

# Nykredit

## Nykredit Realkredit A/S

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

### €500,000,000 Perpetual Non-cumulative Resettable Additional Tier 1 Capital Notes

**Issue price: 100 per cent.**

The €500,000,000 Perpetual Non-cumulative Resettable Additional Tier 1 Capital Notes (in Danish: *kapitalbeviser*) (the “Notes”) will be issued by Nykredit Realkredit A/S (the “**Issuer**” or “**Nykredit Realkredit**”). The Notes on issue constitute Additional Tier 1 Capital (in Danish: *hybrid kernekapital*) of the Issuer, the Nykredit Realkredit Group and the Nykredit Group. Subject to Condition 6 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*) in “*Terms and Conditions of the Notes*”, the Notes will constitute direct, unconditional, unsecured and subordinated debt obligations of the Issuer, as described in Condition 4 (*Status of the Notes*) in “*Terms and Conditions of the Notes*”.

The Notes will bear interest on their Outstanding Principal Amounts (as defined in Condition 2 (*Interpretation*) in “*Terms and Conditions of the Notes*”), payable semi-annually in arrear on 15 April and 15 October in each year (each an “**Interest Payment Date**”), from (and including) 15 October 2020 (the “**Issue Date**”) to (but excluding) 15 October 2026 (the “**First Reset Date**”) at the rate of 4.125 per cent. per annum. The first payment of interest will be made on 15 April 2021 in respect of the period from (and including) the Issue Date to (but excluding) 15 April 2021. The rate of interest will reset on the First Reset Date and on each Reset Date (as defined in Condition 2 (*Definitions*)) in “*Terms and Conditions of the Notes*”) thereafter. See Condition 5 (*Interest and other calculations*) in “*Terms and Conditions of the Notes*”.

The Issuer may elect in its sole discretion to cancel any payment of interest in respect of the Notes at any time, in whole or in part. In addition, a payment of interest in respect of the Notes will be mandatorily cancelled in certain circumstances. Following any such cancellation of interest in respect of an Interest Period (as defined in Condition 2 (*Definitions*) in “*Terms and Conditions of the Notes*”), the right of the holders of the Notes (the “**Noteholders**”) to receive accrued interest in respect of such Interest Period will terminate and the Issuer will have no further obligation to pay such interest to the Noteholders. See Condition 5(j) (*Interest Cancellation*) in “*Terms and Conditions of the Notes*”.

The Notes are perpetual securities and have no fixed date for redemption and Noteholders do not have the right to call for their redemption. Subject as provided herein, the Issuer may, at its option, redeem all, but not some only, of the Notes within the period commencing on (and including) 15 April 2026 (the “**First Call Date**”) and ending on (and including) the First Reset Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled. Subject as provided herein, the Issuer may also, at its option, redeem all, but not some only, of the Notes at any time during the relevant redemption period (as specified in Condition 7(b) (*Redemption upon the occurrence of a Special Event*) in “*Terms and Conditions of the Notes*”) at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled upon the occurrence of a Tax Event or Capital Event (each as defined in Condition 2 (*Definitions*) in “*Terms and Conditions of the Notes*”). Subject to Condition 7(g) (*Conditions to redemption etc.*) in “*Terms and Conditions of the Notes*”, if a Special Event (as defined in Condition 2 (*Definitions*) in “*Terms and Conditions of the Notes*”) has occurred and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Capital Notes (as defined in Condition 2 (*Definitions*) in “*Terms and Conditions of the Notes*”). Any such substitution, variation or redemption, as the case may be, is subject to certain conditions. See Condition 7 (*Redemption, purchase, substitution and variation etc.*) in “*Terms and Conditions of the Notes*”.

If at any time the Common Equity Tier 1 Capital Ratio (as defined in Condition 2 (*Definitions*) in “*Terms and Conditions of the Notes*”) of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group (as defined herein) in “*Terms and Conditions of the Notes*”) has fallen below 7.125 per cent., the Outstanding Principal Amounts shall be written down. Following any such write down of the Outstanding Principal Amounts, the Issuer may, at its discretion, reinstate some or all of the principal amount of the Notes, if certain conditions are met. See Condition 6 (*Loss Absorption following a Trigger Event and reinstatement of the Notes*) in “*Terms and Conditions of the Notes*”.

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (“**Euronext Dublin**”) for the approval of this document as listing particulars (the “**Listing Particulars**”). Application has been made to Euronext Dublin for the Notes to be admitted to its official list (the “**Official List**”) and admitted to trading on the Global Exchange Market with effect from the Issue Date. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended) (“**MiFID II**”). This Offering Circular constitutes the Listing Particulars in respect of the admission of the Notes to the Official List and to trading on the Global Exchange Market.

This Offering Circular does not comprise a prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129.

The Notes are not intended to be sold and should not be sold to retail clients (as defined in MiFID II) in the European Economic Area (“**EEA**”) or the United Kingdom (“**UK**”). Prospective investors are referred to the section headed “*Restrictions on marketing and sales to retail investors*” on page 5 of this Offering Circular for further information.

Investors in Hong Kong should not purchase the Notes in the primary or secondary markets unless they are professional investors (as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and its subsidiary legislation, “**Professional Investors**”) only and understand the risks involved. The Notes are generally not suitable for retail investors.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”). Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. The Notes may be offered and sold outside the United States to non U.S. persons in reliance on Regulation S (“**Regulation S**”) under the Securities Act. For a description of

certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Offering Circular and other offering material relating to the Notes, see “*Subscription and Sale*”.

The Notes will be issued in dematerialised form and settled through VP Securities A/S (“VP”).

The Notes are expected to be rated BB+ by S&P Global Ratings Europe Limited (“S&P”), which is a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) (the “CRA Regulation”). S&P appears on the latest update of the list of registered credit rating agencies on the ESMA website <https://www.esma.europa.eu/>. 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 credit rating agency.

An investment in the Notes involves certain risks. The Notes are complex and high risk. There are significant risks inherent in the holding of the Notes, including the risks in relation to their subordination, the circumstances in which the Notes may be written down or converted to ordinary shares and the implications on prospective investors (such as a substantial loss). The circumstances in which prospective investors may suffer loss as a result of holding the Notes are difficult to predict and the quantum of any loss incurred by investors in the Notes in such circumstances is also highly uncertain. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. For a discussion of these risks see “*Risk Factors*” below.

### **Joint Lead Managers and Joint Bookrunners**

**BNP PARIBAS**

**BOFA SECURITIES**

**GOLDMAN SACHS  
INTERNATIONAL**

**MORGAN STANLEY**

**NYKREDIT BANK A/S**

The date of this Offering Circular is 9 October 2020

This Offering Circular should be read and construed together with any documents incorporated by reference herein (see “*Documents Incorporated by Reference*”).

The Issuer has confirmed to BNP Paribas, BofA Securities Europe SA, Goldman Sachs International, Morgan Stanley & Co. International plc and Nykredit Bank A/S (each, a “**Joint Lead Manager**” and together, the “**Joint Lead Managers**”) that this Offering Circular is true, accurate and complete in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held, are based on reasonable assumptions and are not misleading; that there are no other facts in relation to the information contained or incorporated by reference in this Offering Circular the omission of which would, in the context of the issue of the Notes, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

No person has been authorised by the Issuer or any Joint Lead Manager to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any of the Joint Lead Managers.

No representation or warranty is made or implied by the Joint Lead Managers or any of their respective affiliates, and neither the Joint Lead Managers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular nor the offering, sale or delivery of the Notes shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Offering Circular may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The distribution of this Offering Circular and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions (see “*Subscription and Sale*”).

