nykredit Realkredit and (if applicable) Totalkredit A/S and (ii) the MREL Requirement (if applicable) of Nykredit Realkredit;

**“Enforcement Events”** has the meaning given in Condition 14;

**“EURIBOR”** means the Euro-zone interbank offered rate;

**“Euro-zone”** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

**“Events of Default”** has the meaning given in Condition 13;

**“Extraordinary Calculation Date”** means any day (other than a Quarterly Financial Period End Date) on which the Common Equity Tier 1 Capital of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group is calculated upon the instruction of the Relevant Regulator;

**“Final Redemption Amount”** means, in respect of any Note, its Outstanding Principal Amount or such other amount as may be specified in, or determined in accordance with, the Conditions or the relevant Final Terms or Pricing Supplement, as applicable;

**“First Reset Date”** means the date specified in the relevant Final Terms or Pricing Supplement, as applicable;

**“First Reset Margin”** means the margin specified as such in the relevant Final Terms or Pricing Supplement, as applicable;

**“First Reset Period”** means the period from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms or Pricing Supplement, as applicable, the Maturity Date (if any);

**“First Reset Rate of Interest”** means, in respect of the First Reset Period and subject to Condition 5(b)(iii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Reset Margin;

**“Fiscal Agent”** has the meaning given in Condition 15(a);

**“Fixed Coupon Amount”** has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

**“Higher Trigger Loss Absorbing Instruments”** means obligations or capital instruments which include a principal loss absorption mechanism that is capable of generating Common Equity Tier 1 Capital of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group and that is activated by an event equivalent to the Trigger Event in all material respects except that the threshold for activation of such principal loss absorption is set at a Common Equity Tier 1 Capital Ratio of higher than 7.00 per cent.;

**“Higher Trigger Loss Absorbing Instruments Common Equity Tier 1 Contribution”** has the meaning given in Condition 7;

**“Initial Mid-Swap Rate”** has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

**“Initial Rate of Interest”** has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

**“Interest Accrual Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

**“Interest Amount”** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes or Reset Notes, and unless otherwise specified in the relevant Final Terms or Pricing Supplement, as applicable, shall mean the Fixed Coupon Amount or Broken Amount as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

**“Interest Basis”** has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified in the relevant Final Terms or Pricing Supplement, as applicable;

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or Pricing Supplement, as applicable, or, if none is so specified:

- (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling; or
- (ii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro; or
- (iii) the day falling two Business Days in Copenhagen prior to the first day of such Interest Accrual Period if the Specified Currency is Danish Kroner; or
- (iv) the day falling two Business Days in Oslo prior to the first day of such Interest Accrual Period if the Specified Currency is Norwegian Kroner; or
- (v) the day falling two Business Days in Stockholm prior to the first day of such Interest Accrual Period if the Specified Currency is Swedish Kronor; or
- (vi) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not Sterling, euro, Danish Kroner, Norwegian Kroner or Swedish Kronor;

**“Interest Payment Date”** means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms or Pricing Supplement, as applicable;

**“Interest Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified in the relevant Final Terms or Pricing Supplement, as applicable;

**“ISDA Definitions”** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms or Pricing Supplement, as applicable;

**“Issue Date”** has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

**“Junior Securities”** means:

- (i) in relation to Subordinated Notes, any securities of Nykredit Realkredit that rank, or are expressed to rank, junior to the Subordinated Notes; and
- (ii) in relation to Contingent Capital Notes, any securities of Nykredit Realkredit that rank, or are expressed to rank, junior to the Contingent Capital Notes;

**“LIBOR”** means the London interbank offered rate;

**“Margin”** has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

**“Maturity Date”** has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

**“Maximum Redemption Amount”** has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

**“Mid-Market Swap Rate”** means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

**“Mid-Swap Maturity”** has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

**“Mid-Market Swap Rate Quotation”** means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

**“Mid-Swap Floating Leg Benchmark Rate”** means EURIBOR (if the Specified Currency is euro), LIBOR for the Specified Currency (if the Specified Currency is U.S. dollars, Pounds Sterling or Swiss Francs), CIBOR (if the Specified Currency is Danish Kroner), NIBOR (if the Specified Currency is Norwegian Kroner), STIBOR (if the Specified Currency is Swedish Kronor) or (in the case of any other Specified Currency) the benchmark rate most closely connected with such Specified Currency and selected by the Calculation Agent in its discretion after consultation with the Issuer;

**“Mid-Swap Rate”** means, in relation to a Reset Determination Date and subject to Condition 5(b)(iii), either:

- (i) if Single Mid-Swap Rate is specified in the relevant Final Terms or Pricing Supplement, as applicable, the rate for swaps in the Specified Currency:
  - (a) with a term equal to the relevant Reset Period; and
  - (b) commencing on the relevant Reset Date,which appears on the Relevant Screen Page; or
- (ii) if Mean Mid-Swap Rate is specified in the relevant Final Terms or Pricing Supplement, as applicable, the arithmetic mean (expressed as a percentage rate per annum) of the bid and offered swap rate quotations for swaps in the Specified Currency;

- (a) with a term equal to the relevant Reset Period; and
- (b) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately the Relevant Time on such Reset Determination Date, all as determined by the Calculation Agent;

“**Minimum Redemption Amount**” has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

“**MREL Requirement**” means the minimum requirement of eligible liabilities referred to in the BRRD and relevant implementing legislation in Denmark;

“**NIBOR**” means the Norwegian interbank offered rate;

“**Noteholder**” means the person evidenced as the owner of a Note by a book entry in the records of VP;

“**Noteholders’ Meeting**” means a Noteholders’ meeting held pursuant to Condition 17;

“**Nykredit Holding Group**” means Nykredit Holding A/S together with its Subsidiaries and other entities that are consolidated in the calculation of Nykredit Holding A/S’s Common Equity Tier 1 Capital Ratio on a consolidated level in accordance with CRD IV requirements;

“**Nykredit Realkredit Group**” means Nykredit Realkredit together with its Subsidiaries and other entities that are consolidated in the calculation of Nykredit Realkredit’s Common Equity Tier 1 Capital Ratio on a consolidated level in accordance with CRD IV requirements;

“**Optional Redemption Amount**” has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

“**Optional Redemption Date**” has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

“**outstanding**” means, in relation to Notes of any Series, all the relevant Notes issued other than:

- (i) those that have been redeemed in accordance with the Conditions;
- (ii) those which have become void or in respect of which claims have become prescribed;
- (iii) those which have been purchased and cancelled as provided in the Conditions;

provided that, for the purposes of:

- (i) ascertaining the right to attend and vote at any meeting of Noteholders; and
- (ii) the determination of how many Notes are outstanding for the purposes of Conditions 16 and 18, as applicable,

those Notes that are held by, or are held on behalf of, the Issuer or any of its Subsidiaries and not cancelled shall (unless and until ceasing to be so held) be deemed not to be outstanding;

“**Outstanding Principal Amount**” means, in respect of a Note:

- (i) unless sub-paragraph (ii) or (iii) below applies, the outstanding principal amount of such Note; or
- (ii) if the Notes are Senior Resolution Notes, the outstanding principal amount of such Note as adjusted from time to time for any reduction of the principal amount of the Notes in accordance with Condition 6

or as otherwise required by then current legislation and/or regulations applicable to Nykredit Realkredit;  
or

- (iii) if the Notes are Subordinated Notes or Contingent Capital Notes, the outstanding principal amount of the Notes as adjusted from time to time for any reduction of the principal amount of the Notes required by then current legislation and/or regulations applicable to Nykredit Realkredit,

and “**Outstanding Principal Amounts**” means the sum of the Outstanding Principal Amount of each Note;

“**Paying Agent**” has the meaning given in Condition 15(a);

“**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and any relevant implementing measure in a relevant Member State of the European Economic Area;

“**Qualifying Senior Resolution Notes**” means, at any time, any securities issued or guaranteed by Nykredit Realkredit that:

- (i) contain terms which at such time result in such securities being eligible to count towards fulfilment of the Debt Buffer Requirement of Nykredit Realkredit and Totalkredit A/S, the MREL Requirement of Nykredit Realkredit and the ALAC of Nykredit Realkredit, in each case, to at least the same extent as the Senior Resolution Notes prior to the relevant substitution or variation pursuant to Condition 8(j); and
- (ii) carry the same rate of interest from time to time applying to the Senior Resolution Notes prior to the relevant substitution or variation pursuant to Condition 8(j); and
- (iii) have the same currency of payment, denomination, original principal amount and Outstanding Principal Amounts as the Senior Resolution Notes prior to the relevant substitution or variation pursuant to Condition 8(j); and
- (iv) rank senior to, or *pari passu* with the Senior Resolution Notes prior to the relevant substitution or variation pursuant to Condition 8(j); and
- (v) shall not at such time, following the substitution or variation pursuant to Condition 8(j), be subject to an Eligibility Event, a Rating Methodology Event and/or a Tax Event; and
- (vi) have terms not prejudicial to the interests of the Noteholders compared to the terms of the Senior Resolution Notes provided that Nykredit Realkredit shall have delivered a certificate to that effect signed by two members of its Executive Board to the Fiscal Agent (and copies thereof will be available at the Fiscal Agent’s specified office during its normal business hours) not less than 5 Business Days prior to (x) in the case of a substitution of the Senior Resolution Notes pursuant to Condition 8(j), the issue date of the relevant securities or (y) in the case of a variation of the Senior Resolution Notes pursuant to Condition 8(j), the date such variation becomes effective; and
- (vii) if (A) the Senior Resolution Notes were listed or admitted to trading on a regulated market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a regulated market or (B) the Senior Resolution Notes were listed or admitted to trading on a recognised stock exchange other than a regulated market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a regulated market), in either case as selected by Nykredit Realkredit; and
- (viii) have a solicited published rating ascribed to them or expected to be ascribed to them if the Senior Resolution Notes had a solicited published rating from a rating agency immediately prior to such substitution or variation;

**“Qualifying Subordinated Notes”** means, at any time, any securities issued or guaranteed by Nykredit Realkredit that:

- (i) on issue constitute Tier 2 Capital of Nykredit Realkredit; and
- (ii) carry the same rate of interest from time to time applying to the Subordinated Notes prior to the relevant substitution or variation pursuant to Condition 8(j); and
- (iii) have the same currency of payment, denomination, original principal amount and Outstanding Principal Amounts as the Subordinated Notes prior to the relevant substitution or variation pursuant to Condition 8(j); and
- (iv) rank *pari passu* with the Subordinated Notes prior to the relevant substitution or variation pursuant to Condition 8(j); and
- (v) shall not at such time, following the substitution or variation pursuant to Condition 8(j), be subject to a Capital Event and/or a Tax Event; and
- (vi) have terms not prejudicial to the interests of the Noteholders compared to the terms of the Subordinated Notes and provided that Nykredit Realkredit shall have delivered a certificate to that effect signed by two members of its Executive Board to the Fiscal Agent (and copies thereof will be available at the Fiscal Agent’s specified office during its normal business hours) not less than 5 Business Days prior to (x) in the case of a substitution of the Subordinated Notes pursuant to Condition 8(j), the issue date of the relevant securities or (y) in the case of a variation of the Subordinated Notes pursuant to Condition 8(j), the date such variation becomes effective; and
- (vii) if (A) the Subordinated Notes were listed or admitted to trading on a regulated market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a regulated market or (B) the Subordinated Notes were listed or admitted to trading on a recognised stock exchange other than a regulated market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a regulated market), in either case as selected by Nykredit Realkredit; and
- (viii) have a solicited published rating ascribed to them or expected to be ascribed to them if the Subordinated Notes had a solicited published rating from a rating agency immediately prior to such substitution or variation;

**“Quarterly Financial Period End Date”** means the last day of each financial quarter;

**“Rate of Interest”** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the relevant Final Terms or Pricing Supplement, as applicable and subject, at all times, if any such rate is below zero, that such rate will be deemed to be zero, unless otherwise stated in the relevant Final Terms or Pricing Supplement, as applicable;

**“Rating Methodology Event”** means

- (i) in relation to Senior Resolution Notes, there is a change in, clarification to or amendment of any relevant methodology of S&P (or in the interpretation of such methodology) after the date of issue of the last Tranche of the Notes as a result of which the ALAC assigned to the Notes by S&P is, in the reasonable opinion of Nykredit Realkredit, reduced in full; and
- (ii) in relation to Contingent Capital Notes, there is a change in, clarification to or amendment of any relevant methodology of S&P (or in the interpretation of such methodology) after the date of issue of the last Tranche of the Notes as a result of which the “equity content” (or such similar nomenclature used by

S&P from time to time) assigned to the Notes by S&P is, in the reasonable opinion of Nykredit Realkredit, reduced in full;

**“Reference Banks”** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of CIBOR, the principal Copenhagen office of four major banks in the Copenhagen inter-bank market and, in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Oslo inter-bank market and, in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Stockholm inter-bank market, in each case selected by the Calculation Agent or as specified in the relevant Final Terms or Pricing Supplement, as applicable;

**“Reference Rate”** means the rate specified as such in the relevant Final Terms or Pricing Supplement, as applicable. In the case of Notes other than Exempt Notes, the Reference Rate shall be any one of LIBOR, EURIBOR, NIBOR, STIBOR or CIBOR;

**“Regulated Entity”** means any entity to which BRRD, as implemented in the Kingdom of Denmark (including but not limited to the Danish Recovery and Resolution Act) and as amended or superseded from time to time, applies, which includes certain credit institutions, investment firms, and certain of their parent or holding companies;

**“Relevant Date”** means, in relation to any payment, whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 22;

**“Relevant Measurement Date”** has the meaning given in Condition 7;

**“Relevant Regulator”** means the Danish Financial Supervisory Authority and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer, as determined by the Issuer;

**“Relevant Reset Margin”** means, in respect of a Reset Period, whichever of the First Reset Margin or the Subsequent Reset Margin is applicable for the purpose of determining the Rate of Interest in respect of such Reset Period;

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms or Pricing Supplement, as applicable;

**“Relevant Time”** has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

**“Reset Date”** means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

**“Reset Determination Date”** means, in respect of a Reset Period, the date specified as such in the relevant Final Terms or Pricing Supplement, as applicable;

**“Reset Period”** means the First Reset Period or a Subsequent Reset Period, as the case may be;

**“Reset Reference Banks”** means the principal office in the principal financial centre of the Specified Currency of five major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate, in each case as selected by the Calculation Agent or as specified in the relevant Final Terms or Pricing Supplement, as applicable;

“**Resolution Event**” means that a determination has been made by the Danish Resolution Authority that the conditions for resolution in accordance with section 4 of the Danish Recovery and Resolution Act have been satisfied;

“**Risk Exposure Amounts**” means the aggregate amount of the risk exposure amounts (or any equivalent or successor term) of, as the case may be, Nykredit Realkredit, the Nykredit Realkredit Group or the Nykredit Holding Group, in each case as calculated by Nykredit Realkredit in accordance with CRD IV requirements and any applicable transitional arrangements under CRD IV;

“**Second Reset Date**” means the date specified in the relevant Final Terms or Pricing Supplement, as applicable;

“**Senior Ranking Amendment Legislation**” means a Danish piece of legislation expressly contemplating the possibility that upon the insolvency of a Regulated Entity issuer of debt securities (i) the obligations under certain unsubordinated and unsecured liabilities may rank below other unsubordinated and unsecured liabilities with higher priority ranking, or (ii) different sub-classes within the unsubordinated and unsecured liabilities class are contractually agreed;

“**Senior Resolution Notes**” means the Notes (i) specified as such in the relevant Final Terms or Pricing Supplement, as applicable and (ii) having the status set out in Condition 4(b);

“**Special Event**” means either a Capital Event or a Tax Event;

“**Specified Currency**” means the currency specified as such in the relevant Final Terms or Pricing Supplement, as applicable, or, if none is specified, the currency in which the Notes are denominated;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms or Pricing Supplement, as applicable;

“**S&P**” means Standard & Poor’s Credit Market Services Europe Limited (or any successor therefor);

“**STIBOR**” means the Stockholm interbank offered rate;

“**Subordinated Notes**” means the Notes (i) specified as such in the relevant Final Terms or Pricing Supplement, as applicable and (ii) having the status set out in Condition 4(c);

“**Subsequent Reset Date**” means the date or dates specified in the relevant Final Terms or Pricing Supplement, as applicable;

“**Subsequent Reset Margin**” means the margin specified as such in the relevant Final Terms or Pricing Supplement, as applicable;

“**Subsequent Reset Period**” means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or the Maturity Date (if any), as the case may be;

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period and subject to Condition 5(b)(iii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Reset Margin;

“**Subsidiary**” means, in relation to any entity, any company which is for the time being a subsidiary within the meaning of sections 5-7 of the Danish Companies Act;;

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

“**Tax Event**” means, in respect of Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes only:

- (i) as a result of any change in the laws, regulations or rulings of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of the last Tranche of the Notes, Nykredit Realkredit receives an opinion of external counsel in the Kingdom of Denmark that (A) it would be required to pay additional amounts as provided in Condition 11 or (B) it will no longer be able to obtain a tax deduction for the purposes of Danish tax for any payment of interest under the Notes, in each case in respect of Subordinated Notes and Contingent Capital Notes provided that Nykredit Realkredit satisfies the Relevant Regulator that such change in tax treatment of the Notes is material and was not reasonably foreseeable at the time of their issuance; and
- (ii) (in the case of (i)(A) only) such obligation cannot be avoided by Nykredit Realkredit taking reasonable measures available to it;

“**Tier 2 Capital**” means capital which is treated as Tier 2 capital (or any equivalent or successor term) under the CRD IV requirements by the Relevant Regulator for the purposes of, as the case may be, Nykredit Realkredit, the Nykredit Realkredit Group and/or the Nykredit Holding Group;

“**Trigger Event**” has the meaning given in Condition 7;

“**Trigger Event Notice**” has the meaning given in Condition 7;

“**Trigger Event Notice Date**” has the meaning given in Condition 7;

“**Unsubordinated Notes**” means the Notes (i) specified as such in the relevant Final Terms or Pricing Supplement, as applicable and (ii) having the status set out in Condition 4(a);

“**Write Down Date**” has the meaning given in Condition 7;

“**Written Down Amount**” shall have the meaning given in Condition 6(b); and

“**Written Procedure**” means a written procedure held pursuant to Condition 18.

### 3 Form, Issue Date, denomination, currency, nominal amount, trades, transferability and title

#### (a) **Form, Issue Date, currency, denomination, nominal amount and trades:**

- (i) The Notes are in bearer form (in Danish: *ihændehaber*) and issued in uncertificated and dematerialised book-entry form through the Securities Depository.
- (ii) The Issue Date for each Tranche of Notes is specified in the relevant Final Terms or Pricing Supplement, as applicable.
- (iii) The Notes are denominated in the Specified Currency. The Aggregate Nominal Amount for each Tranche of Notes is specified in the relevant Final Term or Pricing Supplement, as applicable. The Notes shall be registered in the Securities Depository in multiples corresponding to the Specified Denomination. The minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. It may be specified in Specified Denominations in the relevant Final Terms or Pricing Supplement, as applicable, that all trades in Notes as well as the initial subscription for Notes shall be in a certain minimum amount. In respect of Notes other than Exempt Notes either (i) all trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of €100,000 or (ii) the minimum specified denomination of

each Note will be €100,000 (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount as of the relevant date of issue in such other currency).