This Offering Circular does not constitute an offer or an invitation to subscribe for or purchase the Notes and should not be considered as a recommendation by the Issuer, the Joint Lead Managers or any of them that any recipient of this Offering Circular should subscribe for or purchase the Notes. Each recipient of this Offering Circular shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

All references in this Offering Circular to “**Danish Kroner**” or “**DKK**” are to the currency of Denmark and all references to “**EUR**” or “**euro**” and “**€**” 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, of those members of the EU which are participating in the European economic and monetary union.

References throughout to “**Nykredit**” mean Nykredit A/S, to the “**Nykredit Group**” include Nykredit together with its subsidiaries and references to the “**Nykredit Realkredit Group**” include Nykredit Realkredit together with its subsidiaries, each as more fully defined in the Conditions.

Each potential investor in the 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 Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the 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 Notes, including where the currency for principal or interest payments, i.e. euro, is different from the currency in which such potential investor's financial activities are principally denominated; (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; 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. The Notes are complex financial instruments with high risk and may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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 (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) 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 the Notes under any applicable risk-based capital or similar rules.

## IMPORTANT NOTICES

### PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. 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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

### MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

### PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE “SFA”)

The Issuer has determined and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes to be issued under this Offering Circular shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### PROHIBITION OF SALES AND DISTRIBUTIONS TO HONG KONG RETAIL INVESTORS

The Notes are intended to be offered, sold, distributed or otherwise made available in Hong Kong to Professional Investors only in the primary and secondary markets and are generally not suitable for retail investors.

### RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS

The Notes are complex financial instruments with high risk 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 Notes to retail investors.

In particular, in June 2015, the United Kingdom Financial Conduct Authority (the “**FCA**”) published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the “**PI Instrument**”).

In addition, (i) on 1 January 2018, the provisions of the PRIIPs Regulation became directly applicable in all EEA member states (including the UK) and (ii) MiFID II was required to be implemented in EEA member states (including the UK) by 3 January 2018. Together, the PI Instrument, the PRIIPs Regulation and MiFID II are referred to as the “**Regulations**”.

The Regulations set out various obligations in relation to (i) the manufacturing and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Notes.

In addition, in October 2018, the Hong Kong Monetary Authority (the “**HKMA**”) issued guidance on enhanced investor protection measures on the sale and distribution of debt instruments with loss-absorption features (such as the Notes) and related products (the “**HKMA Circular**”). Under the HKMA Circular, debt instruments with loss absorption features, being subject to the risk of being written-down or converted to ordinary shares, and investment products that invest mainly in, or whose returns are closely linked to the performance of such instruments (together, “**Loss Absorption Products**”), are to be targeted in Hong Kong at Professional Investors only and are generally not suitable for retail investors in either the primary or secondary markets.

Potential investors should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein), including the Regulations and the HKMA Circular.

The Issuer and each of the Joint Lead Managers are required to comply with some or all of the Regulations and/or the HKMA Circular. In addition, by purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or any of the Joint Lead Managers, each prospective investor in relation to the Notes (or any beneficial interests therein) will be deemed to represent, warrant, agree with and undertake to the Issuer and each of the Joint Lead Managers that:

- (i) it is not a retail client (as defined in MiFID II) in the EEA or the UK;
- (ii) if it is in Hong Kong, it is a Professional Investor;
- (iii) whether or not it is subject to the Regulations or the HKMA Circular, it will not:
  - (A) sell or offer the Notes (or any beneficial interests therein) to retail clients (as defined in MiFID II) in the EEA or the UK or retail investors in Hong Kong; or
  - (B) communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the 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 (as defined in MiFID II) in the EEA or the UK or any customer in Hong Kong who is not a Professional Investor,

and in selling or offering Notes (or any beneficial interests therein) or making or approving communications relating to the Notes (or any beneficial interests therein), it may not rely on the limited exemptions set out in the PI Instrument); and

- (iv) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA, the UK or Hong Kong) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) MiFID II and the HKMA Circular and any other laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an

investment in the Notes (or any beneficial interests therein) 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 Notes from the Issuer and/or any of the Joint Lead Managers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

#### **RESPONSIBILITY STATEMENT**

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

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**In connection with the issue of the Notes, BNP Paribas (the “Stabilising Manager”) (or any person acting on behalf of the Stabilising Manager) 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 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 Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.**



## OVERVIEW OF THE NOTES

*The following description of key features of the Notes does not purport to be complete and is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in “Terms and Conditions of the Notes” below or elsewhere in this Offering Circular shall have the same meanings in this description of key features of the Notes. References to a numbered “Condition” shall be to the relevant Condition in the Terms and Conditions of the Notes.*

Issuer:	Nykredit Realkredit A/S
Issuer Legal Entity Identifier (LEI):	LIU16F6VZJSD6UKHD557
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. These are set out under “ <i>Risk Factors</i> ”.
Notes:	€500,000,000 Perpetual Non-cumulative Resettable Additional Tier 1 Capital Notes.
Joint Lead Managers:	BNP Paribas BofA Securities Europe SA Goldman Sachs International Morgan Stanley & Co. International plc Nykredit Bank A/S
Issuing Agent, Paying Agent and Calculation Agent:	Nykredit Realkredit A/S:
Irish Listing Agent:	Arthur Cox Listing Services Limited
Issue Date:	15 October 2020.
First Call Date:	15 April 2026.
First Reset Date:	15 October 2026.
Maturity:	The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes at its discretion in the circumstances described herein.
Issue Price:	100 per cent.
Status of the Notes:	<p>The Notes (in Danish: <i>kapitalbeviser</i>) on issue constitute Additional Tier 1 Capital (in Danish: <i>hybrid kernekapital</i>) of the Issuer, the Nykredit Realkredit Group and the Nykredit Group under the CRD/CRR requirements.</p> <p>Subject to Condition 6 (<i>Loss Absorption following a Trigger Event and reinstatement of the Notes</i>), the Notes will constitute direct, unconditional, unsecured and subordinated debt obligations of the Issuer, and shall at all times rank:</p> <p>(i) <i>pari passu</i> without any preference among themselves;</p>

- (ii) unless such *pari passu* ranking conflicts with paragraph (iii)(c) below and/or paragraph (iv)(c) below, *pari passu* with (a) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (iii) senior to (a) holders of the Ordinary Shares, (b) unless such senior ranking conflicts with paragraph (iv)(c) below, any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes and (c) creditors of the Issuer that as a result of any Danish implementation of Article 48(7) of the BRRD rank or shall rank junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (iv) junior to present or future claims of (a) unsubordinated creditors of the Issuer (including unsubordinated creditors pursuant to Section 97 of the Danish Bankruptcy Act and unsubordinated creditors that are creditors in respect of Senior Non-Preferred Obligations), (b) unless such junior ranking conflicts with any Danish implementation of Article 48(7) of the BRRD, other subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes and (c) creditors of the Issuer that as a result of any Danish implementation of Article 48(7) of the BRRD rank or shall rank senior to the Notes.

Interest and Interest Payment Dates:

The Notes will bear interest on their Outstanding Principal Amounts, payable semi-annually in arrear on 15 April and 15 October in each year, at the relevant Rate of Interest. The first payment of interest will be made on 15 April 2021 in respect of the period from (and including) the Issue Date to (but excluding) 15 April 2021.

The Rate of Interest will reset on the First Reset Date and on each Reset Date thereafter.