- (iv) The Notes are Unsubordinated Notes, Senior Resolution Notes, Subordinated Notes or Contingent Capital Notes, depending upon the status specified in the relevant Final Terms or Pricing Supplement, as applicable.
- (v) The Notes are also Fixed Rate Notes, Reset Notes, Floating Rate Notes, or a combination of any of the foregoing, depending upon the Interest Basis specified in the relevant Final Terms or Pricing Supplement, as applicable.

**(b) Transferability and title:**

- (i) The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes specified under “Specified Denomination(s)” in the relevant Final Terms or Pricing Supplement, as applicable or under laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- (ii) Legal title to the Notes will pass by electronic registration in the book entry system and register maintained by the Securities Depository in accordance with the rules and procedures of the Securities Depository from time to time. A Noteholder shall (except as otherwise required by law) be treated as the absolute owner of the relevant Notes for all purposes and no person shall be liable for so treating such Noteholder.
- (iii) The Issuer shall, if so specified in the relevant Final Terms or Pricing Supplement, as applicable, to the extent permitted under applicable regulations, including section 36(3) of the Danish Executive Order no. 819 of 26 June 2013 on Book-Entry etc. of Investment Securities with a Central Securities Depository, have access on demand to static data and ownership of the Noteholders registered in the securities register as regulated in section 36(3) of said executive order.
- (iv) The Issuer may use the information referred to in Condition 3(b)(iii) only for the purposes of carrying out its duties and exercising its rights in accordance with the Conditions and shall not disclose such information to any Noteholder.

**4 Status of the Notes**

- (a) Unsubordinated Notes:** The Unsubordinated Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves and, save for such exceptions as may be provided by applicable legislation, at least *pari passu* with all other unsubordinated obligations of the Issuer, present and future.
- (b) Senior Resolution Notes:** Subject to Condition 6, the Senior Resolution Notes constitute direct and unsecured debt obligations of Nykredit Realkredit, and shall at all times rank:
  - (i) *pari passu* without any preference among themselves;
  - (ii) *pari passu* with any other obligations or instruments of Nykredit Realkredit that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit;
  - (iii) senior to holders of Nykredit Realkredit’s ordinary shares and any other obligations or capital instruments of Nykredit Realkredit that rank or are expressed to rank junior to the Senior

Resolution Notes, including any obligations or capital instruments of Nykredit Realkredit which constitute Additional Tier 1 Capital or Tier 2 Capital or which rank or are expressed to rank *pari passu* with Additional Tier 1 Capital or Tier 2 Capital, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit; and

(iv) junior to present or future claims of unsubordinated creditors of Nykredit Realkredit.

(c) **Subordinated Notes:** The Subordinated Notes (in Danish: “*kapitalbeviser*”) on issue constitute Tier 2 Capital of Nykredit Realkredit.

The Subordinated Notes constitute direct, unsecured and subordinated debt obligations of Nykredit Realkredit, and shall at all time rank:

(i) *pari passu* without any preference among themselves;

(ii) *pari passu* with (a) any obligations or capital instruments of Nykredit Realkredit which constitute Tier 2 Capital (including Contingent Capital Notes) and (b) any other obligations or capital instruments of Nykredit Realkredit that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit;

(iii) senior to holders of Nykredit Realkredit’s ordinary shares and any other obligations or capital instruments of Nykredit Realkredit that rank or are expressed to rank junior to the Subordinated Notes including any Junior Securities, in each case as regards the right to receive periodic payments on a repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit; and

(iv) junior to present or future claims of (a) unsubordinated creditors of Nykredit Realkredit and (b) subordinated creditors of Nykredit Realkredit other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Subordinated Notes.

(d) **Contingent Capital Notes:** The Contingent Capital Notes (in Danish: “*kapitalbeviser*”) on issue constitute Tier 2 Capital of Nykredit Realkredit.

Subject to Condition 7, the Contingent Capital Notes constitute direct, unsecured and subordinated debt obligations of Nykredit Realkredit, and shall at all times rank:

(i) *pari passu* without any preference among themselves;

(ii) *pari passu* with (a) any obligations or capital instruments which constitute Tier 2 Capital (including Subordinated Notes) and (b) any other obligations or capital instruments of Nykredit Realkredit that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of Nykredit Realkredit and the right to receive repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit;

(iii) senior to holders of Nykredit Realkredit’s ordinary shares and any other obligations or capital instruments of Nykredit Realkredit that rank or are expressed to rank junior to the Contingent Capital Notes including any Junior Securities, in each case as regards the right to receive periodic payments on a repayment of capital on a liquidation or bankruptcy of Nykredit Realkredit; and

(iv) junior to present or future claims of (a) unsubordinated creditors of Nykredit Realkredit and (b) subordinated creditors of Nykredit Realkredit other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Contingent Capital Notes.

- (e) **No right of set-off or counterclaim:** This Condition 4(e) is only applicable to Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes. No Noteholder, who shall in the event of the liquidation or bankruptcy of Nykredit Realkredit be indebted to Nykredit Realkredit, shall be entitled to exercise any right of set-off or counterclaim against moneys owed by Nykredit Realkredit in respect of the Notes held by such Noteholder.

The Issuer reserves the right in the future to issue other notes or capital instruments, with identical or other ranking than the Notes.

## 5 Interest and other calculations

### (a) Interest on Fixed Rate Notes:

- (i) *Application:* The provisions in this Condition 5(a) on Fixed Rate Notes shall only apply if the Fixed Rate Note Provisions are specified in the relevant Final Terms or Pricing Supplement, as applicable, as being applicable to one or more Interest Period(s).
- (ii) *Interest on Fixed Rate Notes:* Each Fixed Rate Note bears interest on its Outstanding Principal Amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).

### (b) Interest on Reset Notes:

- (i) *Application:* The provisions in this Condition 5(b) on Reset Notes are only applicable to Subordinated Notes and Contingent Capital Notes and shall only apply if the Reset Note Provisions are specified in the relevant Final Terms or Pricing Supplement, as applicable, as being applicable to one or more Interest Period(s).
- (ii) *Interest Payment Dates and Rate of Interest:* Each Reset Note bears interest on its Outstanding Principal Amount:
- (a) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date, at the Initial Rate of Interest;
  - (b) for the First Reset Period, at the First Reset Rate of Interest; and
  - (c) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

such interest being payable, in each case, in arrear on each Interest Payment Date.

The First Reset Rate of Interest and each Subsequent Reset Rate of Interest shall be determined by the Calculation Agent at or as soon as practicable after each time at which the relevant Rate of Interest is to be determined. The amount of interest payable shall be determined in accordance with Condition 5(f).

- (iii) *Fallbacks:* If on any Reset Determination Date, the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page as of the Relevant Time on such Reset Determination Date, the Rate of Interest applicable to the Reset Notes in respect of each Interest Period falling in the relevant Reset Period will be determined by the Calculation Agent on the following basis:

- (a) the Calculation Agent shall request each of the Reset Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately the Relevant Time on the Reset Determination Date in question;
- (b) if at least three of the Reset Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the arithmetic mean) of the relevant quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest (or, in the event of equality, one of the lowest) and (B) the Relevant Reset Margin, all as determined by the Calculation Agent;
- (c) if only two relevant quotations are provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the arithmetic mean of the relevant quotations provided and (B) the Relevant Reset Margin, all as determined by the Calculation Agent;
- (d) if only one relevant quotation is provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the relevant quotation provided and (B) the Relevant Reset Margin, all as determined by the Calculation Agent; and
- (e) if none of the Reset Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 5(b), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) will be equal to the sum of (A) the Mid-Swap Rate determined on the last preceding Reset Determination Date and (B) the Relevant Reset Margin or, in the case of the first Reset Determination Date, the First Reset Rate of Interest will be equal to the sum of (A) the Initial Mid-Swap Rate and (B) the Relevant Reset Margin, all as determined by the Calculation Agent.

**(c) Interest on Floating Rate Notes:**

- (i) *Application:* The provisions in this Condition 5(c) on Floating Rate Notes shall only apply if the Floating Rate Note Provisions are specified in the relevant Final Terms or Pricing Supplement, as applicable, as being applicable to one or more Interest Period(s).
- (ii) *Interest Payment Dates and Rate of Interest:* Each Floating Rate Note bears interest on its Outstanding Principal Amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either specified in the relevant Final Terms or Pricing Supplement, as applicable, as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms or Pricing Supplement, as applicable, Interest Payment Date shall mean each date which falls the number of months or other period specified in the relevant Final Terms or Pricing Supplement, as applicable, as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (iii) *Business Day Convention:* If any date referred to in the Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be

brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iv) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms or Pricing Supplement, as applicable, and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms or Pricing Supplement, as applicable.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms or Pricing Supplement, as applicable, as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the relevant Final Terms or Pricing Supplement, as applicable;
- (y) the Designated Maturity is a period specified in the relevant Final Terms or Pricing Supplement, as applicable; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms or Pricing Supplement, as applicable.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified in the relevant Final Terms or Pricing Supplement, as applicable, as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time) in the case of LIBOR, 11.00 a.m. (Brussels time) in the case of EURIBOR, 11.00 a.m. (Copenhagen time) in the case of CIBOR, 12.00 noon (Oslo time) in the case of NIBOR or 11.00 a.m. (Stockholm time) in the case of

STIBOR on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations;

- (y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is CIBOR, the principal Copenhagen office of each of the Reference Banks or, if the Reference Rate is NIBOR, the principal Oslo office of each of the Reference Banks or, if the Reference Rate is STIBOR, the principal Stockholm office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is CIBOR, at approximately 11.00 a.m. (Copenhagen time) or, if the Reference Rate is NIBOR, at approximately 12.00 noon (Oslo time) or, if the Reference Rate is STIBOR, at approximately 11.00 a.m. (Stockholm time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is CIBOR, at approximately 11.00 a.m. (Copenhagen time) or, if the Reference Rate is NIBOR, at approximately 12.00 noon (Oslo time) or, if the Reference Rate is STIBOR, at approximately 11.00 a.m. (Stockholm time), on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is CIBOR, the Copenhagen inter-bank market or, if the Reference Rate is NIBOR, the Oslo inter-bank market or, if the Reference Rate is STIBOR, the Stockholm inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which

would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is CIBOR, at approximately 11.00 a.m. (Copenhagen time) or, if the Reference Rate is NIBOR, at approximately 12.00 noon (Oslo time) or, if the Reference Rate is STIBOR, at approximately 11.00 a.m. (Stockholm time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is CIBOR, the Copenhagen inter-bank market or, if the Reference Rate is NIBOR, the Oslo inter-bank market or, if the Reference Rate is STIBOR, the Stockholm inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.
- (e) **Margin:**
- (i) If any Margin is specified in the relevant Final Terms or Pricing Supplement, as applicable, (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.
  - (ii) For the purposes of any calculations required pursuant to the Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “**unit**” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the relevant Rate of Interest, the Calculation Amount and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation

Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

- (g) **Determination and publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period or, as applicable, for each Interest Accrual Period falling in the relevant Reset Period, calculate the Final Redemption Amount (if any), Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the relevant Rate of Interest and the Interest Amounts for each Interest Accrual Period or, as applicable, for each Interest Accrual Period falling in the relevant Reset Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount (if any), Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent (where the Calculation Agent is not the Fiscal Agent), the Issuer, the Paying Agent (where the Paying Agent is not the Issuer), the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information, the Issuing Agent (where the Issuing Agent is not the Issuer), and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(iii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (h) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Conditions and/or Final Terms or Pricing Supplement, as applicable, and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in the Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the relevant Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount (if any), Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 6 Loss absorption following a Resolution Event

- (a) **Application:** This Condition 6 is only applicable to Senior Resolution Notes.

- (b) **Write-down or conversion:** Upon the occurrence of a Resolution Event, the Outstanding Principal Amounts of the Senior Resolution Notes may be written down permanently (in whole or in part) or the Senior Resolution Notes may be converted (in whole or in part) into a subordinated instrument of Nykredit Realkredit, all as determined by the Relevant Regulator and/or the Danish Resolution Authority, provided that all other debt instruments and other obligations of Nykredit Realkredit which are expressed to rank or which rank junior to the Senior Resolution Notes in the case of bankruptcy or liquidation of Nykredit Realkredit have already fully absorbed losses of Nykredit Realkredit to the extent required by the Danish Resolution Authority before any write-down or conversion of the Senior Resolution Notes pursuant to the application of this provision.

Following a write-down of the Outstanding Principal Amounts of the Senior Resolution Notes or a conversion of the Senior Resolution Notes into a subordinated instrument of Nykredit Realkredit, in either case as a result of the application of this Condition 6(b) the Noteholders will be automatically deemed to waive irrevocably their right to receive, and no longer have any rights against Nykredit Realkredit with respect to, repayment of the aggregate principal amount of the Senior Resolution Notes so written down or converted (such amount, the “**Written Down Amount**” or the “**Converted Amount**”) or any accrued but unpaid interest on the Written Down Amount or Converted Amount.

The application of this Condition 6(b) is not a default in payment pursuant to the Conditions.

- (c) **Effect:** A write-down or conversion as described in Condition 6(b) will take effect on the date and in the manner determined by the Relevant Regulator and/or the Danish Resolution Authority.
- (d) **Notice:**
- (i) Upon the occurrence of a Resolution Event or as soon as Nykredit Realkredit becomes aware that a Resolution Event may or will occur; and
  - (ii) upon any write-down or conversion of the Senior Resolution Notes as a result of the application of Condition 6(b) or as soon as Nykredit Realkredit becomes aware that any such write-down or conversion may or will occur,

Nykredit Realkredit shall promptly give notice to the Noteholders in accordance with Condition 22. Such notice will include: (A) in the case of a notice pursuant to (i) above, details of the relevant Resolution Event and (B) in the case of a notice pursuant to (ii) above, details of the relevant write-down or conversion.

## 7 Loss absorption following a Trigger Event

- (a) **Application:** This Condition 7 is only applicable to Contingent Capital Notes.
- (b) **Loss absorption following a Trigger Event:** If at any time the Common Equity Tier 1 Capital Ratio of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group has, in any such case, fallen below 7.00 per cent. (a “**Trigger Event**”) as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, the Outstanding Principal Amount of the Contingent Capital Notes shall be reduced to zero as described, and subject as provided, below.

Nykredit Realkredit shall immediately notify the Relevant Regulator and, in accordance with Condition 22, the Noteholders of the occurrence of a Trigger Event (a “**Trigger Event Notice**” and the date of delivery of such notice the “**Trigger Event Notice Date**”).

Such reduction shall take place on such date selected by Nykredit Realkredit in consultation with the Relevant Regulator (the “**Write Down Date**”) but no later than one month following the occurrence of the relevant Trigger Event unless, in accordance with the Relevant Rules, the Relevant Regulator has

agreed with Nykredit Realkredit in writing that the Outstanding Principal Amount may be reduced after a longer period, in which case, on such date as agreed with the Relevant Regulator.

Notwithstanding the foregoing:

- (i) prior to the Write Down Date, Nykredit Realkredit shall calculate the amount of Common Equity Tier 1 Capital (if any) (“**Higher Trigger Loss Absorbing Instruments Common Equity Tier 1 Contribution**”) of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group, as the case may be, generated on or prior to the Write Down Date by all Higher Trigger Loss Absorbing Instruments (if any) outstanding at such time, in each case in accordance with the terms of the relevant Higher Trigger Loss Absorbing Instruments and the CRD IV requirements;
- (ii) Nykredit Realkredit shall recalculate the Common Equity Tier 1 Capital of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group, as the case may be, as of the Quarterly Financial Period End Date or Extraordinary Calculation Date on which the relevant Trigger Event occurred (the “**Relevant Measurement Date**”) to include the Higher Trigger Loss Absorbing Instruments Common Equity Tier 1 Contribution in the calculation of the Common Equity Tier 1 Capital of Nykredit Realkredit and/or the Nykredit Realkredit Group and/or the Nykredit Holding Group, as the case may be, as of the Relevant Measurement Date; and
- (iii) if such recalculation results in the Affected Common Equity Tier 1 Capital Ratio(s) as of the Relevant Measurement Date being, in each case, at least 7.00 per cent., all as determined by Nykredit Realkredit in consultation with the Relevant Regulator, the Outstanding Principal Amount of the Contingent Capital Notes will not be reduced as described above and the Contingent Capital Notes will remain outstanding.

Immediately following a determination by Nykredit Realkredit that the Contingent Capital Notes will remain outstanding as described above, Nykredit Realkredit will notify the Noteholders in accordance with Condition 22.

Following a reduction of the Outstanding Principal Amount of the Contingent Capital Notes as described above:

- (i) the Noteholders will be automatically deemed to waive irrevocably their right to receive, and no longer have any rights against Nykredit Realkredit with respect to, repayment of the aggregate principal amount of the Contingent Capital Notes so reduced;
- (ii) Nykredit Realkredit will pay (A) any accrued and unpaid interest on the Contingent Capital Notes and (B) any additional amounts as provided or referred to in Condition 11, in the case of each of sub-clauses (A) and (B) of this paragraph (ii), if and only to the extent that such interest or additional amounts, as applicable, became due and payable to the Noteholders prior to the relevant Trigger Event Notice Date;
- (iii) except as described in paragraph (ii) above, all rights of any Noteholder for payment of any amounts under, or in respect of, the Contingent Capital Notes will become null and void, irrespective of whether such amounts have become due and payable prior to the relevant Trigger Event Notice Date or the relevant Write Down Date; and
- (iv) the Contingent Capital Notes will be cancelled.

Any reduction of the Outstanding Principal Amount of the Contingent Capital Notes pursuant to this Condition 7 shall not constitute an Enforcement Event.

## 8 Redemption, purchase and options

- (a) **Final redemption:** Unless previously redeemed, or purchased and cancelled or unless the relevant Final Terms or Pricing Supplement, as applicable, provides that the Notes are perpetual securities and have no fixed date for redemption, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10.
- (b) **Early Redemption Amount:** The Early Redemption Amount payable in respect of any Note, upon redemption of such Note pursuant to Condition 8(c), Condition 8(d), Condition 8(e), Condition 8(f) or Condition 8(g) shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms or Pricing Supplement, as applicable.
- (c) **Redemption for tax reasons:**

- (i) This Condition 8(c)(i) is only applicable to Unsubordinated Notes.

If, in relation to any Series of Unsubordinated Notes:

- (A) as a result of any change in the laws, regulations or rulings of the Kingdom of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date on which agreement is reached to issue the last Tranche of such Unsubordinated Notes the Issuer receives an opinion of external counsel in the Kingdom of Denmark that it would be required to pay additional amounts as provided in Condition 11; and

- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may, at its option, having given no less than 30 nor more than 60 days' notice in accordance with Condition 22 (which notice shall be irrevocable), redeem all (but not some only) of such Unsubordinated Notes at their Early Redemption Amount, together with accrued interest (if any) thereon at any time or, if the Unsubordinated Note is a Floating Rate Note, on an Interest Payment Date provided, however, that no such notice of redemption may be given earlier than 90 days (or, if the Note is a Floating Rate Note, a number of days which is equal to the aggregate of the number of days falling within the then current Interest Period applicable to the Unsubordinated Notes plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Unsubordinated Notes then due.

The Issuer may not exercise such option in respect of any Unsubordinated Note which is the subject of the prior exercise by the Noteholder of any applicable Put Option pursuant to Condition 8(g).

- (ii) This Condition 8(c)(ii) is only applicable to Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes.

Subject to the provisions of Condition 8(k), upon the occurrence of a Tax Event in relation to any Series of Senior Resolution Notes, Subordinated Notes or Contingent Capital Notes, the Issuer may, at its option, having given no less than 30 nor more than 60 days' notice in accordance with Condition 22 (which notice shall be irrevocable), redeem all (but not some only) of such Notes at their Early Redemption Amount, together with accrued interest (if any) thereon at any time or, if the Note is a Floating Rate Note, on an Interest Payment Date provided, however, that in the case (i)(A) of the definition of Tax Event, no such notice of redemption may be given earlier than 90 days (or, if the Note is a Floating Rate Note, a number of days which is equal to the aggregate of

the number of days falling within the then current Interest Period applicable to the Notes plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay the relevant additional amounts were a payment in respect of the Notes then due.

- (d) **Redemption upon the occurrence of a Capital Event:** This Condition 8(d) is only applicable to Subordinated Notes and Contingent Capital Notes. Subject to the provisions of Condition 8(k), upon the occurrence of a Capital Event, Nykredit Realkredit may, at its option, having given no less than 30 nor more than 60 days' notice in accordance with Condition 22 (which notice shall be irrevocable), redeem all (but not some only) of the Notes at their Early Redemption Amount, together with accrued interest (if any) thereon at any time or, if this Note is a Floating Rate Note, on an Interest Payment Date.
- (e) **Redemption upon the occurrence of an Eligibility Event:** This Condition 8(e) is only applicable to Senior Resolution Notes. Subject to the provisions of Condition 8(k), and if the relevant Final Terms or Pricing Supplement, as applicable, specifies that this Condition 8(e) applies, then upon the occurrence of an Eligibility Event, Nykredit Realkredit may, at its option, having given no less than 30 nor more than 60 days' notice in accordance with Condition 22 (which notice shall be irrevocable), redeem all (but not some only) of the Notes at their Early Redemption Amount, together with accrued interest (if any) thereon at any time or, if this Note is a Floating Rate Note, on an Interest Payment Date.
- (f) **Redemption at the option of the Issuer:** If Call Option is specified as applicable in the relevant Final Terms or Pricing Supplement, as applicable, the Issuer may (subject in the case of Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes to Condition 8(k) and, in the case of Contingent Capital Notes only, subject to Condition 9 to the extent applicable), on giving not less than 15 nor more than 30 days' notice in accordance with Condition 22 (which notice shall be irrevocable) (or such other notice period as may be specified in the relevant Final Terms or Pricing Supplement, as applicable) redeem the Notes in whole or, if so specified in the relevant Final Terms or Pricing Supplement, as applicable, in part on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the relevant Final Terms or Pricing Supplement, as applicable, (which may be their Early Redemption Amount (as described in Condition 8(b) above)) together with interest accrued to the date fixed for redemption.

All Notes shall be redeemed on the date specified in such notice in accordance with this Condition.

If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms or Pricing Supplement, as applicable, then the Optional Redemption Amount shall in no event be greater than the maximum or be less than the minimum so specified.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Noteholder of its Put Option pursuant to Condition 8(g).

- (g) **Redemption at the option of the Noteholders:** This Condition 8(g) is only applicable to Unsubordinated Notes. If Put Option is specified in the relevant Final Terms or Pricing Supplement, as applicable, as being applicable, the Issuer shall, at the option of the Noteholder of any such Unsubordinated Note, upon the Noteholder of such Unsubordinated Note giving not less than 15 nor more than 30 days' notice in accordance with Condition 22 (which notice shall be irrevocable) to the Issuer (or such other notice period as may be specified in the relevant Final Terms or Pricing Supplement, as applicable) redeem such Unsubordinated Note on the Optional Redemption Date. Any such redemption of Unsubordinated Notes shall be at their Optional Redemption Amount specified in the relevant Final Terms or Pricing Supplement, as applicable, (which may be their Early Redemption Amount (as described in Condition 8(b) above)) together with interest accrued to the date fixed for redemption.

To exercise such option the Noteholder must, within the notice period set out above, give notice to the Issuing Agent, of such exercise in accordance with the standard procedures of the Securities Depository from time to time. No notice given, and option exercised may be withdrawn without the prior consent of the Issuer.

The Noteholder may not exercise such option in respect of any Unsubordinated Note which is the subject of an exercise by the Issuer of its Call Option.

- (h) Purchases:** The Issuer and any Subsidiary of the Issuer may at any time (but in the case of Subordinated Notes, Senior Resolution Notes and Contingent Capital Notes subject to Condition 8(k)) purchase Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Noteholder to vote at any meetings of Noteholders and shall not be deemed to be outstanding for the purposes of determining a quorum at any meeting of Noteholders or for the purposes of Condition 16.
- (i) Cancellation:** All Notes purchased by or on behalf of the Issuer may (but in the case of Subordinated Notes, Senior Resolution Notes and Contingent Capital Notes subject to Condition 8(k)) be cancelled by the Issuer when the Issuer holds the title to them. The Notes are cancelled in the records of the Securities Depository so that the cancelled Notes cannot be reissued or resold, and subsequently the Issuer has no obligations pertaining to the cancelled Notes. The outstanding amount of Notes will be updated in the records of the Securities Depository.
- (j) Substitution and variation:** This Condition 8(j) is only applicable to Senior Resolution Notes and Subordinated Notes.

  - (i) This Condition 8(j)(i) is only applicable to Senior Resolution Notes:

    - (A) Subject to having given no less than 30 nor more than 60 days' notice to the Noteholders (in accordance with Condition 22) and the Fiscal Agent, if an Alignment Event and/or an Eligibility Event and/or a Rating Methodology Event and/or a Tax Event has/have occurred and is/are continuing, Nykredit Realkredit may (subject to Condition 8(k)) at its option, substitute all (but not some only) of the Senior Resolution Notes or vary the terms of all (but not some only) of the Senior Resolution Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Senior Resolution Notes.
    - (B) Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Qualifying Senior Resolution Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.
  - (ii) This Condition 8(j)(ii) is only applicable to Subordinated Notes:

    - (A) Subject to having given no less than 30 nor more than 60 days' notice in accordance with Condition 22 (which notice shall be irrevocable) to the Noteholders and the Fiscal Agent, if a Capital Event and/or a Tax Event has/have occurred and is/are continuing, Nykredit Realkredit may (subject to Condition 8(k)) and if the relevant Final Terms or Pricing Supplement, as applicable, specifies that this Condition 8(j) applies, at its option, substitute all (but not some only) of the Subordinated Notes or vary the terms of all (but not some only) of the Subordinated Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Subordinated Notes.

(B) Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Qualifying Subordinated Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

**(k) Conditions to redemption etc. prior to the Maturity Date:** This Condition 8(k) is only applicable to Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes.

(i) This Condition 8(k)(i) is only applicable to Senior Resolution Notes:

The Senior Resolution Notes may only be redeemed, purchased, cancelled, modified, substituted or varied (as applicable) pursuant to Condition 8(c)(ii), Condition 8(e), Condition 8(f), Condition 8(h), Condition 8(i), Condition 8(j) or paragraph (ii) of Condition 20 if:

- (A) in the case of any such variation or modification, Nykredit Realkredit has notified the Relevant Regulator of, and the Relevant Regulator has, if required by applicable law at the time of such variation or modification not objected to such variation or modification;
- (B) in the case of any such redemption, substitution, purchase or cancellation, Nykredit Realkredit has notified the Relevant Regulator of, and the Relevant Regulator has, if required by applicable law at the time of such redemption, substitution, purchase or cancellation, consented to such redemption, substitution, purchase or cancellation (as applicable);
- (C) in relation to redemption as a result of a Tax Event, Nykredit Realkredit has notified the Noteholders in accordance with Condition 22 within the notice period specified in Condition 8(c)(ii) that such Tax Event has occurred or will occur no more than 90 days following the date fixed for redemption, as the case may; and
- (D) in relation to redemption as a result of a Tax Event, Nykredit Realkredit has delivered a certificate signed by two members of its Executive Board to the Fiscal Agent (and copies thereof will be available at the Fiscal Agent's specified office during its normal business hours) not less than 5 Business Days prior to the date set for redemption that such Tax Event has occurred or will occur no more than 90 days following the date fixed for redemption, as the case may be.

(ii) This Condition 8(k)(ii) is only applicable to Subordinated Notes or Contingent Capital Notes:

The Subordinated Notes or Contingent Capital Notes (as applicable) may only be redeemed, purchased, cancelled or modified, substituted or varied (as applicable) pursuant to Condition 8(c)(ii), Condition 8(d), Condition 8(f), Condition 8(h), Condition 8(i), Condition 8(j) or paragraph (ii) of Condition 20 if:

- (A) in the case of any such variation or modification, Nykredit Realkredit has notified the Relevant Regulator of, and the Relevant Regulator has not objected to, such variation or modification;
- (B) in the case of any such redemption, substitution, purchase or cancellation, Nykredit Realkredit has notified the Relevant Regulator of, and the Relevant Regulator has consented to, such redemption, substitution, purchase or cancellation (as applicable); and
- (C) in the case of a redemption as a result of a Special Event, Nykredit Realkredit has delivered a certificate signed by two members of its Executive Board to the Fiscal Agent (and copies thereof will be available at the Fiscal Agent's specified office during its normal business hours) not less than 5 Business Days prior to the date set for redemption that such Special

Event has occurred or will occur no more than 90 days following the date fixed for redemption, as the case may be.

## 9 Replacement Capital

This Condition 9 is only applicable to Contingent Capital Notes. If Replacement Capital is specified as applicable in the relevant Final Terms or Pricing Supplement, as applicable, for so long as Nykredit Realkredit solicits an issuer rating (or such similar nomenclature used by S&P from time to time) from S&P, Nykredit Realkredit will only redeem the Contingent Capital Notes pursuant to Condition 8(f) to the extent that the aggregate principal amount of the Contingent Capital Notes to be redeemed does not exceed such part of the net proceeds, received by Nykredit Realkredit and/or any member of the Nykredit Realkredit Group during the 360-day period prior to the date of such redemption, from the sale or issuance by Nykredit Realkredit and/or any member of the Nykredit Realkredit Group to third party purchasers (other than members of the Nykredit Realkredit Group), of securities that are assigned by S&P, at the time of sale or issuance, a level of “equity content” (or such similar nomenclature used by S&P from time to time) that is equal to or greater than the “equity content” assigned to the Contingent Capital Notes to be redeemed at the date of issue of the last Tranche of the Contingent Capital Notes (but taking into account any changes in bank capital methodology or another relevant methodology or the interpretation thereof since the date of issue of the last Tranche of the Contingent Capital Notes). This limitation will no longer apply if a Rating Methodology Event occurs.

If a Rating Methodology Event occurs, Nykredit Realkredit will provide notice of such event to the Noteholders in accordance with Condition 22.

## 10 Payments

- (a) **Principal and interest:** Payments of principal and interest in respect of the Notes will be made by transfer to an account denominated in the Specified Currency with a custody bank to the Noteholders shown in the relevant records of the Securities Depository, in accordance with and subject to the rules and regulations from time to time governing the Securities Depository.
- (b) **Payments subject to fiscal laws:** All payments are subject in all cases to any fiscal or other laws, regulations and directives which are applicable to such payments in the place of payment or other laws to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by any such laws, regulations or directives, but without prejudice to the provisions of Condition 11. No commission or expenses shall be charged to the Noteholders in respect of such payments.
- (c) **Payment on Business Days:** If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

## 11 Taxation

- (a) **Gross up:** All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall 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. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note:

- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Kingdom of Denmark other than the mere holding of the Note or the receipt of principal, interest or other amount in respect of such Note; or
  - (ii) **Claim more than 30 days after the Relevant Date:** where a claim for payment is made by the Noteholder more than 30 days after the Relevant Date, except to the extent that the relevant Noteholder would have been entitled to such additional amounts on claiming payment on or before the expiry of such period of 30 days.
- (b) **Taxing jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than Denmark, references in the Conditions to Denmark shall be construed as references to Denmark and/or such other jurisdiction.
- (c) **FATCA:** Notwithstanding any other provision of these Conditions, in no event will the Issuers be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereunder.

## 12 Prescription

Claims against the Issuer for payment in respect of the Notes shall be subject to limitation under the Danish Limitation Act and shall become void unless proceedings have been commenced or the limitation period has otherwise been suspended or interrupted pursuant to the rules of the Danish Limitation Act within 10 years (in the case of principal) or three years (in the case of interest) from the date when the creditor was entitled to claim payment within the meaning of section 2 of the Danish Limitation Act.

## 13 Events of Default

This Condition 13 is only applicable in relation to Unsubordinated Notes.

If any of the following events (“**Events of Default**”) occurs, the Noteholder of any Note may give written notice to the Issuer at its registered office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Issuer:

- (i) *Non-payment:* If any payment of interest or principal relating to Unsubordinated Notes and remains unpaid for more than seven days after the Noteholder’s written notice to the Issuer concerning the non-payment;
- (ii) *Failure to honour other obligations:* If the Issuer fails to perform or honour one or more of its other obligations in relation to the Unsubordinated Notes which breach cannot be remedied within 30 days from a written notice of such breach to the Issuer at its registered office;
- (iii) *Enforcement:* If the Issuer defaults, is subjected to enforcement or other legal procedure involving levying, collection or enforcement in respect of, or a legal action is brought against, the Issuer’s real estate, assets or income which has a significant effect on the Issuer’s financial circumstances or operations and which is not remedied within 60 days; or
- (iv) *Liquidation, bankruptcy or reconstruction:* If the Issuer enters into liquidation, bankruptcy or reconstruction proceedings pursuant to the Danish Bankruptcy Act.

## 14 Enforcement Events

This Condition 14 is only applicable in relation to Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes.

The following events or circumstances (each an “**Enforcement Event**”) shall be enforcement events in relation to the Notes of any Series of Senior Resolution Notes, Subordinated Notes or Contingent Capital Notes:

- (i) Subject (in the case of Senior Resolution Notes) to Condition 6 or (in the case of Contingent Capital Notes) to Condition 7, if Nykredit Realkredit shall fail to meet its payment obligations under the Notes and such payment obligations are not met within seven Business Days after Nykredit Realkredit has received notice thereof, any Noteholder may, at its own discretion and without further notice, institute proceedings in Denmark in order to recover the amounts due from Nykredit Realkredit to such Noteholder, provided that a Noteholder may not at any time file for liquidation or bankruptcy of Nykredit Realkredit. Any Noteholder may, at its discretion and without further notice, institute such proceedings against Nykredit Realkredit as it may think fit to enforce any obligation, condition or provision binding on Nykredit Realkredit under the Notes, provided that Nykredit Realkredit shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it; and
- (ii) if an order is made or an effective resolution is passed for the liquidation or bankruptcy of Nykredit Realkredit, then the Notes shall become due and payable at their Outstanding Principal Amount together with interest (if any) accrued to such date.

## 15 Agents

- (a) **Appointment of Agents:** Nykredit Realkredit (if Nykredit Realkredit is the Issuer) or Nykredit Bank (if Nykredit Bank is the Issuer), will perform the tasks of the Issuing Agent, the fiscal agent (“**Fiscal Agent**”) as they are described in the Conditions and the tasks of the paying agent (“**Paying Agent**”), which is paying any amount due under the Notes in accordance with the Conditions. Unless the Calculation Agent is the Fiscal Agent, the Calculation Agent in respect of any Notes shall be specified in the relevant Final Terms or Pricing Supplement, as applicable.

The Issuing Agent, the Fiscal Agent, the Paying Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder

- (b) **Replacement of Agents:** The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Paying Agent or the Calculation Agent and to appoint additional or other paying agents provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Paying Agent (which may be the Fiscal Agent), which is authorised to act as an account holding institution with the relevant Securities Depository and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change shall promptly be given to the Noteholders.

## 16 Decisions by Noteholders

- (a) **Powers of meetings:**
  - (i) A Noteholders’ Meeting or a Written Procedure shall, subject to the Conditions, have power:

- (A) to sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer, whether or not those rights arise under the Notes;
  - (B) to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, notes or other obligations or securities of the Issuer or any other entity;
  - (C) to assent to any modification of the Notes or the Conditions proposed by the Issuer;
  - (D) to appoint and elect a representative on behalf of the Noteholders pursuant to the Danish Securities Trading Act;
  - (E) to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders' interests and to confer on them any powers or discretions which the Noteholders could themselves exercise; and
  - (F) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes or the Conditions.
- (ii) The Issuer or the Fiscal Agent shall upon request provide the convening Noteholder(s) with the information available in the securities register kept by the Securities Depository in respect of the Notes in order to convene and hold the Noteholders' Meeting or a Written Procedure, as the case may be.
  - (iii) Decisions to be taken by the Noteholders may be dealt with, at the option of the Issuer, at a Noteholders' Meeting or by way of a Written Procedure.
  - (iv) A Noteholders' Meeting will be held in accordance with the procedure pursuant to Condition 17.
  - (v) A Written Procedure will be held in accordance with the procedure pursuant to Condition 18.

**(b) Attendance:**

- (i) At the Noteholders' Meeting, each Noteholder must document its holdings of Notes by presenting a custody account statement from the Securities Depository or an authorised account institution evidencing that such Noteholder was registered as a Noteholder on the Business Day specified in the notice pursuant to Condition 17(a)(ii). The following may attend and speak at a Noteholders Meeting:
  - (A) Noteholders and proxies;
  - (B) the chairman; and
  - (C) the Issuer, the Issuing Agent, the Fiscal Agent (through their respective representatives) and their respective financial and legal advisers.
- (ii) No one else may attend or speak.

- (c) **Chairman:** The chairman of the Noteholders' Meeting shall be such person as the Issuer may nominate or, if no nomination is made, the person elected by the Noteholders present at such meeting.

**(d) Voting rights:**

- (i) Each Noteholder holds one vote for each Note. The Issuer has no voting rights in respect of Notes held by the Issuer or any of its Subsidiaries.

(ii) Only a person who is, or who has been provided with a power of attorney from a person who is, recorded as a Noteholder:

(A) on the date falling on the immediately preceding Business Day to the date of the Noteholders' Meeting being held, in respect of a Noteholders' Meeting; or

(B) on the Business Day specified in the communication pursuant to Condition 18(a), in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure.

**(e) Percentage of Noteholders required to consent:**

(i) The following matters shall require the consent of Noteholders representing at least 75 per cent. of the nominal amount of the Notes for the time being outstanding for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Condition 18(a):

(A) a change to the terms of any provision of Condition 4 and/or Condition 6 or 7, as applicable;

(B) in relation to Contingent Capital Notes, a change to the terms of any provision of Condition 9;

(C) a reduction of the amount payable upon the redemption or repurchase of any Note pursuant to Condition 8 other than as permitted or required by the Conditions;

(D) a change to the interest rate or the nominal amount of the Notes (other than as permitted or required by the Conditions);

(E) a change to the terms dealing with the requirements for Noteholders' consent set out in this Condition 16(e)(i);

(F) a change of Issuer (other than as permitted or required by the Conditions), an extension of the tenor of the Notes or any delay of the due date for payment of any principal or interest on the Notes;

(G) a mandatory exchange of the Notes for other securities (other than as permitted by the Conditions); and

(H) early redemption of the Notes, other than upon an acceleration of the Notes pursuant to Condition 13 or 14, as applicable, or as otherwise permitted or required by the Conditions.

(ii) Any matter not covered by Condition 16(e)(i) above shall require the consent of Noteholders representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure.