See Condition 5 (*Interest and other calculations*).

Interest Cancellation:

Any payment of interest (including, for the avoidance of doubt, any Additional Amounts payable pursuant to Condition 9 (*Taxation*)) in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

- (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion, or

- (ii) will be mandatorily cancelled, in whole or in part, to the extent:
  - (A) that, if the relevant payment were so made, the amount of such payment, when aggregated together with, where relevant, (x) other distributions of the kind referred to in Article 141(2) of the CRD Directive (or, as the case may be, any provision of Danish law transposing or implementing Article 141(2) of the CRD Directive), or any successor thereto, or (y) distributions of the kind referred to in any analogous payment restrictions arising in respect of the capital buffers under CRD/CRR or the BRRD (including without limitation Article 16a thereof) and/or any minimum requirement for own funds and eligible liabilities under CRD/CRR and/or the BRRD (including without limitation Article 16a thereof) (or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions), would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments relating to any applicable Maximum Distributable Amount; or
  - (B) otherwise so required by CRD/CRR, including the applicable criteria for Additional Tier 1 Capital instruments, or the BRRD or where the Relevant Regulator requires the Issuer to cancel the relevant payment in whole or in part.

See Condition 5(j) (*Interest cancellation*).

Optional Redemption by the Issuer: Subject to Condition 7(g) (*Conditions to redemption etc.*), the Issuer may, at its option, redeem all (but not some only) of the outstanding Notes at any time within the period commencing on (and including) the First Call Date and ending on (and including) the First Reset Date, or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled.

See Condition 7(c) (*Redemption at the option of the Issuer*).

Redemption by the Issuer upon the Occurrence of a Special Event: Subject to Condition 7(g) (*Conditions to redemption etc.*), upon the occurrence of a Tax Event or a Capital Event (each, a “**Special Event**”), the Issuer may, at its option at any time, redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled.

See Condition 7(b) (*Redemption upon the occurrence of a Special Event*).

Substitution and variation: Subject to Condition 7(g) (*Conditions to redemption etc.*), if a Special Event has occurred and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only)

of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Capital Notes.

See Condition 7(f) (*Substitution and variation*).

Loss absorption following a Trigger Event and reinstatement of the Notes:

If at any time the Common Equity Tier 1 Capital Ratio of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group has fallen below 7.125 per cent., the Outstanding Principal Amounts shall be written down (in whole or in part).

Following any such write down of the Outstanding Principal Amounts, the Issuer may, at its discretion, reinstate in whole or in part the principal amount of the Notes, if certain conditions are met.

See Condition 6 (*Loss Absorption following a Trigger Event*).

Negative Pledge:

None.

Cross Default:

None.

Enforcement Events:

There will be enforcement events relating only to the liquidation or bankruptcy of the Issuer, provided that a Noteholder may not itself file for the liquidation or bankruptcy of the Issuer.

See Condition 11 (*Enforcement Events*).

Taxation:

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 Denmark or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in the case of a payment of interest only, the Issuer shall pay, save in certain limited circumstances provided in Condition 9 (*Taxation*), 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.

See Condition 9 (*Taxation*).

Meetings of Noteholders and Modifications:

The Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. Subject to Condition 7(g) (*Conditions to redemption etc.*) (in the case of a modification of the Terms and Conditions of the Notes), 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 Condition 7(g) (*Conditions to redemption etc.*), make any modification to the Notes which is, in the sole opinion of the Issuer, not prejudicial to the interests of the Noteholders without the consent of the Noteholders. Any such modification shall be binding on the Noteholders.

See Condition 14 (*Noteholders' Meeting*) and Condition 18 (*Modification*).

Form of the Notes:	The Notes will be issued in dematerialised book entry form and settled through VP.
Minimum Amounts:	The Notes shall be registered in VP in multiples of €0.01. All trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of €200,000 and, if more, in even multiples of €200,000.
Listing and Admission to Trading:	Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and admitted to trading on the Global Exchange Market, in each case with effect on or about 15 October 2020. The Global Exchange Market is not a regulated market for the purposes of MiFID II.
Governing Law and Jurisdiction:	The Notes, will 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.
Selling Restrictions:	There are restrictions on the transfer of the Notes prior to the expiration of the distribution compliance period, see " <i>Subscription and Sale</i> " below. For a description of additional restrictions on offers, sales and deliveries of the Notes and on the distribution of offering material in the United States of America, the EEA, the United Kingdom, Denmark, Singapore, Hong Kong and Canada, see " <i>Subscription and Sale</i> " below.

## RISK FACTORS

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the 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 Issuer or that it now deems immaterial may also adversely affect the Issuer or affect an investment in the Notes. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

*The risk factors are grouped in two main sections. The first section covers risk factors which may affect the Issuer's ability to fulfil its obligations under the Notes. The second section covers risk factors which the Issuer believes may be material in relation to the Notes (including risks in relation to the structure of the Notes, risks related to Notes generally and risks related to the market which may affect the Issuer and/or the Notes).*

*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 ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES**

***Risks related to the general economic and geopolitical conditions in Denmark and internationally, which may have a material adverse effect on the Issuer's business, results of operations, financial position or prospects***

The business activities and performance of the Issuer are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are dependent on customer confidence, employment trends, state of the economy, housing market and market interest rates at the time. As the Issuer currently conducts the majority of its business in Denmark, its performance is influenced by the level and cyclical nature of business activity in Denmark, which is in turn affected by both domestic and international economic and political events. In particular, the Issuer's business activities and financial position are largely related to its domestic mortgage portfolio.

A negative development in the general economic conditions in Denmark, such as a downturn in the economy, an increase in unemployment in Denmark, lower activity in the Danish housing market or a decline in property values and other collateral provided to the Issuer could have a material adverse effect on the Issuer's business, results of operations, financial position or prospects.

Changes in government policy or regulation with respect to housing and property markets in Denmark and other countries where the Issuer operates or will operate in the future, could also have a material adverse effect on the Issuer's business, results of operations, financial position or prospects.

The weakness or the perceived weakness of other financial institutions, which could result in significant systemic liquidity problems, losses or defaults by other financial institutions or counterparties, could negatively impact the Issuer. The business operations of many financial institutions are closely related and interdependent because of credit, trading, clearing and other relationships. A deterioration of global financial conditions, market-wide liquidity problems, increased volatility or widening credit spreads stemming from concerns about, or a default by, a financial institution could have a material adverse effect on the Issuer's ability to raise new funding, its business, results of operations and financial position.

***Risks related to the COVID-19 outbreak and other contagious diseases, which may have an adverse effect on the Issuer's business, results of operations, financial position or prospects***

At the date of this Offering Circular, a wide-spread global pandemic of the infectious disease COVID-19 is taking place. An effective cure and vaccines are yet to be developed.

While COVID-19 is still spreading and the final implications of the pandemic are difficult to estimate at this stage, it is clear that it will affect the lives of a large portion of the global population and cause significant effects. At this time, the pandemic has caused state of emergencies being declared in various countries, travel restrictions being imposed, quarantines been established and various institutions and companies being closed.

The Issuer may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic and any possible future outbreaks of other contagious diseases. While the final effects of the COVID-19 pandemic are, at the date of this Offering Circular, difficult to assess, it is possible that it will have substantial negative effect on the Danish economy and other economies where the Issuer operates or will operate in the future. These effects may also take place in case of any possible future outbreaks of other contagious diseases.