**(f) Quorum:**

(i) A quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least 50 per cent. in nominal amount of the Notes for the time being outstanding in case of a matter pursuant to Condition 16(e)(i), and otherwise 20 per cent. in nominal amount of the Notes for the time being outstanding:

(A) if at a Noteholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or

- (B) if in respect of a Written Procedure, reply to the request.
- (ii) No resolution may be passed if it is clear that that resolution is likely to give certain Noteholders or others an undue advantage over other Noteholders.
- (g) Issuer's, Paying Agent's, Issuing Agent's, the Fiscal Agent's or the Calculation Agent's consent required:** Any decision which extends or increases the obligations of the Issuer, the Paying Agent, the Issuing Agent, the Fiscal Agent or the Calculation Agent or limits, reduces or extinguishes the rights or benefits of the Issuer, the Paying Agent, the Issuing Agent, the Fiscal Agent or the Calculation Agent under the Notes shall be subject to the Issuer's, the Paying Agent's, the Issuing Agent's, the Fiscal Agent's or the Calculation Agent's consent, as the case may be.
- (h) Decisions binding on all Noteholders and information to Noteholders:**
- (i) A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.
- (ii) Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be notified to the Noteholders, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer.
- (i) Minutes:** Minutes shall be made of all resolutions and proceedings at every Noteholders' Meeting or Written Procedure and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved, every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

## 17 Noteholders' Meeting

**(a) Convening a Noteholders' Meeting:**

- (i) The Issuer may at any time, and shall, if so requested by a Noteholder (or Noteholders) representing at least 10 per cent. of the Outstanding Principal Amounts of the Notes convene a Noteholders' Meeting or initiate a Written Procedure. The Issuer may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Issuer that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (ii) The Issuer shall call the Noteholders by notice to each Noteholders' Meeting no later than 14 days after having received request to convene such Noteholders' Meeting from the Noteholders containing the subject of such meeting. If the Issuer does not call the Noteholders' Meeting within the deadline, the Noteholders shall be entitled to call the Noteholders' Meeting.

**(b) Notice to convene a Noteholders' Meeting:** The notice pursuant to Condition 17(a) shall include the following:

- (i) time for the Noteholders' Meeting;

- (ii) place for the Noteholders' Meeting;
- (iii) agenda for the meeting (including each request for a decision by the Noteholders); and
- (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting.

Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.

- (c) **Venue for Noteholders' Meetings:** All Noteholders' Meetings shall be held in the Copenhagen area and the Issuer shall pay expenses associated with the meeting other than travel and other expenses incurred by the Noteholders which shall be borne by each individual Noteholder.

## 18 Written Procedure

### (a) **Instigating a Written Procedure:**

- (i) The Issuer may instigate a Written Procedure at any time by sending a communication to each such Person who is registered as a Noteholder on the third Business Day prior to the date on which the communication is sent.
- (ii) A communication pursuant to Condition 18(a)(i) shall include the following:
  - (A) each request for a decision by the Noteholders;
  - (B) a description of the reasons for each request;
  - (C) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
  - (D) instructions and directions on replying to the request (including a form for such reply containing an option to vote yes or no for each request) as well as a form of power of attorney; and
  - (E) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Condition 18(a)(i)).

If the voting shall be made electronically, instructions for such voting shall be included in the communication.

- (b) **Decisions:** When the requisite majority consents of the principal amount of the Notes outstanding pursuant to Condition 16(e) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Condition 16(e) even if the time period for replies in the Written Procedure has not yet expired.

## 19 Representative

No trustee, agent or representative of the Noteholders will be appointed.

## 20 Modification of Notes

The Issuer may make, without the consent of the Noteholders:

- (i) any modification to the Notes or the Conditions to correct a manifest error; or

- (ii) any modification to the Notes or the Conditions which is not prejudicial to the interests of the Noteholders and in the case of Senior Resolution Notes, Subordinated Notes and Contingent Capital Notes subject to Condition 8(k).

Subject as provided in the Conditions, no other modification may be made to the Notes or the Conditions except with the sanction of a Noteholders' Meeting or a Written Procedure or as may be required by applicable laws or a court ruling or decision by a relevant authority.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 22 as soon as practicable thereafter.

## 21 Further issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the Conditions to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in the Conditions to "Notes" shall be construed accordingly.

## 22 Notices

Notices to the Noteholders shall be given in accordance with the procedures of the Securities Depository in force from time to time and in a manner which complies with the rules of any stock exchange or other relevant authority on or by which the Notes are for the time being listed or admitted to trading. Any such notice will be deemed to have been given on the date it is published in accordance with the procedure of the Securities Depository.

## 23 Waiver and remedies

No failure to exercise, and no delay in exercising, on the part of a Noteholder, any right in the Conditions shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

## 24 Governing law and jurisdiction

- (a) **Governing law:** The Conditions and the Notes are governed by, and shall be construed in accordance with, Danish law.
- (b) **Jurisdiction:** The courts of Denmark shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Conditions and the Notes.

## USE OF PROCEEDS

### **Unsubordinated Notes issued by Nykredit Realkredit**

The net proceeds from the issue of each Tranche of Unsubordinated Notes by Nykredit Realkredit will be applied by Nykredit Realkredit to meet part of its general financing requirements including, *inter alia*, supplementary collateral requirements and, to the extent eligible, to fulfil the debt buffer requirement of Nykredit Realkredit and Totalkredit A/S pursuant to section 125i of the Danish Financial Business Act.

Nykredit Realkredit is, at the date of this Base Prospectus, not subject to the MREL Requirement. If and to the extent that Nykredit Realkredit becomes subject to the MREL Requirement, the net proceeds from the issue of each Tranche of Unsubordinated Notes by Nykredit Realkredit will, if eligible, be used to fulfil the MREL Requirement of Nykredit Realkredit.

### **Unsubordinated Notes issued by Nykredit Bank**

The net proceeds from the issue of each Tranche of Unsubordinated Notes by Nykredit Bank will be applied by Nykredit Bank to meet part of its general financing requirements, and, to the extent eligible, to fulfil the MREL Requirement of Nykredit Bank.

### **Senior Resolution Notes**

The net proceeds from the issue of each Tranche of Senior Resolution Notes will be applied by Nykredit Realkredit to meet part of its general financing requirements including, *inter alia*, supplementary collateral requirements and to fulfil the debt buffer requirement of Nykredit Realkredit and Totalkredit A/S pursuant to section 125i of the Danish Financial Business Act. Nykredit Realkredit is, at the date of this Base Prospectus, not subject to the MREL Requirement. If and to the extent that Nykredit Realkredit becomes subject to the MREL Requirement, the net proceeds from the issue of each Tranche of Senior Resolution Notes by Nykredit Realkredit will, if eligible, be used to fulfil the MREL Requirement of Nykredit Realkredit.

The net proceeds from the issue of each Tranche of Senior Resolution Notes are expected to eligible for inclusion in the Additional Loss-Absorbing Capacity of Nykredit Realkredit as described by Standard & Poor's Ratings Services.

Senior Resolution Notes will not qualify as regulatory capital according to CRD IV.

### **Subordinated Notes and Contingent Capital Notes**

The net proceeds from the issue of each Tranche of Subordinated Notes and Contingent Capital Notes will be applied by Nykredit Realkredit to meet part of its general financing requirements and will form part of Nykredit Realkredit's capital base.

## BUSINESS DESCRIPTION OF NYKREDIT REALKREDIT A/S

### Background

The Danish mortgage system is one of the oldest in the world and dates back to 1797. Nykredit Realkredit has issued mortgage bonds since 1985 under the name of “Nykredit”, and has issued mortgage bonds under other names and through other legal entities since 1851.

Mortgage associations were established to enable their members to reduce their borrowing costs by combining their resources and funding their members’ loans through the issuance of mortgage bonds secured against real estate. The formation of mortgage associations provided a cheap and effective lending system in Denmark, and today the Danish mortgage sector contributes significantly to the Danish economy.

The mortgage credit association Nykredit (which later became the public limited company Nykredit Realkredit, as described below) was established on 1 April 1985 through the merger of two other mortgage associations dating back to 1851. Nykredit operated as a mortgage association on a purely wholesale basis until 1989, providing mortgage loans to commercial and personal customers through external distribution channels. In 1989, the mortgage sector in Denmark was deregulated, and banks were authorised to form mortgage banks, and mortgage associations were authorised to convert into public limited companies.

As a result of the deregulation of the mortgage sector, Nykredit changed from a wholesale to a retail business and later expanded its activities to include banking and insurance. In 1991, Nykredit was converted from a mortgage association to a public limited company – a mortgage bank – with a holding company structure. As part of the conversion, Nykredit transferred its assets and liabilities through its holding company Nykredit Holding A/S to the mortgage bank Nykredit A/S (renamed Nykredit Realkredit A/S in 2002), which continued the mortgage activities of the former mortgage association. Foreningen Nykredit (the “**Nykredit Association**”), the members of which were the mortgage borrowers of the mortgage association, became the sole owner of Nykredit Holding A/S at the time of conversion. In 1992, Nykredit Realkredit merged with IRF Industrifinansiering providing Industriens Fond (the Industrial Fund of Denmark) with a stake in Nykredit Holding A/S.

In 1994, Nykredit Realkredit formed a wholly-owned subsidiary, Nykredit Bank, as a corporate bank, which later expanded 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. The seller, Foreningen Østifterne, became a shareholder of Nykredit Holding A/S.

In 2002 and 2003, Nykredit Realkredit entered into a number of strategic partnerships, including with Sydbank and Spar Nord Bank, concerning the distribution of Nykredit Realkredit’s mortgage loans to strengthen distribution to personal customers.

To further strengthen its distribution capacity to personal customers, Nykredit Realkredit acquired the mortgage bank Totalkredit A/S (“**Totalkredit**”) in November 2003. Totalkredit is a mortgage bank granting mortgage loans to personal customers through a distribution network of about 58 local and regional banks. Together, these local and regional banks own the company, PRAS A/S, which became a shareholder of Nykredit Holding A/S following Nykredit Realkredit’s acquisition of Totalkredit.

In 2007, the Danish Financial Supervisory Authority authorised Nykredit Realkredit to issue covered bonds pursuant to the then current Capital Requirements Directive.

In 2008, Nykredit Realkredit acquired Forstædernes Bank A/S. Forstædernes Bank A/S was fully integrated in the Nykredit Realkredit Group as at April 2010.

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

Since April 2012, new mortgages to personal customers have been originated by Nykredit Realkredit's sales force and sold under the Totalkredit brand.

In February 2016, Nykredit announced its plans for a listing of Nykredit Holding A/S.

The Nykredit Realkredit Group is one of the largest lenders in Denmark as at 31 December 2015 based on the MFI statistics of the Danish Central Bank (in Danish: *Danmarks Nationalbank*).

### **Ownership and legal structure**

Nykredit Realkredit has its registered office at Kalvebod Brygge 1-3, DK-1780 Copenhagen V, Denmark in the municipality of Copenhagen, Denmark, is incorporated in Denmark as a public limited liability company under the laws of Denmark and is registered in Denmark with the Danish Business Authority under CVR no. 12 71 92 80.

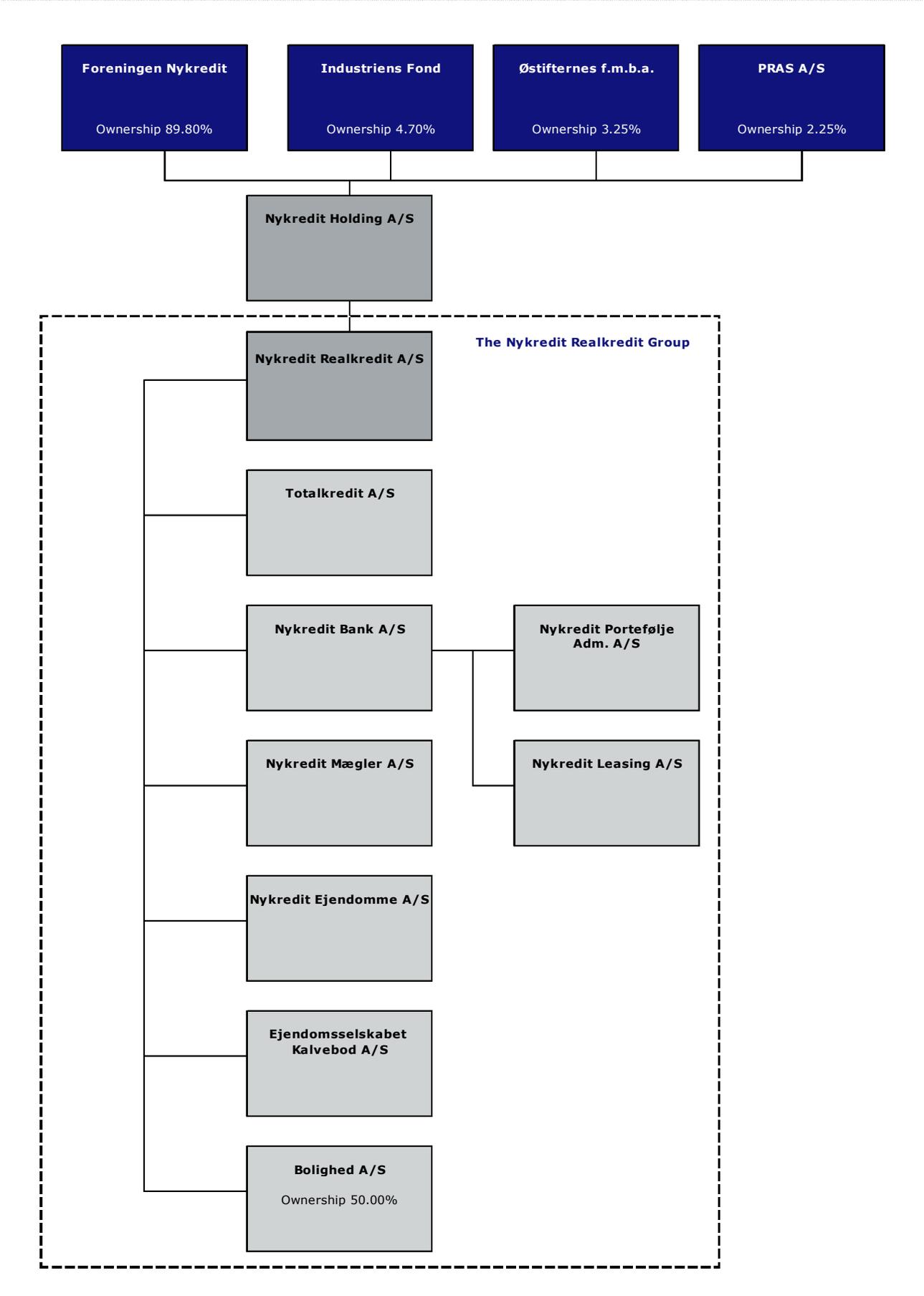
According to Article 3(2) of Nykredit Realkredit's Articles of Association, Nykredit Realkredit's object is to carry on mortgage banking, i.e. activities authorised under current Danish mortgage legislation. Another object is through subsidiaries to carry on other financial business, including banking and asset management. 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, Nykredit A/S, Nykredit Industri A/S and Realkreditaktieselskabet Nykredit.

Nykredit Realkredit's share capital amounts to DKK 1,182m (approx. EUR 159m) divided into 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 Nykredit Realkredit's register of shareholders. No share certificates have been issued and consequently, the shares cannot be assigned to the bearer. The shares are non-negotiable and have not been divided into classes.

Nykredit Realkredit is wholly-owned by Nykredit Holding A/S, the only activity of which is the ownership of Nykredit Realkredit. The Nykredit Association is the largest shareholder of Nykredit Holding 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 also through its subsidiaries Totalkredit, Nykredit Bank, Nykredit Mægler A/S and Nykredit Ejendomme A/S.

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



The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, (act no. 959 of 21 August 2015, as amended) (the “Danish Mortgage-Credit Loans and Mortgage-Credit Bonds Act”), the Danish Companies Act, (act no. 1089 of 14 September 2015, as amended) (the “Danish Companies Act”) and the Danish Financial Business Act, (act no. 174 of 31 January 2017, as amended) (the “Danish Financial Business Act”) lay down rules to counter a major shareholder’s abuse of its control. Nykredit Realkredit has not taken special measures to prevent Nykredit Holding A/S from abusing its control of Nykredit Realkredit. Nykredit Realkredit has no notice of any agreements that may lead to third-parties obtaining control of Nykredit Realkredit.

The Nykredit Realkredit Group had total assets of DKK 1,401bn (approx. EUR 188bn) as at 31 December 2016. The Nykredit Realkredit Group’s total equity amounted to DKK 71bn (approx. EUR 10bn) as at 31 December 2016 and profit before tax for the financial year ended 31 December 2016 was DKK 6,708m (approx. EUR 902m). In 2016, the Nykredit Realkredit Group had an average number of full-time staff of 3,648.

The financial position of Nykredit Realkredit is dependent on the financial position of other companies in the Nykredit Realkredit Group, as a significant part of the assets and liabilities of the Nykredit Realkredit Group relate to assets and liabilities of subsidiaries of Nykredit Realkredit including Nykredit Bank and Totalkredit.

### Financial highlights of the Nykredit Realkredit Group

<b>DKK million (euro equivalent in EUR m)</b>	<b>2016</b>	<b>(EUR m)</b>	<b>2015</b>	<b>(EUR m)</b>
Core income from business operations ...	12,159	(1,634)	12,126	(1,630)
Operating costs, depreciation and amortisation .....	5,260	(707)	5,066	(681)
Profit from core business before impairment losses .....	6,451	(867)	6,488	(872)
Impairment losses .....	680	(91)	920	(124)
Profit from core business .....	5,771	(776)	5,568	(748)
Investment portfolio income .....	1,331	(179)	853	(101)
Profit before tax. ....	6,708	(902)	4,685	(630)

### Authorised Nykredit business areas

Nykredit Realkredit is authorised to carry on:

- mortgage lending as per the Danish Financial Business Act; and
- business as a securities dealer relating to mortgage banking activities.

Nykredit Realkredit carries on other financial business through its fully owned subsidiaries:

- mortgage lending (Totalkredit);
- banking (retail, commercial, investment banking and asset management) (Nykredit Bank);
- estate agency services (Nykredit Mægler A/S); and

- ownership and administration of office properties (Nykredit Ejendomme A/S).

### **The Nykredit Realkredit Group business activities**

The overarching strategic priorities of the Nykredit Realkredit Group are two-fold: 1) mortgage lending/banking; and 2) its relationship with the partner banks of Totalkredit.

Mortgage lending remains the core business of the Nykredit Realkredit Group. The Nykredit Realkredit Group's primary market is the Danish market for lending against mortgages over real estate. The Nykredit Realkredit Group provides mortgage loans to personal, commercial and agricultural customers. Nykredit Realkredit Group mortgage lending at fair value totalled DKK 1,125bn (approx. EUR 151bn) as at 31 December 2016. Bank lending, excluding reverse transactions, totalled DKK 55bn (approx. EUR 7bn) as at 31 December 2016.

Nykredit Realkredit and Totalkredit's most important business activity is lending for housing purposes. Total lending for private residential purposes, include owner-occupied dwellings, cooperative housing, public housing and private residential rental properties, represented 78 per cent. of the outstanding bond debt as at 31 December 2016 (as set out below):

<b>The Nykredit Realkredit Group's mortgage loans at nominal value by property category as at 31 December 2016</b>	<b>Proportion (per cent.)</b>
Owner-occupied dwellings.....	59
Holiday homes .....	3
Public housing.....	9
Private residential rental properties.....	7
Industry and trades properties .....	2
Office and retail properties.....	10
Agricultural properties .....	8
Properties used for social, cultural or educational purposes .....	1
Total .....	100

*Bond debt refers only to mortgage bonds and includes bonds issued under the Totalkredit brand.*

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

### **Retail**

The business area "Retail" comprises the Nykredit Realkredit Group's personal customers and small and medium enterprises, including agricultural customers, residential rental property and wealthy customers. The business area includes mortgage lending to Nykredit Realkredit's personal customers originated via Totalkredit.