Since the outbreak of COVID-19 the Issuer has reported a significant rise in impairment provisions for possible future credit losses. The higher impairments related to COVID-19 is the main reason for why the Issuer has lowered its profit guidance for 2020 compared to the guidance issued at the beginning of the year. There is a risk that impairment provisions will increase further if the negative economic impact of the pandemic weakens the credit quality of the loan portfolio.

Any of the factors above could have an adverse effect on the Issuer's business, results of operations, financial position or prospects.

As a consequence of the COVID-19 pandemic the Issuer has implemented mitigating actions in order to handle the risk imposed by COVID-19 on day-to-day operations. There is however no certainty that these actions will be sufficient in mitigating the risk posed by COVID-19, nor that the effects will not themselves have an adverse effect on the Issuer's business, results of operations, financial position or prospects.

***Credit risk related to borrowers, counterparties and customers of the Issuer, which may have an adverse effect on the Issuer's business, results of operations, financial position or prospects***

Credit risk is defined as the failure of any borrower, bond issuer or counterparty to honour its payment obligations to the Issuer. Credit risk is chiefly related to the Issuer's lending activities and to a lesser degree the Issuer's trading and investing activities.

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

Settlement and delivery risk derives from securities, derivatives and foreign exchange trading.

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

The loans in the Issuer's capital centres, which are used as collateral for issuance of covered bonds, are secured by mortgages over real property. The credit risk of the Issuer may partly be related to the performance of the real estate and housing markets primarily in Denmark but also in other countries where

the Issuer operates or will operate in the 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 the Issuer's business, results of operations, financial position or prospects.

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 Issuer's business, results of operations, financial position or prospects.

***Market risk related to adverse developments in market values resulting from fluctuations in interest rates, credit spreads, foreign currency exchange rates and equity and commodity prices, which may have an adverse effect on the Issuer's business, results of operations, financial position or prospects***

Market risk is defined as the risk of a loss prompted by unfavourable fluctuations in interest rates, foreign exchange rates and equity prices.

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 most material risks relate to the Issuer's portfolio of securities for which the interest-rate risk and the spread risk on the bond portfolio are the most important ones. The purpose of the portfolio of securities is to support the mortgage credit business.

The majority of the Issuer's loans are pass-through match funded, which practically eliminates market risk as market risks are transferred to the borrowers, and in consequence of this, these risks become credit risks (see “*Credit risk related to borrowers, counterparties and customers of the Issuer, which may have an adverse effect on the Issuer's business, results of operations, financial position or prospects*” above). For the loans that are not pass-through match funded, the Issuer seeks to hedge market (and liquidity) risks through derivatives agreements. However, derivative agreements will always entail risks, for instance a risk associated with the derivative counterparty.

Fluctuations in the debt, foreign exchange or equity markets may affect the market value and liquidity of the Issuer's assets. In addition, the occurrence of such events may have an adverse impact on the revenue generated from the Issuer's primary activities. This could have a negative impact on the Issuer's business, results of operations, financial position or prospects.

***Funding and liquidity risk related to funding costs, liquidity and refinancing risk, deposit withdrawal and access to funds which may have an adverse effect on the Issuer's business, results of operations, financial position or prospects***

Liquidity risk is defined as the risk of markedly higher funding costs and/or inability to honour payments when due.

Currently, the Issuer'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 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, the Issuer 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 the Issuer has access to derivatives counterparties with sufficiently high credit ratings. Any financial difficulties of a derivatives counterparty may affect its ability to honour its contractual obligations to the Issuer. This could have a negative impact on the Issuer's business, results of operations, financial position or prospects.

The Danish mortgage legislation requires that issuers of covered bonds (in Danish: *særligt dækkede obligationer*), such as the Issuer, provide supplementary collateral in the event that declining property prices reduce the value of the covered bond collateral below the statutory borrowing limits. A decline in property values could increase the requirement for the Issuer to provide supplementary collateral and lead to an increase in the funding needs of the Issuer, which could have a material adverse effect on the Issuer's funding costs, business, results of operations, financial position or prospects.

Liquidity risk may also be related to global financial conditions, systemic risk or losses in other risk categories, which could prevent the Issuer from refinancing its short-term debt obligations or, for the Nykredit Realkredit Group as a whole, to cause deposits to be withdrawn from Nykredit Bank.

***Risks related to a credit rating downgrade of any of the Issuer's credit ratings***

The Issuer is rated by credit rating agencies and is dependent on credit ratings in order to access the capital markets. The Issuer's credit ratings could be negatively affected by a number of factors that can change over time, including a credit rating agency's methodology or the assessment of the Issuer's strategy and management, its financial condition, market position, asset quality, capital, funding and liquidity, the applicable regulation, macroeconomic developments in key markets as well as global financial conditions. A downgrade, or concern about a possible downgrade, of the Issuer's credit rating could affect the Issuer's access to capital markets and could have a material adverse effect on the Issuer's funding costs, business, results of operations, financial position or prospects.

***Risks related to an increase in the Issuer's capital requirements, leverage ratio requirements, net stable funding ratio requirement, liquidity requirements and/or REA, which could have a material adverse effect on the Issuer's business, results of operations, financial position or prospects***

The regulatory framework for the Issuer's capital requirements is rooted in the CRR and CRD (as implemented in Denmark), and consists of three pillars:

- Pillar I contains a set of rules for calculating the capital requirement (i.e. 8 per cent. of the risk exposure amount for credit risk, market risk and operational risk).
- Pillar II describes, *inter alia*, the ICAAP (Internal Capital Adequacy Assessment Process) framework and the supervisory review.
- Pillar III deals with, *inter alia*, market discipline and sets forth disclosure requirements for risk and capital management and the individual solvency need

***Individual solvency requirement***

Pursuant to Executive Order No. 295 of 27 March 2014 on Calculation of Risk Exposures, Own Funds and Solvency Need, as amended, banks and mortgage banks, such as the Issuer, are required to publish their individual solvency need each quarter. The individual solvency need is the capital considered sufficient to cover the group's risks. The individual solvency requirement is calculated on the basis of the requirement under Pillar I plus a supplement for requirements under Pillar II. Pillar II reflects a composition requirement for the additional own funds requirements to cover certain risks, including unexpected losses,

risk arising from deficiencies in internal governance arrangements and the risk of underestimation of risk due to model deficiencies. Competent authorities may require additional Pillar II capital to be maintained by an institution.

#### *Combined capital buffer requirement*

CRD includes a combined capital buffer requirement consisting of a capital conservation buffer, an institution-specific countercyclical capital buffer, a G-SII buffer (applicable to global systemically important institutions (“**G-SIIs**”)), a O-SII buffer (applicable to other systemically important institutions (“**O-SIIs**”)) and a systemic risk buffer.

The combined capital buffer requirement consists, in the case of the Issuer as the date of this Offering Circular, of a 2.5 per cent. capital conservation buffer, a 2.0 per cent. systemically important financial institution (“**SIFI**”) buffer and a countercyclical buffer, currently at 0 per cent. (all are stated as a percentage of the overall risk exposure and must be met through the Common Equity Tier 1 capital). The countercyclical capital buffer in Denmark was reduced from 1 per cent. to 0 per cent. on 11 March 2020 as a result of unrest in the financial markets due to the COVID-19 outbreak. Prior to the reduction, it was planned to increase the countercyclical buffer in Denmark to 1.5 per cent. as at 30 June 2020 and to 2.0 per cent. as at 30 December 2020. At the date of this Offering Circular, it is not possible to predict the future development of the countercyclical capital buffer in Denmark.