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

For properties abroad, Nykredit Realkredit offers Danish retail clients mortgage loans subject to Danish legislation for properties chiefly in France and Spain directly to customers or through business partners. Mortgage lending at fair value was DKK 11bn (approx. EUR 2bn) as at 31 December 2016. These loans are granted in Denmark based on authorisations issued by the Danish Financial Supervisory Authority, and lending activities comply with Danish mortgage regulation.

### **Totalkredit Partners**

The Totalkredit partner banks have entered into a partnership agreement concerning distribution of mortgage loans issued by Totalkredit to their personal and business customers. The partner banks are responsible for customer services and cover part of the credit risk on the loans through loss guarantees or set-off against commission payments from Totalkredit to the partner banks.

### **Wholesale Clients**

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

For properties abroad, Nykredit Realkredit offers Danish and certain international corporate clients mortgage loans subject to Danish legislation. Mortgage loans have been granted for properties in Finland, Germany, Norway, Sweden and the UK.

Nykredit Realkredit's international mortgage lending is based on authorisations from the Danish Financial Supervisory Authority, and the lending activities are in accordance with Danish mortgage regulation. Mortgage lending at fair value was DKK 41bn (approx. EUR 6bn) as at 31 December 2016.

### **Wealth Management**

The business area Wealth Management handles the Nykredit Realkredit Group's asset and wealth management activities. Wealth Management comprises the business units Nykredit Asset Management, Nykredit Portefølje Administration and Private Banking Elite.

### **Capital structure**

The table below show the Nykredit Realkredit Groups's capital structure and the Common Equity Tier 1 ratio of each of the Nykredit Realkredit Group, Nykredit Realkredit and Nykredit Holding.

## The Nykredit Realkredit Group

<b>DKK million (euro equivalent in EUR m)</b>	<b>2016</b>	<b>(EUR m)</b>	<b>2015</b>	<b>(EUR m)</b>
Common Equity Tier 1 capital (CET1)...	65,863	(8,853)	60,525	(8,135)
Additional Tier 1 capital after deductions.....	3,676	(494)	3,488	(469)
Tier 2 capital after deductions.....	11,060	(1,487)	10,485	(1,409)
Own funds.....	80,599	(10,833)	74,498	(10,013)
Risk Exposure Amount.....	349,348	(46,955)	311,220	(41,831)
Common Equity Tier 1 (CET1) ratio.....	18.8%		19.4%	
Tier 1 capital ratio.....	19.9%		20.5%	
Total capital ratio.....	23.0%		23.9%	
Internal capital adequacy requirement....	10.2%		11.8%	

### Nykredit Realkredit

	<b>2016</b>	<b>2015</b>
Common Equity Tier 1 (CET1) ratio.....	17.0%	16.5%

### Nykredit Holding Group

	<b>2016</b>	<b>2015</b>
Common Equity Tier 1 (CET1) ratio.....	18.8%	19.4%

## Ratings

Nykredit Realkredit and the majority of the Nykredit Realkredit Group's covered securities have been rated by S&P. Nykredit Realkredit has also been rated by Fitch. Each of these rating agencies is established in the European Union and registered under the CRA Regulation.

### Nykredit Realkredit Group ratings

<b>Ratings</b>	<b>S&amp;P</b>	<b>Fitch</b>
Short-term unsecured rating.....	A-1	F1
Long-term unsecured rating.....	A	A
Senior Resolution Notes.....	BBB+	A
Tier 2.....	BBB	A-

Contingent Capital Notes (Tier 2) .....	BBB	BBB
Additional Tier 1 capital .....	BB+	BB+

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

### **Risk management**

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

The Board of Directors has assigned the day-to-day responsibility to the Group Executive Board, which has charge of implementing overall instructions. The 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 Risk Committee, the Asset/Liability Committee and the Credits Committee.

The Risk Committee is charged with overseeing the overall risk profile, capital requirements and risk models of the Nykredit Realkredit Group in order to assist the individual Executive Boards and Boards of Directors of the Nykredit Realkredit Group in overseeing – and the management of the Nykredit Realkredit Group in ensuring – compliance with current legislation and practice in the area in question.

The Asset/Liability Committee is charged with monitoring and coordinating the Nykredit Realkredit Group's use of 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 approving credit applications and loan impairments as well as overseeing the management of risks in the credits area. The Committee monitors the Nykredit Realkredit Group's credit portfolio and submits recommendations on credit policies etc to the individual Executive Boards and Boards of Directors. The Committee chiefly considers 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 loans and credits 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. Group Credits is responsible for the reporting on individual credit exposures and the portfolio targets set out in the credit policy. The Risk Committee is responsible for approving credit risk models and receives reports on credit risk at portfolio level.

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

Credit applications exceeding the authority assigned to the centres are processed centrally by Group Credits. The applications submitted are decided by Group Credits unless they involve exposures requiring the approval of the Credits Committee or the Board of Directors. The Board of Directors grants or approves loans or credit facilities that, if granted, will bring the Nykredit Realkredit Group's total exposure to any one customer over DKK 200m (approx. EUR 27m) and, subsequently, whenever the exposure exceeds multiples of DKK 100m (approx. EUR 13m).

When processing credit applications, the local centres perform an assessment of the individual customer. The assessment is based on a customer rating computed by the Nykredit Realkredit Group'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 products, the Nykredit Realkredit Group 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 ISDA or the 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.

The Nykredit Realkredit Group uses a statistical model for the ongoing monitoring of market values of properties funded by covered bonds and traditional mortgage bonds. The models are applied to detached houses, terraced houses, holiday homes and owner-occupied flats that satisfy specific requirements for loan-to-value ratios, risk classification and time since the last valuation. The statistical valuations are performed centrally and supplemented by local valuations as required. As prescribed by law, market values are monitored at least once a year in respect of commercial properties and at least every third 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 by Danish partner banks (local and regional banks). In these cases, the partner bank performs the initial assessment of the customer and valuation of the property.

The partner banks are responsible for serving customers and hedging the loan portfolio risk. Risk is hedged by agreement with the partner banks. Under the agreement, realised losses corresponding to the cash part of a loan exceeding 60 per cent. 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 this right of set-off has been replaced by a loss guarantee provided by the partner bank. Through the set-off agreements with the partner banks, Totalkredit offset losses in the amount of DKK 240m (approx. EUR 32m) in 2016.

## **Credit risk models**

The Nykredit Realkredit Group 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 Value.

The models used to determine PD and LGD are built on historical data allowing for periods with low as well as high business activity. PD is therefore estimated by weighting current data against data dating back to the early 1990s. Current data carry a 40 per cent. weighting, while data from the crisis years in the early 1990s carry a 60 per cent. 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 small enterprises, PDs are determined on the basis of the customer’s credit score and payment patterns. Credit scoring is a statistical calculation of the 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 counterparties 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 and exposures in default, 10 being the highest rating. Customer ratings are an important element of the credit policy and customer assessment.

LGD is determined 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 of security, its quality and 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.

## **Market risk**

The Nykredit Realkredit Group’s market risk relates mainly to investment portfolios and Nykredit Markets.

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. Within the limits provided by the Board of Directors, the Group Executive Board assigns or approves market risk limits for group companies. Compliance with risk limits is monitored daily and independently of the acting entities of the Nykredit Realkredit Group.

### **Market risk on mortgage lending**

Nykredit Realkredit and Totalkredit’s mortgage lending complies with the balance principle, which limits market risk. The legislative framework behind the balance principle is the Danish Financial Business Act, the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds Act, and the Danish Executive Order no. 1425 of 16 December 2014 on Bond Issuance, Balance Principle and Risk Management (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

because practically all Nykredit Realkredit's and Totalkredit's mortgage loans are match-funded, which eliminates any market risk.

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

- On the granting of loans, Nykredit Realkredit issues the bonds or other securities that fund the loans on a daily basis;
- The funding matching each loan is sold in the bond or derivatives market;
- The loan rate equals the yield-to-maturity of the bonds or other securities sold;
- Fixed-rate loans have fixed funding throughout the loan term. Floating rate loans and adjustable-rate loans do not have fixed funding but are funded by bonds with maturities between 1 and 11 years. On refinancing, the loan rate of adjustable rate loans is adjusted to equal the yield-to-maturity of the bonds funding the loan;
- When loans are prepaid, the matching proportion of the outstanding funding is reduced. Borrowers cover Nykredit Realkredit's costs pertaining to prepayment;
- The dates for 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 subject to timely payments by borrowers; and
- Nykredit Realkredit's earnings margin consists of a separate administration margin, which is calculated on the basis of the debt outstanding, and it 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 and Totalkredit's interest rate, liquidity and refinancing risk on mortgage lending and funding.

The Nykredit Realkredit Group applies a VaR model for its day-to-day management of market risk and for the determination of capital requirements and capital adequacy.

For the purpose of day-to-day business risk management, the Nykredit Realkredit Group calculates Value-at-Risk ("VaR") at a confidence level of 99 per cent. and a time horizon of one day. VaR is calculated for both the trading book and the banking book for internal purposes. When determining capital requirements, Nykredit 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 no. 295 of 27 March 2014 on Calculation of Risk Exposures, Own Funds and Solvency Requirement (as amended by Executive Order no. 1351 of 22 November 2016) 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 per cent., but a time horizon of 10 days.

The Nykredit Realkredit Group's internal VaR was DKK 79m (approx. EUR 11m) as at 31 December 2016. According to its model, the Nykredit Realkredit Group would risk losing a maximum of DKK 79m (approx. EUR 11m) at a 99 per cent. probability in one day as a consequence of market fluctuations.

## **Liquidity risk**

The balance sheet structure of the mortgage banks ensures a high level of liquidity as mortgage borrowers make their payments on or before the date on which Nykredit Realkredit pays bondholders. Therefore, mortgage lending and the funding thereof produce positive liquidity.

Further, mortgage loans are funded by bonds which match the loan term or by bonds which are refinanced one or more times during the loan term. For loans subject to refinancing, the structure of the loan agreements eliminates funding-related market risk.

The liquidity position ensures that Nykredit Realkredit has a sizeable buffer for cash flows driven by customer flows, loan arrears, current costs and maturing capital market funding. In addition, the liquidity position ensures the Group's compliance with statutory liquidity requirements, including the requirement of Danish mortgage legislation for supplementary collateral in case of falling property prices in connection with covered bond issuance (SDOs), the liquidity requirement of the Danish Financial Business Act and credit rating agencies' requirements for maintaining the current high ratings.

The Board of Directors has laid down requirements for Nykredit Realkredit's liquidity limits in both an expected scenario and stressed scenarios for an appropriate time horizon. The Asset/Liability Committee oversees the liquidity of Group companies. The individual Group companies manage day-to-day liquidity risk.

## **Operational risk**

Operational risk reflects the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk also includes legal and model risks.

The Nykredit Group is continuously working to create a risk culture where the awareness of operational risk is a natural part of everyday work. The objective is to support and develop an organisation where mitigation and management of operational risks are an integral part of both the day-to-day business activities and the long-term planning. Operational risk must be limited continually taking into consideration the costs involved.

Given its nature and characteristics, operational risk is best mitigated and managed through the day-to-day business activities. The responsibility for the day-to-day management of operational risk is thus decentralised and lies with the individual business areas. Operational risk management activities are coordinated centrally to ensure coherence, consistency and optimisation across the Group.

As part of operational risk management, operational events are systematically recorded, categorised and reported with a view to creating an overview of loss sources and gaining experience for sharing across the organisation.

In addition to the recording of operational risk events, Nykredit is continuously working on identifying significant operational risks.

## **Legal and arbitration proceedings**

In connection with Nykredit Realkredit's acquisition of Totalkredit in 2003, Nykredit Realkredit accepted a "no-raise" condition from the Danish Competition and Consumer Authority with regards to the margin on residential mortgages in Nykredit. In November 2011 the Danish Competition and Consumer Authority allowed that Nykredit per 1 April 2012 could raise the margin within specific limits. This possibility was to expire on 31 March 2017 but has now been extended until 30 September 2017. Before then, the Danish Competition and Consumer Authority will have to decide if the "no-raise" condition shall continue to apply or if it shall be withdrawn. Furthermore, owing to its size and business scope, the Nykredit Realkredit Group is continuously involved in legal proceedings and litigation. The cases are subject to ongoing review, and necessary provisions are made based on an assessment of the risk of loss. Pending cases (including the matter

with the Danish competition authorities) are not expected to have a significant effect on the Nykredit Realkredit Group's financial position.

### **Board of Directors, Group Executive Board and other bodies**

#### *Board of Directors*

**Steffen Kragh**, *Managing Director and CEO, Chairman of Nykredit Realkredit A/S*

Managing Director and CEO of Egmont Fonden, Egmont International Holding A/S.

Chairman of Cappelen Damm Holding A/S, Egmont Administration A/S, Egmont Finansiering A/S, Egmont Holding Limited, Lindhardt og Ringhof Forlag A/S, Nordisk Film A/S and Nykredit Holding A/S.

Deputy Chairman of Lundbeckfonden and Lundbeckfond Invest A/S.

Director of Egmont Book Publishing Ltd, Egmont UK Ltd, Ejendomsselskabet Gothersgade 55 ApS, Ejendomsselskabet Vognmagergade 11 ApS and MBG Sleeping Egmont A/S. Managing Director of NKB Invest 103 ApS.

**Nina Smith**, *Professor at the School of Economics and Management, Aarhus University, Deputy Chairman of Nykredit Realkredit A/S*

Chairman of Favrskov Gymnasium, Foreningen Nykredit, Nykredits Fond, Creditkassen af 1941 og 1966 and KORA.

Deputy Chairman of Nykredit Holding A/S.

Director of Carlsberg A/S, Carlsbergfondet and Carlsbergfondets Forskerboliger A/S.

**Merete Eldrup**, *CEO, Deputy Chairman of Nykredit Realkredit A/S*

Managing Director of TV2/Danmark A/S.

Chairman of TV2 BIB A/S, TV2 DTT A/S and TV2 Networks A/S.

Deputy Chairman of Gyldendal A/S and Nykredit Holding A/S.

Director of Rambøll Gruppen A/S.

Representative of Foreningen Realdania.

**Helge Baastad**, *CEO*

Managing Director and CEO of Gjensidige Forsikring ASA.

Chairman of Gjensidige Pensjon and Sparing Holdings AS.

Director of Nykredit Holding A/S, Finansnæringens Fellesorganisasjon and Ungt Entreprenørskab.

Committee Member of Sparebank 1 SR-Bank.

**Hans Bang-Hansen**, *Farmer*

Member of City Council, Municipality of Horsens.

Chairman of Midttrafik, Horsens Vand A/S, Horsens Vand Holding A/S and Håstrupgård ApS.

Deputy Chairman of Foreningen Nykredit, Nykredits Fond and Creditkassen af 1941 og 1966.

Director of Nykredit Holding A/S, Horsens Folkeblads Fond and Jyske Medier A/S.

Managing Director of Arnen Holding ApS, HB-H Holding ApS, HGE Holding ApS, Håstrupgård Ejendomme ApS, LNT Invest ApS and Provstlund ApS.

**Olav Bredgaard Brusén**, *Deputy chairman staff of association*

Staff-elected Director of Nykredit Realkredit A/S.

Director of Foreningen Nykredit and Nykredit Holding A/S.

**Michael Demsitz**, *Managing Director*

Managing Director of Boligkontoret Danmark.

Chairman of Alment Bestyrelsesakademi and Byggeskadefonden.

Director of Foreningen Nykredit, Nykredit Holding A/S, Nykredits Fond, AlmenNet and Boligselskabernes Landsforening.

**Per W. Hallgren**, *CEO*

Managing Director of Jeudan A/S.

Chairman of Jeudan I A/S, Jeudan II A/S, Jeudan III A/S, Jeudan IV A/S, Jeudan V A/S, Jeudan VI A/S, Jeudan VII A/S, Jeudan VIII A/S, Jeudan IX A/S, Jeudan X A/S and Jeudan XI A/S.

Director of Foreningen Nykredit and Nykredit Holding A/S.

**Marlene Holm**, *Account Manager*

Staff-elected Director of Nykredit Holding A/S.

**Allan Kristiansen**, *Chief Relationship Manager*

Staff-elected director of Nykredit Bank A/S and Nykredit Holding A/S.

**Bent Naur**, *former bank CEO*

Deputy Chairman of Finansiell Stabilitet A/S.

Director of Nykredit Holding A/S.

**Anders C. Obel**, *CEO*

Managing Director of C.W. Obel A/S.

Chairman of C.W. Obel Bolig A/S, C.W. Obel Ejendomme A/S, C.W. Obel Projekt A/S, Obel-LFI Ejendomme A/S, Semco Maritime A/S and Semco Maritime Holding A/S.

Director of Foreningen Nykredit, Axzon A/S, Erhvervsinvest Management A/S, Fonden Det Obelske Jubilæumskollegium, Fritz Hansen A/S, Høvdingsgaard Fonden, Nykredit Holding A/S, Skandinavisk Holding A/S, Skandinavisk Holding II A/S, Skjørringefonden and Woodmancott Fonden.

Member of the Board of Representatives of Danish Agribusiness Fund.

**Erling Bech Poulsen**, *Farmer*

Chairman of Østifterne F.m.b.A and Østifterne Administration F.m.b.A.

Director of Agrovakia A/S, Axzon A/S, Kølhede Invest A/S, Lidenlund Invest III 2008 A/S, Nykredit Holding A/S, Polen Invest and Vandborg Karosserifabrik A/S.

Managing Director of Kølhede Holding ApS, Kølhede Invest A/S, Majbrit Poulsen Holding ApS, Malene Poulsen Holding ApS and Morten Poulsen Holding ApS.

**Inge Sand**, *Senior Adviser*

Staff-elected Director of Foreningen Nykredit and Nykredit Holding A/S.

**Leif Vinther**, *Chairman of Staff Association*

Staff-elected Director of Foreningen Nykredit, Nykredits Fond and Nykredit Holding A/S.

Director of Finansforbundet.

The address of all the members of Nykredit Realkredit's Board of Directors is:

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

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

*Group Executive Board*

**Michael Rasmussen**, *Group Chief Executive*

Chief Executive Officer of Nykredit Holding A/S.

Chairman of Investeringsfonden for Udviklingslande (IFU), Totalkredit A/S, Nykredit Bank A/S and FinansDanmark.

Director of Copenhagen Business School.

**Kim Duus**, *Group Managing Director*

Group Managing Director of Nykredit Holding A/S.

Chairman of Nykredit Portefølje Administration A/S.

Director of Nykredit Bank A/S and Totalkredit A/S.

**David Hellemann**, *Group Managing Director*

Group Managing Director of Nykredit Holding A/S.

Chairman of Nykredit Ejendomme A/S.

Deputy Chairman of JN Data A/S.

Director of Nykredit Bank A/S, Totalkredit A/S, Bankernes EDB Central a.m.b.a and Finanssektorens Uddannelsescenter.

**Søren Holm**, *Group Managing Director*

Group Managing Director of Nykredit Holding A/S.

Chairman of Ejendomsselskabet Kalvebod A/S.

Deputy Chairman of Nykredit Bank A/S.

Director of Totalkredit A/S, FinansDanmark and VP Securities A/S.

**Anders Jensen**, *Group Managing Director*

Group Managing Director of Nykredit Holding A/S.