See (“*Risks related to the structure of the Notes*” – “*Interest on the Notes may be cancelled in certain circumstances, including with respect to the applicable Maximum Distributable Amount*” below) with respect to the interaction between the combined capital buffer requirement and the Maximum Distributable Amount and a potential interest cancellation on the Notes as a result thereof.

The Danish Financial Supervisory Authority designates the Danish SIFIs once a year on or before 30 June. Since June 2014, the Danish Financial Supervisory Authority has designated the Issuer as a SIFI on a consolidated basis. The Issuer is, at the date of this Offering Circular, subject to a further buffer requirement of 2.0 per cent. as regards Common Equity Tier 1 capital (referred to above as the SIFI buffer).

#### *CRR Amendment Regulation, CRD Amendment Directive and SREP Guidelines*

Regulation (EU) 2019/876 of the European Parliament and of the Council as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, minimum loss coverage for non-performing loans (non-performing loan backstop), counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019 (the “**CRR Amendment Regulation**”) and Directive (EU) 2019/878 of the European Parliament and of the Council as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019 (the “**CRD Amendment Directive**”) introduce, among other things, a leverage ratio requirement of 3 per cent. Tier 1 Capital, a leverage ratio related maximum distributable amount for G-SIIs (the “**L-MDA**”), harmonised binding requirement for stable funding (the “**Net Stable Funding Ratio**” or “**NSFR**”) on 100 per cent., 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 requirements). According to the CRD Amendment Directive, the additional own funds requirement must be fulfilled with at least 56.25 per cent. Common Equity Tier 1 Capital and at least 75 per cent. Tier 1 capital. Furthermore, the CRD Amendment Directive authorises the relevant competent authority to require

that the institution fulfils its additional own funds requirement with a higher portion of Tier 1 Capital or Common Equity Tier 1 Capital where necessary (while having regard to the specific circumstances of the relevant institution). The CRD Amendment Directive also introduces a so-called “guidance on additional own funds” requirement, which sets a level and quality of CET1 capital the relevant credit institution is expected to hold in excess of its overall capital requirement. The guidance on additional own funds will be based on, *inter alia*, the stress tests performed in respect of the Issuer (see “*Risks related to stress tests and other regulatory enquiries, which could trigger enforcement actions by supervisory authorities, which may have a material adverse effect on the Issuer’s business, results of operations, financial position or prospects*” below). A failure to meet guidance on additional own funds requirement does not trigger automatic restrictions on distributions provided for in Article 141 of the CRD or Article 16a of the BRRD. Where an institution repeatedly fails to meet the guidance on additional own funds, the competent authority is entitled to take supervisory measures and, where appropriate, impose additional own funds requirements. A G-SII that fails to meet its applicable leverage ratio buffer requirement shall calculate its L-MDA. The L-MDA will, among other things, set the level for payments on Additional Tier 1 Capital instruments (such as the Notes). According to the CRR Amendment Regulation, the Commission shall by 31 December 2020 submit a report to the European Parliament and to the Council on whether it is appropriate to extend the L-MDA restrictions to O-SIIs, such as the Issuer.

According to EBA’s guidelines to national supervisors on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing (the “**SREP Guidelines**”), latest updated on 19 July 2018, competent authorities may, on the basis of the vulnerabilities and deficiencies identified in the SREP assessment, among other things, restrict or prohibit distributions or interest payments by a credit institution to members or holders of its Additional Tier 1 Capital instruments (such as the Notes).

The CRR Amendment Regulation and CRD Amendment Directive entered into force on 27 June 2019. The date of application of the new rules varies from the date of their entry into force and 12 months to four years after their entry into force. Parts of Regulation (EU) 2019/876 was pre-implemented as of 27 June 2020. The CRR ‘Quick Fix’ applied responds to the COVID-19 pandemic on a number of measures amongst others the acceleration of the date of application of certain CRR Amendment Regulation measures that originally had been due to apply from 28 June 2021. On 1 July 2020, a draft bill to implement the CRD Amendment Directive and the BRRD Amendment Directive (see “*Resolution tools and powers under the BRRD*” – “*The BRRD Amendment Directive*”) into Danish law was published (the “**Danish BRRDII/CRDV Draft Bill**”). According to the Danish BRRDII/CRDV Draft Bill, the rules implementing the CRD Amendment Directive into Danish law will, with certain exemptions, enter into force on 28 December 2020. The Danish BRRDII/CRDV Draft Bill has been subject to public consultation, which ended on 17 August 2020 and therefore the final bill and law implementing the CRD Amendment Directive may deviate from the draft bill published on 1 July 2020. At the date of this Offering Circular, it is still uncertain whether (and if so to what extent) the CRR Amendment Regulation and the CRD Amendment Directive will impose additional capital, liquidity and/or leverage requirements on the Issuer, which in turn may have a material adverse effect on the Issuer’s funding costs, business, results of operations, financial position or prospects.

#### *EBA and the Danish Financial Supervisory Authority continue to develop rules*

The European Banking Authority (“EBA”) and the Danish Financial Supervisory Authority will continue to propose detailed rules through binding technical standards, guidelines, recommendations and/or opinions in respect of many areas, including the CRR, the CRR Amendment Regulation, the CRD and the CRD Amendment Directive. As a consequence, the Issuer is subject to the risk of possible interpretational changes. Given the uncertainty of the exact wording of the technical standards, they could potentially lead

to a reduction in the regulatory capital or an increase in the REA of the Issuer or changes in regulatory requirements, which may have a material adverse effect on the Issuer's funding costs, business, results of operations, financial position or prospects.

#### *Basel III: Finalising post-crisis reforms*

On 7 December 2017, the Basel Committee issued a publication titled: "*Basel III: Finalising post-crisis reforms*" (informally referred to as the "**Basel IV**"). The publication includes, among other things, a number of changes to and restrictions for credit institutions using internal models. As a result of the COVID-19 outbreak, the Basel Committee released a statement on 27 March 2020 with a one year deferral to the implementation timeline of Basel IV.

The Basel IV framework includes a number of different requirements. The Issuer considers the most important impact to be the introduction of a so-called capital floor requirement for credit institutions applying internal ratings-based risk models. The capital floor requirement entails that a credit institution will be subject to a minimum capital requirement across risk types (credit, market and operational risk) of 72.5 per cent. of the capital requirement calculated according to the standardized approach. According to the Basel IV framework, a minimum capital requirement of 50 per cent. will apply to the Issuer as early as 2023 and will gradually increase until fully implemented in 2028. In light of how the Issuer's REA, based on the internal ratings-based method, has been calculated historically, the introduction of such a capital floor implies that the Issuer's REA would increase significantly, which consequently would increase the capital requirements of the Issuer and the Nykredit Realkredit Group significantly. The specific impact of Basel IV depends on the EU implementation.

The REA of the Issuer and the capital requirements applicable to the Issuer are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. There can be no assurance that any of the minimum own funds Pillar 1 requirements, additional own funds requirements or buffer capital requirements applicable to the Issuer will not be amended in the future to include new and more onerous capital requirements.

Any failure by the Issuer to satisfy its 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 Issuer's funding costs, business, results of operations, financial position or prospects.

#### ***Risks related to stress tests and other regulatory enquiries, which could trigger enforcement actions by supervisory authorities, which may have a material adverse effect on the Issuer's business, results of operations, financial position or prospects***

The banking and mortgage banking sector, which includes the Issuer, is subject to periodic stress testing and other regulatory enquiries to examine the resilience of banks to adverse market developments. Such stress tests are initiated and coordinated by the EBA, the Danish Central Bank and/or the national supervisors such as the Danish Financial Supervisory Authority. Stress tests and the disclosure of their results by supervisory authorities can influence the banking, mortgage banking or the financial services sector and lead to a loss of trust with regard to individual banks, mortgage banks or the financial services sector as a whole. The outcome of stress tests could materially and adversely affect the Issuer's reputation, funding costs and trigger enforcement action by supervisory authorities. The outcome of stress tests could also result in the Issuer having to meet higher capital and liquidity requirements, which could have a material adverse effect on the Issuer's funding costs, business, results of operations, financial position or prospects.

In addition, stress tests could divulge certain information that would not otherwise have surfaced or which until then, the Issuer had not considered to be material and worthy of taking remedial action on. This could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken, which could have a material adverse effect on the Issuer's funding costs, business, results of operations, financial position or prospects.

***Risks related to the operations, business, conduct and reputation of the Issuer, which may have a material adverse effect on the Issuer's reputation, business, results of operations, financial position or prospects***

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

The Issuer's business and other activities (including those performed by the Issuer), are increasingly dependent on highly advanced IT systems. The Issuer may be the target of malicious hacking with consequences in the form of shutdown of individual or all IT systems. Consequences of a malicious hacker attack may be financial losses, business disruption, inability to issue bonds, inability to service payments on time, loss of data or other sensitive information etc.

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

If any of these procedures and controls fail, it may have a material adverse effect on the Issuer's reputation, result in regulatory investigations or sanctions being imposed and the Issuer may be exposed to additional costs and liabilities. This in turn could have a material adverse effect on the Issuer's reputation, business, results of operations, financial position or prospects.

***Risks related to sanctions, which may have a material adverse effect on the Issuer's business, results of operations, financial position or prospects***

Danish and international regulation, including personal data, anti-money laundering and antitrust regulation, allows authorities to impose sanctions on financial institutions (such as the Issuer) of significant financial consequences or consequences as to their reputation in the event of violations. As a consequence of the uniform nature of the Issuer's products, errors in individual cases may in certain situations relate to a number of loan and client relationships and hence affect the extent of the claims that are brought against the Issuer. Such circumstances may have a material adverse effect on the Issuer's reputation, funding costs, business, results of operations, financial position or prospects.

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

***Recovery and Resolution Directive***

The BRRD, including the general bail-in tool, the non-viability loss absorption tool and the minimum requirement for own funds and eligible liabilities (the "MREL-requirement") has been implemented into Danish law by the Danish Recovery and Resolution Act and by amendments to the Danish Financial Business Act. Any reference to the BRRD below shall include the implementation hereof into Danish law.

*The BRRD confers substantial powers on national resolution authorities designed to enable them to take a range of actions in relation to credit institutions, which are considered to be at risk of failing. The exercise of any of these actions in relation to the Issuer could materially adversely affect the value of any Notes.*

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, investment firms, certain financial institutions and certain holding companies (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 various 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. 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; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances).

In such circumstance, 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 assets (including, without limitation, 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 – 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**”). The converted 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 the Issuer.

#### *The non-viability loss absorption tool*

In addition to, but independently of, 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 Additional Tier 1 Capital instruments (such as the Notes), at the point of non-viability and before any other resolution action is taken (“**non-viability loss absorption**”). Any shares issued to holders of the Notes upon any such conversion into equity may also be subject to any application of the other resolution powers outlined above. Resolution authorities are required to implement non-viability loss absorption ahead of, or simultaneously with, any resolution action.

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 (i) the relevant authority determines that the institution or group meets the applicable conditions for resolution (but no resolution action has yet been taken) or (ii) the relevant authority determines that the institution or group will no longer be viable unless the relevant capital instruments (such as the Notes) are written-down or converted or (iii) extraordinary public financial support is required by the relevant entity or its group other than, where the relevant entity is an institution,

for the purposes of remedying a serious disturbance in the economy of a Member State and to preserve financial stability. 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).

#### *Additional powers of Member States and resolution authorities*

The BRRD also provides for a Member State as a last resort, after having assessed and applied 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 EU state aid framework.

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 maturity and/or amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

#### *MREL-requirement and related requirements*

With the implementation in Denmark of the BRRD, Danish banks, including Nykredit Bank, but not mortgage banks such as the Issuer, are required to have bail in-able resources in order to fulfil the MREL requirement. The Issuer may issue such bail in-able resources to fulfil the MREL requirement for Nykredit on a consolidated basis (the Nykredit Group). 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. In Denmark, each covered entity's MREL requirement will follow from the entity's individual resolution plan and it is the Danish Financial Supervisory Authority, following consultation with Finansiel Stabilitet, which sets the MREL requirement for each relevant entity.

Also, a comparable concept for loss absorption, Total Loss Absorbing Capacity (“TLAC”) has been set for global systemically important institutions. The TLAC requirement took effect from 2019.

In connection with the Danish implementation of BRRD, it was adopted that all Danish mortgage banks, such as the Issuer, must have a debt buffer of 2 per cent. calculated on the basis of the total unweighted lending of the individual mortgage bank.

On 1 July 2018, the Danish Act no. 706 of 8 June 2018 amending the Danish Financial Business Act, the Danish Anti-Money Laundering Act, the Danish Alternative Investment Fund Managers etc. Act and other acts entered into force (“**Act no. 706**”). Act no. 706 introduced certain amendments to the debt buffer requirement for mortgage banks as well as certain amendments related to the MREL requirement. Moreover, Directive 2017/2399/EU amending the BRRD (the “**Insolvency Hierarchy Directive**”) as regards the ranking of unsecured debt instruments in insolvency hierarchy was implemented into Danish law by way of Act no. 706. The debt buffer requirement is stipulated in section 125i of the Danish Financial Business Act (the “**Debt Buffer Requirement**”). If a relevant entity does not fulfil the Debt Buffer Requirement, the relevant authority may withdraw its mortgage banking licence. The Debt Buffer Requirement states that if a Danish mortgage bank in a group has been designated as a SIFI on a consolidated basis, and where an MREL requirement must be determined on a consolidated basis, the debt

buffer must be set at a level that ensures that the combined requirement of the group's debt buffer, own funds and MREL amounts to at least 8 per cent. of the group's total liabilities. According to Act no. 706, the Debt Buffer Requirement will be fully applicable from 1 January 2022. Section 266(3) of the Danish Financial Business Act further states that when determining the MREL requirement on a consolidated basis, Danish mortgage banks within the group are not included in the consolidation that forms the basis of the determination of the consolidated MREL requirement.

According to section 267(3) of the Danish Financial Business Act, the Danish Financial Supervisory Authority may permit that debt issued by a mortgage bank in the group is used to fulfil the consolidated MREL requirement if certain conditions are met; including that such debt can be contractually written down and/or converted without the use of the bail-in tool in a resolution scenario.

According to the preparatory remarks to Act no. 706, the debt buffer is to be evaluated by 2021 at the latest, and the evaluation is to be conducted in light of, inter alia, the development of the MREL requirement on an EU level, including the effects of Basel IV. Furthermore, it could not be ruled out that restrictions similar to the maximum distributable amount (see "*Interest on the Notes may be cancelled in certain circumstances, including with respect to the applicable Maximum Distributable Amount*") and the M-MDA (see "*Risks related to the structure of the Notes*" – "*Any failure to comply with its MREL requirement could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes*") in the future could apply in case of a failure to fulfil the Debt Buffer Requirement.