Chairman of Nykredit Leasing A/S, Nykredit Mægler A/S, Bolighed A/S, Swipp ApS and Swipp Holding ApS.

Director of Nykredit Bank A/S and Totalkredit A/S, Grænsefonden, Niels Brock (Copenhagen Business College).

Representative of Det Private Beredskab.

The address of all the members of Nykredit Realkredit's Board of Directors is:

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

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

### **Board committees and corporate governance**

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

#### *Audit Committee*

The Audit Board is a joint audit board for the companies of the Nykredit Realkredit Group that are obliged to appoint such a board. In addition to Nykredit Realkredit, these companies are Totalkredit and Nykredit Bank.

The Audit Board consists of Anders C. Obel, CEO (Chairman), Merete Eldrup, CEO, Per W. Halgreen, CEO and Bent Naur, Former bank CEO, who are all board members elected by the General Meeting of Nykredit Realkredit. The Board of Directors of Nykredit Realkredit has appointed Steffen Kragh, CEO, as an independent, proficient member of the Audit Board.

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

#### *Remuneration Board*

The Remuneration Board consists of Steffen Kragh, CEO (Chairman), Merete Eldrup, CEO, Nina Smith, Professor and Leif Vinther, Chairman of Staff association who are all board members of Nykredit Realkredit.

The principal task of the Remuneration Board is drawing up recommendations in respect of Nykredit Realkredit's remuneration policy, including guidelines on incentive pay, for the approval of the Board of Directors.

Also, the Remuneration Board makes proposals for remuneration of the Committee of Representatives, the Board of Directors and the Group Executive Board. Further, it reviews and considers draft resolutions concerning staff bonus budgets and ensures that the information in the Annual Report about remuneration of the Board of Directors and the Group Executive Board is correct, fair and satisfactory.

#### *Nomination Board*

The Nomination Board consists of Steffen Kragh, CEO (Chairman), Merete Eldrup, CEO, and Nina Smith, Professor, who are all board members of Nykredit Realkredit elected by the General Meeting.

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

#### *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, the Nykredit Realkredit Group complies with the revised Recommendations on Corporate Governance of the Danish Committee on Corporate Governance subject to the adjustments that follow from its special ownership and management structure. The recommendations form part of the rules of NASDAQ OMX Copenhagen A/S (now Nasdaq Copenhagen A/S).

## **BUSINESS DESCRIPTION OF NYKREDIT BANK A/S**

### **Background**

Nykredit Bank is the commercial banking arm of Nykredit Realkredit and the Nykredit Realkredit Group. The Nykredit Realkredit Group is one of the largest lenders in Denmark as at 31 December 2015 based on the MFI statistics of the Danish Central Bank (in Danish: *Danmarks Nationalbank*).

Nykredit Bank was incorporated under the name of “Skt Annæ Bank A/S” on 9 October 1986 under the former Danish Public Companies Act, which now has been incorporated into the Danish Companies Act. Nykredit Bank took its current shape when Nykredit Realkredit acquired Skt Annæ Bank A/S in 1994 and changed its name to Nykredit Bank A/S. Nykredit Bank carries on business under the Danish Financial Business Act. The shares of Nykredit Bank are not listed on any exchange.

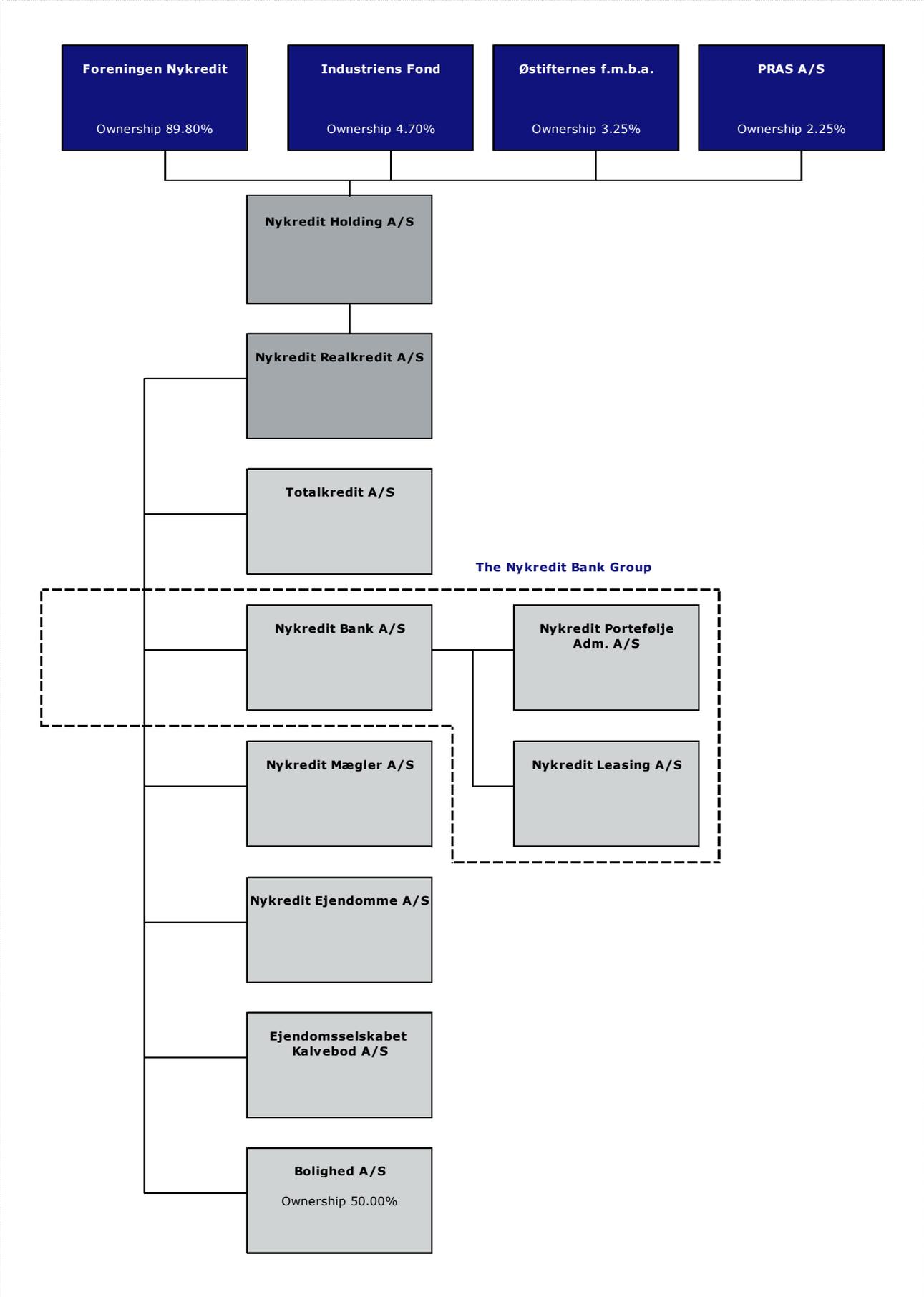
Nykredit Bank and its subsidiaries (the “Nykredit Bank Group”) make up the fourth largest banking group in Denmark (by total assets) (Source: The Danish Bankers Association, Statistics and figures 2015) with total assets of DKK 194,926m as at 31 December 2016. The Group’s shareholders’ equity totalled DKK 16,744m (approx. EUR 2,251m) as at 31 December 2016, and recorded a net profit of DKK 627m (approx. EUR 84m) for the year 2016.

### **Ownership and legal structure**

Nykredit Bank has its registered office at Kalvebod Brygge 1-3, DK-1780 Copenhagen V, Denmark in the municipality of Copenhagen, Denmark, is incorporated in Denmark as a public limited liability company under the laws of Denmark and is registered in Denmark with the Danish Business Authority under CVR no. 10 51 96 08.

Nykredit Bank carries on business under the following secondary names: Danish Portfolio Management Bank A/S, Dansk Portefølje Bank A/S, Den Fri Bank A/S, FB Bank Copenhagen A/S, Forstædernes Bank A/S, Nybank A/S, Nykredit Covered Bond Bank A/S and Nykredit Portefølje Bank A/S

Nykredit Bank is a 100 per cent. owned subsidiary of Nykredit Realkredit which is itself a 100 per cent. owned subsidiary of Nykredit Holding A/S. Nykredit Holding A/S is owned by Foreningen Nykredit (89.80 per cent.), Industriens Fond (4.70 per cent.), Foreningen Østifterne (3.25 per cent.) and PRAS A/S (2.25 per cent.). The structure of the Nykredit Bank Group and the Nykredit Realkredit Group, as at the date of this Base Prospectus is set out in the diagram below:



In February 2016, Nykredit announced its plans for a listing of Nykredit Holding A/S.

The financial position of Nykredit Bank is not dependent on the financial position of other companies in the Nykredit Bank group.

Nykredit Bank has not taken special measures to prevent Nykredit Realkredit from abusing its control of Nykredit Bank. Nykredit Bank has no notice of any agreements that may lead to third-parties obtaining control of Nykredit Bank.

### **The Nykredit Bank Group**

Nykredit Bank is the parent company of the Nykredit Bank Group. The subsidiaries in the Nykredit Bank Group are Nykredit Portefølje Administration A/S (Fund Administration) and Nykredit Leasing A/S (Leasing).

Financial highlights of the Nykredit Bank Group:

<b>DKK million (euro equivalent in EUR m)</b>	<b>2016</b>	<b>(EUR m)</b>	<b>2015</b>	<b>(EUR m)</b>
Core earnings business operations.....	3,428	(461)	3,541	(476)
Operating costs and depreciation of equipment..	2,060	(277)	1,915	(257)
Profit from core business before impairment losses.....	1,376	(185)	1,634	(220)
Impairment losses on loans and advances and provisions for guarantees .....	-141	(-19)	-121	(-16)
Profit from core business .....	1,517	(204)	1,755	(236)
Legacy derivatives .....	-763	(-103)	229	(31)
Profit before tax .....	788	(106)	2,010	(270)

### **Corporate identity**

Nykredit Bank takes up a key position in the overall group strategy, and acts as an integrated part of the other companies in the Nykredit Realkredit Group.

Nykredit Bank's objective is to provide satisfactory profitability and make a significant contribution to the Nykredit Realkredit Group's profile as a competitive financial services provider.

### **Integration with the Nykredit Realkredit Group**

Nykredit Bank is a fully integrated part of the Nykredit Realkredit Group. Nykredit Bank and Nykredit Realkredit share the same headquarters and have various common staff functions including the credit, customer, product, IT and human resources departments.

Nykredit Bank plays an important strategic role in the Nykredit Realkredit Group. In terms of retail, small and medium enterprise ("SME") and corporate customers, Nykredit Bank offers a number of products and services that contribute to sustaining relationships with the customers of the Nykredit Realkredit Group. Nykredit Bank supplements the Nykredit Realkredit Group's product range within real estate financing by offering bridge financing, guarantees, custodian services, trade finance, cash management and current

accounts. Furthermore, Nykredit Bank offers tailor-made financial solutions, for example, by combining traditional real estate financing with derivative products.

Within its asset management function, Nykredit Bank offers capital and pension management, which contribute to sustaining a high degree of long-term involvement with the customer.

Nykredit Bank benefits from being able to use the “Nykredit” brand as well as having access to retail, SME and corporate customers through the customer centres and the nationwide sales and advisory centre, Nykredit Direkte®.

### **Core business areas of the Nykredit Bank Group**

The business of Nykredit Bank Group is organised into three business areas: Retail, Wholesale Clients and Wealth Management.

#### **Retail**

This business area provides banking services to personal customers and SMEs, including agricultural customers, residential rental customers and Private Banking Retail’s wealth clients. Further, Nykredit Mægler A/S (subsidiary of Nykredit Realkredit) and Nykredit Leasing A/S (subsidiary of Nykredit Bank) are part of Retail.

Nykredit serves its customers through 43 local customer centres and the nationwide sales and advisory centre, Nykredit Direkte®. Nykredit offers insurance in partnership with Gjensidige Forsikring.

The customers of Retail are offered products within banking, mortgage lending, insurance, pension, investment and debt management.

Nykredit will focus on attracting full-service customers. Therefore, there is an ongoing process of developing and customising products, strengthening advisory services and improving internal processes.

Nykredit Bank aims to offer its customers an enduring relationship based on trust leading to higher customer satisfaction as well as increasing the number of full-service customers.

#### **Wholesale Clients**

This business area comprises activities with the Group's corporate and institutional clients including cooperative housing and non-profit housing. Wholesale Clients also handles the Group's activities within securities and financial derivatives trading.

Wholesale Clients consists of the business units Corporate & Institutional Banking and Nykredit Markets. Also, Wholesale Clients includes the unit Other Activities, which comprises a portfolio of large non-continuing exposures.

Nykredit’s business strategy for this area aims to provide clients with added value in the form of broad financial advisory services and deep client insight.

#### **Wealth Management**

The business area Wealth Management handles the Nykredit Realkredit Group’s asset and wealth management activities. Wealth Management comprises the business units Nykredit Asset Management, Nykredit Portefølje Administration and Private Banking Elite.

#### **Capital structure**

The table below show the Nykredit Bank Group’s capital structure.

## The Nykredit Bank Group

DKK million (euro equivalent in EUR m)	2016	(EUR m)	2015	(EUR m)
Common Equity Tier 1 capital (CET1).....	16,424	(2,208)	15,743	(2,116)
Additional Tier 1 capital after deductions.....	0	(0)	87	(7)
Tier 2 capital after deductions.....	1,937	(260)	314	(42)
Own funds.....	18,361	(2,468)	16,144	(2,170)
Risk Exposure Amount.....	110,346	(14,831)	76,311	(10,257)
Common Equity Tier 1 (CET1) ratio.....	14.8%		20.6%	
Tier 1 capital ratio.....	14.8%		20.7%	
Total capital ratio.....	16.6%		21.1%	
Internal capital adequacy requirement.....	10.7%		12.0%	

### Ratings

Nykredit Bank has been rated by S&P and Fitch. Each of these rating agencies is established in the European Union and registered under the CRA Regulation:

#### Nykredit Bank Group ratings

Ratings	S&P	Fitch
Short-term deposit.....	A-1	F1
Long-term deposit.....	A	A
Short-term unsecured rating.....	A-1	F1
Long-term unsecured rating.....	A	A

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

### Risk management

Risk management is a key element of the Nykredit Realkredit Group and the Nykredit Bank Group's day-to-day operations. Nykredit Bank continuously develops and improves models that form part of the daily risk and capital management.

The Board of Directors of Nykredit Bank is responsible for defining limits for and monitoring the risk incurred by Nykredit Bank as well as for delegating responsibilities and approving overall instructions. The Board of Directors has laid down guidelines and specific limits as to the types of risk Nykredit Bank may assume. Such risk limits have been delegated in the organisation to each department or subsidiary. To ensure close management of the Nykredit Bank Group's risks, these are monitored by Risk Management and Group Credits. The Executive Board is informed about the Nykredit Bank Group's market risks on a day-to-day

basis, while Nykredit Bank's overall credit risks are assessed on a weekly basis. Reporting to the Board of Directors is made on a monthly basis.

In the Nykredit Realkredit Group, risk management is coordinated on an inter-company basis. The Board of Directors of Nykredit Realkredit has assigned the day-to-day responsibility to the Group Executive Board, which has charge of implementing overall instructions. The continuous risk monitoring and management are the responsibility of committees, each chaired by a member of the Group Executive Board.

The Nykredit Realkredit Group's most important committees for risk management are the Risk Committee, the Asset/Liability Committee and the Credits Committee.

The Risk Committee is charged with overseeing the overall risk profile, capital requirements and risk models of the Nykredit Realkredit Group in order to assist the individual Executive Boards and Boards of Directors of the Nykredit Realkredit Group in overseeing – and the management of the Nykredit Realkredit Group in ensuring – compliance with current legislation and practice in the area in question.

The Asset/Liability Committee is charged with monitoring and coordinating the Nykredit Realkredit Group's use of 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 approving credit applications and loan impairments as well as overseeing the management of risks in the credits area. The Committee monitors the Nykredit Realkredit Group's credit portfolio and submits recommendations on credit policies etc to the individual Executive Boards and Boards of Directors. The Committee chiefly considers cases and manages portfolios in the credits area.

Nykredit Bank's Executive Board and relevant executive staff are represented on all committees. Nykredit Bank has its own Treasury Committee responsible for managing Nykredit Bank Group market and liquidity risk.

### **Credit risk**

The Board of Directors lays down the overall framework for Nykredit Bank's granting of credit and is presented with the largest credit applications for approval or briefing on a continuous 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 Executive Board and for reporting credit risk internally and externally. Group Credits serves all entities of the Nykredit Realkredit Group and is, accordingly, responsible at Nykredit Realkredit Group level.

The local 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 centres are processed centrally by Group Credits. The applications submitted are decided by Group Credits unless they involve exposures requiring the approval of the Credits Committee or the Board of Directors.

When processing credit applications, the local centres perform an assessment of the individual customer. The assessment is based on a customer rating computed by the Nykredit Realkredit Group's own credit models. The customer rating is supplemented with an assessment of the customer's financial position and any other relevant matters.

## **Credit models**

The Nykredit Realkredit Group uses internal models in the determination of credit risk for the greater part of the loan portfolio. Credit risk is determined using three key parameters: Probability of Default (“**PD**”), Loss Given Default (“**LGD**”) and Exposure Value.

The models used to determine PD and LGD are built on historical data allowing for periods of low as well as high business activity. PDs are calibrated by weighting current data against data dating back to the crisis years of the early 1990s. The PDs of individual customers are converted into ratings from 0 to 10 and exposures in default, 10 being the highest rating. Exposures in default fall outside the rating scale and constitute a separate category. Customer ratings are an important element of the credit policy and customer assessment.

## **Value adjustments of derivatives**

Nykredit Bank makes fair value adjustments of financial instruments in accordance with the International Financial Reporting Standards (IFRS). This includes credit value adjustments (CVA) based on the customer’s current credit quality, individual value adjustments in respect of customers showing objective evidence of impairment as well as management judgement. At end-2016, total value adjustments (recognized as impairment provisions) came to DKK 5.0bn, of which credit value adjustments represented 4.2bn. Management judgement accounted for DKK 1.4bn of total credit value adjustments.

Nykredit Bank also makes adjustments for other factors. At end-2016, Nykredit Bank has made funding valuation adjustments (FVA) where customers have not provided security for derivatives.

## **Market risk**

Nykredit Bank assumes market risk in connection with its trading activities with customers, its role as market maker and placing of its liquidity. The bulk of Nykredit Bank’s market risk relates to Nykredit Markets’s activities within securities trading as well as swap and money market transactions. Furthermore, the placing of Nykredit Bank’s excess liquidity in short-term securities also results in market risk exposure. Market risks in Nykredit Bank’s other subsidiaries are either negligible or hedged with Nykredit Bank as counterparty.

Nykredit Bank applies a central trading and risk management system, which handles financial instruments, to compute market risk. The system provides Nykredit Bank with a high degree of reliability in terms of consistent monitoring and computation of market risk. The validity of the price and risk models is tested on a current basis.

To ensure satisfactory market risk management, Nykredit Bank’s Board of Directors lays down limits, including specific limits to Value-at-Risk, interest rate, option-adjusted spread (“**OAS**”), equity price, foreign exchange and volatility risks. The limits are assigned to the Executive Board of Nykredit Bank and further delegated to the acting entities of the Nykredit Bank Group. Risk Management, which acts independently of the acting entities, monitors market risk and reports to Management on a day-to-day basis. Acting and reporting entities are thus segregated.