On 16 March 2020, the Danish Financial Supervisory Authority issued a decision stating that the MREL requirement for Nykredit on a consolidated basis (the Nykredit Group) is set at 17.0 per cent. of Nykredit's total liabilities and own funds on a consolidated basis based on a single point of entry resolution strategy for the Nykredit Group. The requirement applied as of 16 March 2020 and must be met with own fund instruments and debt instruments that in resolution and bankruptcy can be written down and converted before unsubordinated claims and otherwise fulfil the requirements for eligible liabilities. It is further stated that debt instruments issued before 1 January 2018 which in resolution and bankruptcy cannot be written down and converted before unsubordinated claims, but that otherwise fulfil the requirements for eligible liabilities can be used to fulfil the MREL requirement until 1 January 2022.

On 1 May 2020, the Danish Financial Supervisory Authority issued a statement introducing an upper limit on the MREL subordination requirement for Danish SIFIs. According to the statement, the Danish Financial Supervisory Authority will with immediate effects take into account the upcoming reduction of the subordination requirement introduced with the BRRD Amendment Directive (as defined below), even though the reduction has not yet been implemented into Danish law. The Danish Financial Supervisory Authority further notes that any supervisory reaction to non-compliance with the MREL requirement will focus on whether the relevant SIFI meets a subordination requirement corresponding to the upper limit introduced with the BRRD Amendment Directive (and otherwise complies with its MREL requirement). If this is complied with, the Danish Financial Supervisory Authority states that it will take note of any non-compliance, but will not make use of more intrusive supervisory powers.

If a relevant entity does not fulfil the MREL requirement, the relevant authority may withdraw its banking licence.

At the date of this Offering Circular, the Issuer has issued a significant amount of liabilities that are eligible for fulfilment of the MREL requirement and/or the Debt Buffer Requirement. Any future changes to these requirements may require the Issuer to issue additional liabilities, which could have a material adverse effect on the Issuer's funding costs, business, results of operations, financial position or prospects. If the requirements are changed, it is not possible to give any assurances as to the ultimate scope, nature, timing,



disclosure and consequences of breach of any resulting obligations, or the impact that they will have on the Issuer.

#### *The BRRD Amendment Directive*

Directive (EU) 2019/879 of the European Parliament and of the Council dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019 (the “**BRRD Amendment Directive**”) includes, among other things, proposals to implement TLAC into EU legislation, and the introduction of the concepts of (i) a maximum distributable amount related to the MREL requirement (M-MDA) (see “*Risks related to the structure of the Notes*” – “*Any failure to comply with its MREL requirement could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes*”) and (ii) resolution groups and resolution entities. The BRRD Amendment Directive entered into force on 27 June 2019. The date of application of the BRRD Amendment Directive is 18 months after its entry into force (with certain exemptions). According to the Danish BRRDII/CRDV Draft Bill (see “*CRR Amendment Regulation, CRD Amendment Directive and SREP Guidelines*” above), the rules implementing the BRRD Amendment Directive into Danish law will, with certain exemptions, enter into force on 28 December 2020. The incorporation of the TLAC standard into the existing MREL framework is expected to provide clarity in the regulatory framework surrounding MREL and TLAC, both in terms of the framework for setting banks’ requirements as well as the instruments that can be used to fulfil such requirements. The CRR as amended by way of the CRR Amendment Regulation sets the requirement for the instruments that can be used to fulfil the MREL and TLAC requirement.

According to the BRRD Amendment Directive and the Danish BRRDII/CRDV Draft Bill, mortgage banks, such as the Issuer, are still exempt from the application of the MREL requirement. However, there can be no assurance that mortgage banks will remain exempt from the MREL requirement in the future or that the conditions for exemption of the MREL requirement will continue to be fulfilled for Danish mortgage banks, such as the Issuer. In the event that an MREL requirement is imposed for the Issuer, it may have a material adverse effect on the Issuer’s funding needs, funding costs, business, results of operations, financial position or prospects.

Furthermore, the BRRD Amendment Directive impacts the interaction between the MREL requirement and the combined capital buffer requirement (see “*Risks related to the structure of the Notes*” – “*Any failure to comply with its MREL requirement could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes*”). See “*Risks related to the structure of the Notes*” – “*The Issuer’s obligations are deeply subordinated*” regarding the proposed Danish implementation of Article 48(7) of the BRRD Amendment Directive.

#### *Exercise of powers under the BRRD*

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.

Any application of the 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.

To the extent any resulting treatment of Noteholders pursuant to the exercise of the general bail-in tool and the non-viability loss absorption (as applicable) 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). 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 and the non-viability loss absorption (as applicable).

The exercise of any power under the BRRD, or any suggestion of such exercise, could have a material adverse effect on the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes. Although the BRRD, as implemented, contains certain limited safeguards for creditors in specific circumstances, including that they do not incur greater losses than they would have incurred had the relevant entity been wound up under normal insolvency proceedings, there can be no assurance that these safeguards will be effective if such powers are exercised. The determination that any power under the BRRD shall be exercised or that all or a part of the principal amount of the Notes will be subject to the non-viability loss absorption tool is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. The application of the non-viability loss absorption tool with respect to the Notes may result in the write down or cancellation of all, or a portion of, the principal amount of, or outstanding amount payable in respect of, and/or interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or outstanding amount payable in respect of, or interest on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to such application of non-viability loss absorption tool. Accordingly, potential investors in the Notes should consider the risk that the general bail-in tool may be applied in such a manner as to result in Noteholders losing all or a part of the value of their investment in the Notes or receiving a different security than the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the relevant resolution authority may exercise its authority to apply the non-viability loss absorption tool without providing any advance notice to the Noteholders. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of the relevant Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

***Risks relating to the Issuer's participation in the Deposit Guarantee Scheme and resolution fund, which may result in the Issuer to incur additional costs***

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 Directive (2014/59/EU) (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 Banking Union and Single Resolution Mechanism).

Through participation in the Deposit Guarantee Scheme, both Danish banks and mortgage banks, such as the Issuer, 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.

The Danish Guarantee Scheme fund is currently fully funded. If the fund subsequently does not have sufficient means to make the required payments, extraordinary contributions of up to 0.5 per cent. of the individual institution's covered deposits or covered cash funds, as applicable, may be required.

In addition, the 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 the Issuer may 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 the use of risk models***

The Nykredit Realkredit Group uses Advanced Internal Ratings Based (AIRB) models to determine the risk exposure amount and credit risk. The models are in accordance with current national and international guidelines and approved by the Danish Financial Supervisory Authority. As they are internal models based on the Issuer's historical defaults and losses, it is not certain that they capture the future 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 and customer portfolios, changes in national or international legislation including detailed rules through binding technical standards or guidelines, and changes in supervision practice. Changes to the models may result in increased capital requirements for the Issuer and thereby reduce the current regulatory 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. The Issuer's ability to compete effectively depends on many factors, including its ability to maintain its reputation, the quality of its services and advice, its product innovation, execution ability, pricing and sales efforts. In addition, the loss of the services of key employees, particularly to competitors, could have a material adverse effect on the Issuer's ability to fulfil its objectives. The Issuer has a partnership agreement with a number of partner banks concerning distribution of mortgage loans issued under the Totalkredit brand. Changes in financial conditions or the competitive environment in the Danish mortgage market could cause changes to the Totalkredit partnership, which could have an adverse effect on the Issuer's competitive strength. Increased competition may adversely impact the Issuer's position in the market for mortgage business, which could have a material adverse effect on the Issuer's business, results of operations, financial position or prospects.