The management of market risk is based on the risk measures fixed by the Board of Directors such as Value-at-Risk and more traditional risk measures such as interest rate risk and vega risk. In addition, risk limits have been determined in relation to spread widening between Nykredit Bank’s covered bond portfolio and interest rate swap hedges (referred to as OAS risk). Nykredit Bank has also defined a number of stress and scenario tests that form part of the management of market risk.

Nykredit Bank incurs interest rate risk on the value adjustments on interest rate swaps with customers in the lowest ratings categories. The interest rate risk on these interest rate swaps is hedged in all material respects. However, interest rate fluctuations may impact results to the extent that the market value must be adjusted due

to increased counterparty credit risk. A 0.1 percentage point change in interest rate levels will increase or decrease, as the case may be, the fair value by around DKK 142m.

### **Liquidity risk**

Liquidity risk management is based on Nykredit Bank's overall liquidity policy as approved by the Board of Directors. The purpose is to ensure that Nykredit Bank has a comfortable liquidity position and that all regulatory and rating requirements are met.

The European Commission's delegated act with regard to the liquidity coverage requirement (the "LCR") entered into force on 1 October 2015 and is a key liquidity measure. It denotes the amount of liquid assets to be held in order for Nykredit Bank to be able to cover its net cash outflow in a short term liquidity stress. The LCR was 153 per cent. as per 31 December 2016 against a statutory requirement of 100 per cent., corresponding to an excess liquidity coverage of DKK 18bn (approx. EUR 2bn).

Nykredit Bank performs further internal stress tests to provide an overview of the liquidity risk which are subject to a bank specific, a market specific and a combined scenario.

### **Funding**

It is the aim in Nykredit Bank to have a well-diversified funding mix and a surplus of stable funding.

The funding ratio measures Nykredit Bank's lending against stable funding, which is defined as working capital less bond issues with a term to maturity shorter than one year. The ratio forms part of the Danish Financial Supervisory Authority's Supervisory Diamond and shall be less than 1. The ratio as per 31 December 2016 was 0.6. The deposit surplus at amortised cost was DKK 11.3bn (approx. EUR 1.5bn) as per 31 December 2016.

### **Operational risk**

Operational risk reflects the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Nykredit Group is constantly working to create a risk culture where the awareness of operational risk is a natural part of everyday work.

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 Bank Group. The Nykredit Bank Group strives always to limit operational risk, taking into consideration the costs involved.

As part of operational risk management, operational loss events are systematically recorded, categorised and reported with a view to creating an overview of loss sources and gaining experience for sharing across Nykredit. Business contingency plans ensure constant and secure operations in case of a shutdown of the IT supply or other emergencies.

### **Legal and arbitration proceedings**

Owing to its size and business scope, Nykredit Bank and its subsidiaries are continuously involved in legal proceedings and litigation. The cases are subject to ongoing review, and necessary provisions are made based on an assessment of the risk of loss. Pending cases are not expected to have a significant effect on the financial position of Nykredit Bank and its subsidiaries.

## **Board of Directors and Executive Board of Nykredit Bank**

The members of the Board of Directors are elected for a term of one year except for employee elected members, who are elected for a term of four years. Five directors are nominated by the Nykredit Realkredit Group Executive Board and three are elected by Nykredit Bank's employees.

The table below sets out certain information regarding the current members of the Board of Directors as at the date of this Base Prospectus:

### *Board of Directors*

#### **Michael Rasmussen**, *Group Chief Executive*

Chief Executive Officer of Nykredit Holding A/S.

Chairman of Investeringsfonden for Udviklingslande (IFU), Totalkredit A/S, Nykredit Bank A/S and FinansDanmark.

Director of Copenhagen Business School.

#### **Søren Holm**, *Group Managing Director*

Group Managing Director of Nykredit Holding A/S.

Chairman of Ejendomsselskabet Kalvebod A/S.

Deputy Chairman of Nykredit Bank A/S.

Director of Totalkredit A/S and VP Securities A/S.

#### **Kim Duus**, *Group Managing Director*

Group Managing Director of Nykredit Holding A/S.

Chairman of Nykredit Portefølje Administration A/S.

Director of Nykredit Bank A/S and Totalkredit A/S.

#### **David Hellemann**, *Group Managing Director*

Group Managing Director of Nykredit Holding A/S.

Chairman of Nykredit Ejendomme A/S.

Deputy Chairman of JN Data A/S.

Director of Nykredit Bank A/S, Totalkredit A/S, Bankernes EDB Central a.m.b.a and Finanssektorens Uddannelsescenter.

#### **Anders Jensen**, *Group Managing Director*

Group Managing Director of Nykredit Holding A/S.

Chairman of Nykredit Leasing A/S, Nykredit Mægler A/S and Bolighed A/S.

Director of Nykredit Bank A/S and Totalkredit A/S, Grønsfonden and Niels Brock (Copenhagen Business College).

Representative of Det Private Beredskab.

#### **Kent Ankersen**, *Chief Dealer*

Staff-elected.

**Flemming Ellegaard**, *Chief Dealer*

Staff-elected.

**Allan Kristiansen**, *Chief Relationship Manager*

Staff-elected.

Staff-elected director of Nykredit Realkredit A/S.

The business address of each member of the Board of Directors is:

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

There are no potential conflicts of interest between any duties to Nykredit Bank of members of the Board of Directors and their private interests and/or other duties.

*Executive Board*

**Henrik Rasmussen**, *Managing Director*

Director of Nykredit Mægler A/S, Nykredit Leasing A/S, Horsens & Friends A/S and Landsdækkende Banker.

**Dan Sørensen**, *Managing Director*

Director of Nykredit Portefølje Administration A/S.

The business address of each member of the Executive Board is:

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

There are no potential conflicts of interest between any duties to Nykredit Bank of members of the Executive Board and their private interests and/or other duties.

## TAXATION

*Persons considering the purchase, ownership or disposition of the Notes should consult their own tax advisers concerning the tax consequences in the light of their particular situations. No representations with respect to the tax consequences of any particular Noteholder are made hereby.*

### **Kingdom of Denmark**

*The following is a summary description of the taxation in Denmark of the Notes according to the Danish tax laws in force at the date hereof and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, 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. Potential investors are under all circumstances strongly recommended to contact their own tax advisor to clarify the individual consequences of their investment, holding and disposal of the Notes. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Notes.*

### **Taxation at source**

Under existing Danish tax laws no general withholding tax or coupon tax will apply to payments of interest or principal or other amounts due on the Notes, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to in Consolidated Act no.1164 of 6 September 2016, as amended. This will not have any impact on Noteholders who are not in a relationship whereby they control, or are controlled by, the Issuer or where the Noteholders and the Issuer are not controlled by the same group of persons.

### **Resident Noteholders**

Private individuals, including persons who are engaged in financial trade, companies and similar enterprises resident in Denmark for tax purposes or receiving interest on the Notes 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 Consolidated Act no. 1283 of 25 October 2016 (as amended) on taxation of debt, debt claims and financial contracts (in Danish “*Kursgevinstloven*”) (the “**Act**”). Gains and losses on Notes issued to corporate entities are generally included in the taxable income in accordance with a mark-to-market principle (in Danish “*lagerprincippet*”), i.e. on an unrealised basis. Gains and losses on Notes issued to individuals are generally included in the taxable income on a realised basis and if the annual gains or losses do not exceed DKK2,000, the gains or losses will be exempt from taxation.

Gains and losses on Notes, which are subject to adjustments on principal or interest as set out in section 29(3) of the Act will be taxable on an annual basis in accordance with a mark-to-market principle (in Danish “*lagerprincippet*”) as further specified in the Act.

A variety of features regarding interest and principal may apply to the Notes. The applicable taxation of capital gains to corporate entities or individuals will depend on the features applicable to the Notes in question.

Pension funds and other entities governed by the Danish act on taxation of pension yield (in Danish “*Pensionsafkastbeskatningsloven*”) would, irrespective of realisation, be taxed on annual value increase or decrease of the Notes according to a mark-to-market principle (in Danish “*lagerprincippet*”) as specifically laid down in the act.

## **Non-Resident Noteholders**

Under existing Danish tax laws, payments of interest or principal amounts to any non-resident Noteholders are not subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under “Taxation at source” above. Thus, no Danish withholding tax will be payable with respect to such payments and any capital gain realised upon the sale, exchange or retirement of a Note will not be subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under “Taxation at source” above.

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

## **The Proposed Financial Transactions Tax (“FTT”)**

On 14 February 2013, the European Commission has published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**Participating Member States**”). However Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation. Additional European Union Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## **U.S. Foreign Account Tax Compliance Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. The issuers are foreign financial institutions for these purposes. A number of jurisdictions (including Denmark) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after

the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under “Terms and Conditions of the Notes—Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

## **SUBSCRIPTION AND SALE**

### **Placing and underwriting**

The Issuers have not entered into any dealer or underwriting agreement under which a third party undertakes to place Notes. In connection with an offer and placement of Notes through one or more Dealers, including where Notes are to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers, the relevant Issuer expects to enter into a subscription agreement with the relevant Dealer(s) concerning that offer of Notes (a “**Subscription Agreement**”). The Subscription Agreement is expected to provide that the Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of the Issuer.

The Subscription Agreement will provide that the relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The relevant Issuer may agree in the Subscription Agreement to reimburse the Dealers for certain of its expenses incurred in connection with the offer of the relevant Notes.

Each Issuer expects to agree in the Subscription Agreement to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement is expected to entitle the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

### **Selling Restrictions**

#### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer will be required to represent and agree, that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Fiscal Agent, by such Dealer, or in the case of Notes issued on a syndicated basis, by each of such Dealers with respect to Notes of such Tranche, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### **Prohibition of Sales to EEA Retail Investors**

From 1 January 2018, unless the relevant Final Terms or Pricing Supplement, as applicable, in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base

Prospectus as completed by the relevant Final Terms or Pricing Supplement, as applicable, in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to 1 January 2018, and from that date if the relevant Final Terms or Pricing Supplement, as applicable, in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, then in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State: and
- the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

### **United Kingdom**

Each Dealer will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold, and will not offer or sell, any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the relevant Issuer;
- (ii) in relation to any Notes issued by Nykredit Realkredit, it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to Nykredit Realkredit;
- (iii) in relation to any Notes issued by Nykredit Bank, it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if Nykredit Bank was not an authorised person, apply to Nykredit Bank; and
- (iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Kingdom of Denmark**

Each Dealer will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Securities Trading Act, Consolidation Act no. 1229 of 7 September 2016 as amended and Executive Orders issued thereunder and in compliance with Executive Order no. 623 of 24 April 2015 issued pursuant to the Danish Financial Business Act to the extent applicable.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

### **General**

These selling restrictions may be modified by the agreement of the Issuers and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms or Pricing Supplement, as applicable, in any country or jurisdiction where action for that purpose is required.

Each Dealer is expected to agree in the Subscription Agreement that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms or Pricing Supplement, as applicable, and neither the Issuers nor any other Dealer shall have responsibility therefor.

## FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche of Notes other than Exempt Notes, subject only to the deletion of non-applicable provisions, is set out below:

### Final Terms dated [●]

[Nykredit Realkredit A/S]/[Nykredit Bank A/S]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the  
€5,000,000,000 Euro Medium Term Note Programme

### PART A – CONTRACTUAL TERMS

#### [Prohibition of sales to EEA retail investors]

The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) no. 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. *[Include unless the Final Terms specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”]*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] (the “**Base Prospectus**”) [and the supplement[s] to the Base Prospectus dated [●][ and [●]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] available for viewing at, and copies may be obtained from, the Danish Financial Supervisory Authority’s website at [www.finanstilsynet.dk](http://www.finanstilsynet.dk).

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

1	Issuer:	[Nykredit Realkredit A/S / Nykredit Bank A/S]
2	[i] Series Number:	[●]
	[ii] Tranche Number:	[●]

	[(iii) Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated and form a single Series with the <i>[insert amount, interest rate, maturity date and issue date of the Series]</i>
3	Specified Currency:	[●]
4	Aggregate Nominal Amount:	[●]
	[(i) Series:	[●]
	[(ii) Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]
6	(i) Specified Denomination(s):	[●] [All trades in Notes as well as the initial subscription shall be in a minimum amount of [currency][amount]. A Noteholder who, as a result of trading such amounts, holds an amount which is less than [currency][amount] in its account with the relevant clearing system will not be able to sell the remainder of such holding without first purchasing a principal amount of the Notes at or in excess of [currency][amount] such that its holding amounts to [currency][amount] or above.] <i>(N.B Either (i) all trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of €100,000 or (ii) the minimum specified denomination of each Note will be €100,000 (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount as of the relevant date of issue in such other currency.)</i>
	(ii) Calculation Amount:	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
8	Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i> [Not Applicable. The Notes are perpetual securities and have no fixed maturity]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[ <i>specify reference rate</i> ] +/- [●] per cent. Floating Rate] [Reset Notes] [●] (further particulars specified below)
10	Redemption Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at their Final Redemption Amount] [Not Applicable. The Notes are perpetual securities and have no fixed maturity]

- 11 Change of Interest Basis: [Not Applicable/cross refer to paragraphs [[14] and/or [15]] if details are included there]
- 12 Call/Put Option: [Call Option/Put Option/Not Applicable]  
[(see paragraph[s] [17] [and] [18] below)]
- 13 [(i)] Status of the Notes [Unsubordinated Notes/Senior Resolution Notes/Subordinated Notes/Contingent Capital Notes]
- [(ii)] [Date [Board of Directors] approval for issuance of Notes obtained:] [●]  
(N.B. Only relevant where Board of Directors (or similar) authorisation is required for the particular tranche of Notes)]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 14 **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] [and [●]] in each year, commencing on [●], up to and including the Maturity Date
- (iii) Fixed Coupon Amount: [[●] per Calculation Amount/Not Applicable]
- (iv) Broken Amount: [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
- (v) Day Count Fraction: [Actual/Actual – ISDA]  
[Actual/Actual – ICMA]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
[30E/360 (ISDA)]
- (vi) Determination Dates: [[●] in each year/Not Applicable]
- 15 **Reset Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Initial Rate of Interest: [●] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear
- (ii) Initial Mid-Swap Rate: [●] per cent.
- (iii) First Reset Margin: [+/-][●] per cent. per annum
- (iv) Subsequent Reset Margin: [[+/-][●] per cent. per annum/Not Applicable]
- (v) Interest Payment Date(s) [●] [and [●]] in each year, commencing on [●], up to and including the Maturity Date
- (vi) Fixed Coupon Amount up to (but excluding) the First [●] per Calculation Amount/Not Applicable]

	Reset Date:	
(vii)	Broken Amount up to (but excluding) the First Reset Date:	[Not Applicable/[●] per Calculation Amount payable on the Interest Payment Date falling [in/or] [●]]
(viii)	First Reset Date:	[●]
(ix)	Second Reset Date:	[[●]/Not Applicable]
(x)	Subsequent Reset Date(s):	[[●] [and [●]]/Not Applicable]
(xi)	Relevant Screen Page:	[●]
(xii)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
(xiii)	Mid-Swap Maturity:	[●]
(xiv)	Reset Determination Date(s):	[●] <i>(specify in relation to each Reset Date)</i>
(xv)	Relevant Time:	[●]
(xvi)	Reset Reference Banks:	[●]
(xvii)	Day Count Fraction:	[30/360]/[Actual/Actual (ICMA)]/[Actual/365 (Fixed)]
(xviii)	Determination Dates:	[[●] in each year/Not Applicable]
(xix)	Calculation Agent:	[Specify if not the Fiscal Agent]/[The Fiscal Agent]
16	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Interest Period(s):	[●]
(ii)	Specified Interest Payment Dates:	[●]
(iii)	First Interest Payment Date:	[●]
(iv)	Interest Period Date:	[●] <i>(Not applicable unless different from Interest Payment Date)</i>
(v)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
(vi)	Business Centre(s):	[●]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[●]
(ix)	Screen Rate Determination:	

- Reference Rate: [[●] month] [LIBOR/EURIBOR/CIBOR/NIBOR/STIBOR]  
(N.B. The Reference Rate shall be any one of LIBOR, EURIBOR, NIBOR, STIBOR or CIBOR)
- Interest Determination Date(s): [●]
- Relevant Screen Page: [●]
- Reference Banks: [●]
- (x) ISDA Definition: [●]/[2006 ISDA Definitions]
- (xi) ISDA Determination:
  - Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (xii) Margin(s): [+/-][●] per cent. per annum
- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum
- (xv) Day Count Fraction: [Actual/Actual – ISDA]  
[Actual/Actual – ICMA]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
[30E/360 (ISDA)]
- (xvi) Determination Dates: [[●] in each year/Not Applicable]

**PROVISIONS RELATING TO REDEMPTION**

- 17 **Call Option** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount: [●]/[Early Redemption Amount]
  - (iii) If redeemable in part: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraph)
    - a) Maximum Redemption Amount: [●]

	b)	Minimum Redemption Amount:	[●]
	(iv)	Notice period:	Minimum period: [15]/[●] days Maximum period: [30]/[●] days
	(v)	Replacement Capital:	[Applicable/Not Applicable] <i>(Only applicable to Contingent Capital Notes)</i>
18	<b>Put Option</b>		[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> <i>(Only applicable to Unsubordinated Notes)</i>
	(i)	Optional Redemption Date(s) (Put):	[●]
	(ii)	Optional Redemption Amount (Put):	[●]/[Early Redemption Amount]
	(iii)	Notice period:	Minimum period: [15]/[●] days Maximum period: [30]/[●] days
19	<b>Final Redemption Amount</b>		[●]/[The Outstanding Principal Amount]
20	<b>Early Redemption Amount</b>		[●]/[The Final Redemption Amount]
21	<b>Redemption for Eligibility Event</b>		[Applicable/Not Applicable] <i>(Only applicable to Senior Resolution Notes)</i>
22	<b>Substitution and variation for Subordinated Notes</b>		[Applicable/Not Applicable] <i>(Only applicable to Subordinated Notes)</i>

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

23	Form of Notes:	Uncertificated and dematerialised book entry form through [[VP]/[●]].
24	Financial centre(s) or other special provisions relating to payment dates:	[Not Applicable/[●]] <i>(Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraph 16(vi) relates)</i>

**[THIRD PARTY INFORMATION]**

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [Nykredit Realkredit A/S/Nykredit Bank A/S]:

By: .....

*Duly authorised*

## PART B – OTHER INFORMATION

### 1 LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Nasdaq Copenhagen A/S's/specify other regulated market] regulated market with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Nasdaq Copenhagen A/S's/specify other] regulated market with effect from, or from around, [●].] [Not Applicable.]  
*(If not applicable, deleted the remaining sub-paragraph of this paragraph)*
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

- Ratings: [The Notes to be issued have been rated:]  
[The Notes to be issued are expected to be rated:]  
[Standard & Poor's Credit Market Services Europe Limited: [●]]  
*Insert one (or more) of the following options, as applicable:*  
*[Insert legal name of particular credit rating agency entity(ies) providing rating] [is/are] established in the EU and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").*  
*[Insert legal name of particular credit rating agency entity(ies) providing rating] [is/are] established in the EU and has applied for registration under Regulation (EC) No 1060/2009 (the "CRA Regulation"), although notification of the registration decision has not yet been provided.*  
*[Insert legal name of particular credit rating agency entity(ies) providing rating] [is/are] not certified under Regulation (EC) No 1060/2009 (the "CRA Regulation") and the rating[s] [it has/they have] given to the Notes [is/are] not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.*

### 3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below)*

“Save for any fees payable to [●] (the “[Managers/Dealers]”), so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.” *(Amend as appropriate if there are other interests)*

*(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

4 **[YIELD]**

*(Include for Fixed Rate Notes and Reset Notes only)*

Indication of yield: [●]

5 **OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

Securities depository [VP SECURITIES A/S, Weidekampsgade 14, DK-2300 Copenhagen S, Denmark (“VP”)/[●]

[The Issuer shall be entitled to obtain certain information from the registers maintained by VP for the purpose of performing its obligations under the issue of the Notes.]

6 **DISTRIBUTION**

(i) Method of distribution: [Syndicated/Non-syndicated]

(ii) If syndicated, names of Managers: [Not Applicable/[●]]

(iii) Date of Subscription Agreement: [●]

(iv) Stabilising Manager(s) (if any): [Not Applicable/[●]]

(v) If non-syndicated, name of relevant Dealer: [Not Applicable/[●]]

(vi) U.S. Selling Restriction: Reg. S Compliance Category 2

(vii) Prohibition of sales to EEA Retail Investors: [Applicable/Not Applicable]

## FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche of Exempt Notes, is set out below:

### Pricing Supplement dated [●]

[Nykredit Realkredit A/S]/[Nykredit Bank A/S]  
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the  
€5,000,000,000 Euro Medium Term Note Programme

### PART A – CONTRACTUAL TERMS

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED, INCLUDING BY DIRECTIVE 2010/73/EU (THE “PROSPECTUS DIRECTIVE”), FOR THIS ISSUE OF NOTES.**

#### [Prohibition of sales to EEA retail investors]

The Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) no. 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.] *[Include unless the Pricing Supplement specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”]*

Any person making or intending to make an offer of Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case in relation to such offer.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] (the “**Base Prospectus**”) [and the supplement[s] to the Base Prospectus dated [●][and [●]]. This document must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] available for viewing at, and copies may be obtained from, the Danish Financial Supervisory Authority’s website at [www.finanstilsynet.dk](http://www.finanstilsynet.dk).

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Pricing Supplement.]*

1	Issuer:	[Nykredit Realkredit A/S / Nykredit Bank A/S]
2	[i] Series Number:	[●]
	[ii] Tranche Number:	[●]

	[(iii) Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated and form a single Series with the <i>[insert amount, interest rate, maturity date and issue date of the Series]</i>
3	Specified Currency:	[●]
4	Aggregate Nominal Amount:	[●]
	[(i) Series:	[●]
	[(ii) Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (if applicable)]
6	(i) Specified Denomination(s):	[●] [All trades in Notes as well as the initial subscription shall be in a minimum amount of [currency][amount]. A Noteholder who, as a result of trading such amounts, holds an amount which is less than [currency][amount] in its account with the relevant clearing system will not be able to sell the remainder of such holding without first purchasing a principal amount of the Notes at or in excess of [currency][amount] such that its holding amounts to [currency][amount] or above.] <i>(N.B. Either (i) all trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of €100,000 or (ii) the minimum specified denomination of each Note will be €100,000 (or, in each case, if the Notes are denominated in a currency other than euro, the equivalent amount as of the relevant date of issue in such other currency.)</i>
	(ii) Calculation Amount:	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
8	Maturity Date:	<i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i> [Not Applicable. The Notes are perpetual securities and have no fixed maturity]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[specify reference rate] +/- [●] per cent. Floating Rate] [Reset Notes] [●] (further particulars specified below)
10	Redemption Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at their Final Redemption Amount] [Not Applicable. The Notes are perpetual securities and have no fixed maturity]

- 11 Change of Interest Basis: [Not Applicable/cross refer to paragraphs [[14] and/or [15]] if details are included there]
- 12 Call/Put Option: [Call Option/Put Option/Not Applicable]  
[(see paragraph[s] [17] [and] [18] below)]
- 13 [(i)] Status of the Notes [Unsubordinated Notes/Senior Resolution Notes/Subordinated Notes/Contingent Capital Notes]
- [(ii)] [Date [Board of Directors] approval for issuance of Notes obtained:] [●]  
(N.B. Only relevant where Board of Directors (or similar) authorisation is required for the particular tranche of Notes)]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 14 **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] [and [●]] in each year, commencing on [●], up to and including the Maturity Date
- (iii) Fixed Coupon Amount: [[●] per Calculation Amount/Not Applicable]
- (iv) Broken Amount: [[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
- (v) Day Count Fraction: [Actual/Actual – ISDA]  
[Actual/Actual – ICMA]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
[30E/360 (ISDA)]
- (vi) Determination Dates: [[●] in each year/Not Applicable]
- 15 **Reset Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Initial Rate of Interest: [●] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear
- (ii) Initial Mid-Swap Rate: [●] per cent.
- (iii) First Reset Margin: [+/-][●] per cent. per annum
- (iv) Subsequent Reset Margin [[+/-][●] per cent. per annum/Not Applicable]
- (v) Interest Payment Date(s) [●] [and [●]] in each year, commencing on [●], up to and including the Maturity Date
- (vi) Fixed Coupon Amount up to (but excluding) the First [[●] per Calculation Amount/Not Applicable]

	Reset Date:	
(vii)	Broken Amount up to (but excluding) the First Reset Date:	[Not Applicable/[●] per Calculation Amount payable on the Interest Payment Date falling [in/or] [●]]
(viii)	First Reset Date:	[●]
(ix)	Second Reset Date:	[[●]/Not Applicable]
(x)	Subsequent Reset Date(s):	[[●] [and [●]]/Not Applicable]
(xi)	Relevant Screen Page:	[●]
(xii)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
(xiii)	Mid-Swap Maturity:	[●]
(xiv)	Reset Determination Date(s):	[●] <i>(specify in relation to each Reset Date)</i>
(xv)	Relevant Time:	[●]
(xvi)	Reset Reference Banks:	[●]
(xvii)	Day Count Fraction:	[30/360]/[Actual/Actual (ICMA)]/[Actual/365 (Fixed)]
(xviii)	Determination Dates:	[[●] in each year/Not Applicable]
(xix)	Calculation Agent:	[Specified if not the Fiscal Agent]/[The Fiscal Agent]
16	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Interest Period(s):	[●]
(ii)	Specified Interest Payment Dates:	[●]
(iii)	First Interest Payment Date:	[●]
(iv)	Interest Period Date:	[●] <i>(Not applicable unless different from Interest Payment Date)</i>
(v)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
(vi)	Business Centre(s):	[●]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[●]
(ix)	Screen Rate Determination:	

- Reference Rate: [[●] month] [LIBOR/EURIBOR/CIBOR/NIBOR/STIBOR/specify other]
- Interest Determination Date(s): [●]
- Relevant Screen Page: [●]
- Reference Banks: [●]
- (x) ISDA Definition: [●]/[2006 ISDA Definitions]
- (xi) ISDA Determination:
  - Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (xii) Margin(s): [+/-][●] per cent. per annum
- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum
- (xv) Day Count Fraction: [Actual/Actual – ISDA]  
[Actual/Actual – ICMA]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
[30E/360 (ISDA)]
- (xvi) Determination Dates: [[●] in each year/Not Applicable]

**PROVISIONS RELATING TO REDEMPTION**

- 17 **Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount: [●]/[Early Redemption Amount]
  - (iii) If redeemable in part: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraph)*
    - a) Maximum Redemption Amount: [●]
    - b) Minimum Redemption Amount: [●]

- (iv) Notice period: Minimum period: [15]/[●] days  
Maximum period: [30]/[●] days
- (v) Replacement Capital: [Applicable/Not Applicable]  
*(Only applicable to Contingent Capital Notes)*
- 18 **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
*(Only applicable to Unsubordinated Notes)*
- (i) Optional Redemption [●]  
Date(s) (Put):
- (ii) Optional Redemption [●]/[Early Redemption Amount]  
Amount (Put):
- (iii) Notice period: Minimum period: [15]/[●] days  
Maximum period: [30]/[●] days
- 19 **Final Redemption Amount** [●]/[The Outstanding Principal Amount]
- 20 **Early Redemption Amount** [●]/[The Final Redemption Amount]
- 21 **Redemption for Eligibility Event** [Applicable/Not Applicable]  
*(Only applicable to Senior Resolution Notes)*
- 22 **Substitution and variation for Subordinated Notes** [Applicable/Not Applicable]  
*(Only applicable to Subordinated Notes)*

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 23 Form of Notes: Uncertificated and dematerialised book entry form through [[VP]/[●]].
- 24 Financial centre(s) or other special provisions relating to payment dates: [Not Applicable/[●]]  
*(Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraph 16(vi) relates)*
- 25 Other terms and conditions: [Not Applicable/[●]]

#### [THIRD PARTY INFORMATION]

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [Nykredit Realkredit A/S/Nykredit Bank A/S]:

By: .....

*Duly authorised*

## PART B – OTHER INFORMATION

### 1 LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Nasdaq Copenhagen A/S's/specify other regulated market] regulated market with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Nasdaq Copenhagen A/S's/specify other] regulated market with effect from, or around, [●].] [Not Applicable.]  
*(If not applicable, deleted the remaining sub-paragraph of this paragraph)*
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

- Ratings: [The Notes to be issued have been rated:]  
[The Notes to be issued are expected to be rated:]  
[Standard & Poor's Credit Market Services Europe Limited: [●]]  
*Insert one (or more) of the following options, as applicable:*  
*[Insert legal name of particular credit rating agency entity(ies) providing rating] [is/are] established in the EU and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").*  
*[Insert legal name of particular credit rating agency entity(ies) providing rating] [is/are] established in the EU and has applied for registration under Regulation (EC) No 1060/2009 (the "CRA Regulation"), although notification of the registration decision has not yet been provided.*  
*[Insert legal name of particular credit rating agency entity(ies) providing rating] [is/are] not certified under Regulation (EC) No 1060/2009 (the "CRA Regulation") and the rating[s] [it has/they have] given to the Notes [is/are] not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.*

### 3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below)*

“Save for any fees payable to [●] (the “[Managers/Dealers]”), so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.” *(Amend as appropriate if there are other interests)*

4 **[YIELD]**

*(Include for Fixed Rate Notes and Reset Notes only)*

Indication of yield: [●]

5 **OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

Securities depository [VP SECURITIES A/S, Weidekampsgade 14, DK-2300 Copenhagen S, Denmark (“VP”)/[●]

[The Issuer shall be entitled to obtain certain information from the registers maintained by VP for the purpose of performing its obligations under the issue of the Notes.]

6 **DISTRIBUTION**

(i) Method of distribution: [Syndicated/Non-syndicated]

(ii) If syndicated, names of Managers: [Not Applicable/[●]]

(iii) Date of Subscription Agreement: [●]

(iv) Stabilising Manager(s) (if any): [Not Applicable/[●]]

(v) If non-syndicated, name of relevant Dealer: [Not Applicable/[●]]

(vi) U.S. Selling Restriction: Reg. S Compliance Category 2

(vii) Prohibition of sales to EEA Retail Investors: [Applicable/Not Applicable]

## GENERAL INFORMATION

- (1) Each Issuer has obtained all necessary consents, approvals and authorisations in the Kingdom of Denmark in connection with the establishment of the Programme. The establishment of the Programme was authorised by a resolution of the board of directors of Nykredit Realkredit passed on 2 March 2017, and by a resolution of the board of directors of Nykredit Bank passed on 3 February 2017.
- (2) The Final Terms or Pricing Supplement, as applicable, will specify whether the relevant Issuer has made application for the relevant Tranche of Notes to be admitted to trading on a regulated market. The Final Terms or Pricing Supplement, as applicable, will specify the estimate of total expenses related to the trading on the regulated market for the relevant Tranche of Notes.
- (3) None of the Issuers, Nykredit Holding A/S and any of their respective subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuers, of the Nykredit Realkredit Group, the Nykredit Bank Group or of Nykredit Holding A/S and its subsidiaries taken as a whole.
- (4) There has been no significant change in the financial or trading position of Nykredit Realkredit A/S, Nykredit Bank A/S, of the Nykredit Realkredit Group, the Nykredit Bank Group or of Nykredit Holding A/S and its subsidiaries taken as a whole since 31 December 2016 and no material adverse change in the prospects of Nykredit Realkredit A/S, Nykredit Bank A/S, of the Nykredit Realkredit Group, the Nykredit Bank Group or of Nykredit Holding A/S and its subsidiaries taken as a whole since 31 December 2016.
- (5) Each Issuer is unaware of any trends, uncertainties, demands, commitments or events which may reasonably be expected to significantly affect the future outlook for such Issuer for the current financial year. No events have occurred since the publication of the latest Annual Report that have a significant effect on the assessment of each Issuer's capital adequacy. This Base Prospectus does not include a separate earnings forecast.
- (6) Profit expectations or forecasts for the Issuers have not been included in this Base Prospectus due to the fact that such expectations or forecasts are not considered material to the listing of the Notes.
- (7) No material contracts have been entered into other than in the ordinary course of its business which could result in any member of the Nykredit Realkredit Group or the Nykredit Bank Group being under an obligation or entitlement that is material to the relevant Issuer's ability to meet its obligations to holders of the Notes.
- (8) Where information in this Base Prospectus has been sourced from third parties this information has been accurately reproduced and, as far as the Issuers are aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- (9) Each Tranche of Notes will be issued in uncertificated and dematerialised book entry form cleared through VP. The Common Code, the International Securities Identification Number ("ISIN") and (where applicable) the identification number for any other relevant clearing system for each Tranche and Series of Notes will be set out in the relevant Final Terms or Pricing Supplement, as applicable. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the relevant Final Terms or Pricing Supplement, as applicable.

The address of VP is Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark. The address of any alternative clearing system will be specified in the relevant Final Terms or Pricing Supplement, as applicable.

- (10) The method of, and deadline for, payment and delivery of the Notes may be agreed between the Issuer and the investors in the Notes. Legal title to the Notes will exclusively be evidenced by book entries in the register of VP Securities A/S. The Notes will not be exchangeable for physical notes. Registration and settlement of transactions in respect of the Notes will take place in accordance with the rules and procedures for the time being of VP Securities A/S.
- (11) A bridge currently exists between on the one hand each of VP, Clearstream Banking S.A. (“**Clearstream**”) and Euroclear Bank, SA / NV (“**Euroclear**”, and together with Clearstream and VP Securities A/S and referred to as the “**Securities Depositories**” and each referred to as a “**Securities Depository**”). Holders of accounts with Clearstream and/or Euroclear will be able to purchase Notes without holding an account with VP. Holders of accounts with any Securities Depository will be able to transfer Notes to account holders with any other Securities Depository in accordance with the rules and procedures for the time being of the relevant Securities Depository.
- (12) In relation to any Tranche of Fixed Rate Notes or Reset Notes, an indication of yield in respect of such Notes will be specified in the relevant Final Terms or Pricing Supplement, as applicable. The yield will be calculated at the issue date of the relevant Tranche on the basis of the issue price and, in the case of Reset Notes, the initial fixed rate of interest. It will not be an indication of future yield.
- (13) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms or Pricing Supplement, as applicable, of each Tranche, based on the prevailing market conditions.
- (14) For so long as Notes may be issued pursuant to this Base Prospectus, physical copies and, where appropriate English translations of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuers in Denmark:
  - (i) the Articles of Association of the Issuers;
  - (ii) the Articles of Incorporation of the Issuers;
  - (iii) the Annual Reports of the Issuers;
  - (iv) the most recently published audited consolidated and unconsolidated annual financial statements of the Issuers and the most recently published unaudited interim consolidated and unconsolidated financial statements (if any) of the Issuers;
  - (v) each Final Terms or Pricing Supplement, as applicable, (save that a Pricing Supplement relating to an Exempt Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity); and
  - (vi) a copy of this Base Prospectus together with any supplements to this Base Prospectus.

The Annual Reports of the Issuers can be viewed online at [www.nykredit.com](http://www.nykredit.com). Information contained in the above documents, other than information listed in the table on pages 37-39 in “*Documents Incorporated by Reference*”, is for information purposes only and does not form part of this Base Prospectus. This Base Prospectus is published on the website of Nasdaq Copenhagen A/S (<http://www.nasdaqomx.com>).

- (15) Copies of the latest annual report and consolidated financial statements of the Issuers and the latest interim consolidated financial statements (if any) of the Issuers may be obtained, at the office of the Issuers in Denmark during normal business hours, so long as any of the Notes is outstanding.
- (16) Deloitte Statsautoriseret Revisionspartnerselskab, Weidekampsgade 6, DK-2300 Copenhagen S, represented by Danish State-Authorised Public accountants Anders O. Gjelstrup and Thomas Hjortkjær Petersen (for the financial year ended 31 December 2015) and Anders O. Gjelstrup and Henrik Wellejus (for the financial year ended 31 December 2016) have audited the Issuers' consolidated and unconsolidated financial statements, without qualification, in accordance with International Financial Reporting Standards as adopted by the European Union. The change in accountants was due to internal rotation in Deloitte Statsautoriseret Revisionspartnerselskab. The Issuers' external auditor is a member of FSR – Danish Auditors.
- (17) This Base Prospectus does not refer to audited information other than that contained in the Annual Reports of the Issuers. As the Issuers publish an audited annual report every February, the most recently audited financial information will never be more than fourteen months old.
- (18) Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuers and/or their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or the Issuers' affiliates. Certain of the Dealers or their affiliates that have a lending relationship with an Issuer routinely hedge their credit exposure to such Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
- (19) Each Arranger has only acted in an administrative capacity to facilitate the establishment and/or maintenance of the Programme and, save as required by law or as set out in this Base Prospectus, has no responsibility to any Dealer for (a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Base Prospectus, any Final Terms or any information provided in connection with the Programme or (b) the nature and suitability to it of all legal, tax and accounting matters and all documentation in connection with the Programme or any Tranche.
- (20) The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.
- (21) In this Base Prospectus, references to websites are inactive textual references and are included for information purposes only. The contents of any such website shall not form part of, or be deemed to be incorporated into, this Base Prospectus.

#### REGISTERED OFFICE OF THE ISSUERS

**Nykredit Realkredit A/S**

Kalvebod Brygge 1-3  
DK-1780 Copenhagen V  
Denmark

Tel: +45 33 42 10 00

**Nykredit Bank A/S**

Kalvebod Brygge 1-3  
DK-1780 Copenhagen V  
Denmark

Tel: +45 44 55 10 00

#### ARRANGERS

**BNP Paribas**

10 Harewood Avenue  
London NW1 6AA  
England

**Nykredit Realkredit A/S**

Kalvebod Brygge 1-3  
DK-1780 Copenhagen V  
Denmark

#### ISSUING AGENT, FISCAL AGENT AND PAYING AGENT

(If Nykredit Realkredit A/S is the Issuer)

**Nykredit Realkredit A/S**

Kalvebod Brygge 1-3  
DK-1780 Copenhagen V  
Denmark

(If Nykredit Bank A/S is the Issuer)

**Nykredit Bank A/S**

Kalvebod Brygge 1-3  
DK-1780 Copenhagen V  
Denmark

#### AUDITORS

*To the Issuers*

**Deloitte Statsautoriseret Revisionspartnerselskab**

Weidekampsgade 6  
DK-2300 Copenhagen S  
Denmark

#### LEGAL ADVISERS

*To the Issuers as to Danish law*

**Gorrissen Federspiel Advokatpartnerselskab**

H.C. Andersens Boulevard 12  
DK-1533 Copenhagen V  
Denmark

*To the Arrangers as to English law*

**Allen & Overy LLP**

One Bishops Square  
London E1 6AD  
England