#### ***General regulatory risk related to changes in supervision and regulation, which may affect the Issuer's business, the products and services offered or the value of its assets***

The Issuer is subject to financial services laws, regulations, administrative actions and policies in Denmark and in each other jurisdiction in which the Issuer carries on business. Regulatory risk is the risk that changes in supervision and regulation applicable to the Issuer, in particular in Denmark, could materially affect the Issuer's business, the products and services offered or the value of its assets. Future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

Regulatory risk may also arise from a failure by the Issuer to comply with laws and regulations, which could lead to civil liability, disciplinary action, the imposition of fines and/or the revocation of the licence, permission or authorisation to conduct the Issuer's business in the jurisdictions in which the Issuer operates.

Various aspects of banking regulations are still under debate in the EU, 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 standardised approaches for banks using internal models) (see “*Risks related to an increase in the Issuer's capital requirements, leverage ratio requirements, net stable funding ratio requirement, liquidity requirements and/or REA, which could have a material adverse effect on the Issuer's business, results of operations, financial position or prospects*” above).

## **RISKS RELATED TO THE STRUCTURE OF THE NOTES**

### ***The Issuer's obligations are deeply subordinated***

The Notes will constitute direct, unconditional, unsecured and subordinated debt obligations of the Issuer and will rank as described in Condition 4(a).

The Issuer may issue other obligations or capital instruments that rank or are expressed to rank senior to the Notes or *pari passu* with the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. In the event of a liquidation or bankruptcy of the Issuer, the Issuer will be required to pay (i) unsubordinated creditors of the Issuer (including unsubordinated creditors pursuant to Section 97 of the Danish Bankruptcy Act and unsubordinated creditors that are creditors in respect of Senior Non-Preferred Obligations), (ii) unless such junior ranking conflicts with any Danish implementation of Article 48(7) of the BRRD, other subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes and (iii) creditors of the Issuer that as a result of any Danish implementation of Article 48(7) of the BRRD rank or shall rank senior to the Notes in full before it can make any payments on the Notes. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Notes. According to the Danish BRRDII/CRDV Draft Bill and the proposed implementation of Article 48(7) of the BRRD Amendment Directive, liabilities resulting from fully or partially recognised own funds instruments (within the meaning of the CRR, and including the Notes) shall rank junior to all other liabilities. In principle, this means that liabilities resulting from own funds instruments that no longer fully or partially are recognised as an own funds instrument for the purpose of the CRR shall rank senior to any liabilities resulting from any fully or partially recognised own funds instrument regardless of their contractual ranking. Accordingly, in the event of a liquidation or bankruptcy of the Issuer, the Issuer will, *inter alia*, be required to pay subordinated creditors of the Issuer, whose claims arise from liabilities that no longer fully or partially are recognised as an own funds instrument (within the meaning of the CRR) in full before it can make any payments on the Notes. In addition, in the event of a liquidation or bankruptcy of the Issuer, to the extent the Issuer has assets remaining after paying its creditors who rank senior to the Notes, payments relating to other obligations or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Notes may, if there are insufficient assets to satisfy the claims of all of the Issuer's *pari passu* creditors, further reduce the assets available to pay amounts due under the Notes on a liquidation or bankruptcy of the Issuer.

There is a risk that an investor in the Notes will lose all or some of his investment should the Issuer become insolvent.

See also “*Factors that may affect the Issuer's ability to fulfil its obligations under the Notes*” – “*Risks related to an increase in the Issuer's capital requirements, leverage ratio requirements, net stable funding*”

*ratio requirement, liquidity requirements and/or REA, which could have a material adverse effect on the Issuer's business, results of operations, financial position or prospects", above.*

***No limitation on issuing senior or pari passu securities***

There is no restriction on the amount of securities which the Issuer (or any other member of the Nykredit Realkredit Group or Nykredit Group) may issue, nor on the amount of any other obligations it may assume, which rank senior to, or *pari passu* with, the Notes. The issue of any such securities and/or the assumption of any such other obligations may reduce the amount recoverable by Noteholders on a resolution, liquidation or bankruptcy of the Issuer and/or may increase the likelihood of a cancellation of interest amounts under the Notes.

***Substitution and variation of the Notes without Noteholder consent***

Subject to Condition 7(g) if a Special Event has occurred and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without the requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Capital Notes.

Qualifying Capital Notes are securities issued by the Issuer that have, *inter alia*, terms which are not materially less favourable to Noteholders than the terms of the Notes (provided that the Issuer shall have delivered a certificate to that effect signed by two members of its Executive Board to the Issuing Agent). There can be no assurance that, due to the particular circumstances of each Noteholder, any Qualifying Capital Notes will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Capital Notes are not materially less favourable to Noteholders than the terms of the Notes prior to such substitution or variation.

***No events of default and limited Enforcement Events***

There are no events of default in relation to the Notes. Noteholders may not at any time demand repayment or redemption of their Notes, and enforcement rights for any payment are limited to the claim of Noteholders in a liquidation or bankruptcy of the Issuer. In a liquidation or bankruptcy of the Issuer, a Noteholder may prove or claim in such proceedings in respect of the Notes held by such Noteholder, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such liquidation or bankruptcy together with any interest accrued and unpaid on such Notes (to the extent that the same is not cancelled in accordance with the terms of such) from (and including) the Interest Payment Date immediately preceding commencement of such liquidation or bankruptcy and any other amounts payable on such Notes under the Conditions.

If proceedings with respect to the liquidation or bankruptcy of the Issuer should occur, the Noteholders would be required to pursue their claims on the Notes in proceedings with respect to the Issuer in Denmark. In addition, to the extent that the Noteholders are entitled to any recovery with respect to the Notes in any such Danish bankruptcy proceedings, such Noteholders would be entitled to a recovery in Danish Kroner. In the case of notes denominated in currencies other than Danish Kroner (such as the Notes), such recovery in Danish Kroner would be based on the relevant conversion rate in effect on the date the Issuer entered into such liquidation or bankruptcy proceedings.

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

Subject as provided in the Conditions, no Noteholder, who shall in the event of the liquidation or bankruptcy of the Issuer be indebted to the Issuer, shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.

### ***Notes subject to optional redemption by the Issuer***

Subject as provided herein, in particular to Condition 7(g), the Issuer may, at its option, redeem all, but not some only, of the Notes at any time within the period commencing on (and including) the First Call Date and ending on (and including) the First Reset Date, and on every Optional Redemption Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled. Subject as aforesaid, upon the occurrence of a Special Event, the Issuer may also, at its option, at any time redeem all, but not some only, of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled.

Holders should note that the Issuer may redeem the Notes as described in the previous paragraph even if (i) the Outstanding Principal Amounts have been so reduced and (ii) the principal amount of the Notes has not been fully reinstated to the original principal amount of the Notes.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem or is perceived to be likely to redeem the Notes, the market value of the 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 Issuer may elect to redeem the Notes when its cost of borrowing is lower than the interest rate on the 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 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.

In addition, if, after a notice of redemption has been given pursuant to Condition 7(b) or Condition 7(c) (as applicable), the Relevant Regulator withdraws its permission to the relevant redemption or a Trigger Event occurs, before the relevant redemption date, such notice of redemption shall automatically be revoked and the relevant redemption shall not be made until a new redemption notice is given and all conditions for redemption as described in Condition 7(g) have been fulfilled. Prospective investors in the Notes should be aware that, whether or not a redemption notice has been issued in respect of the Notes, any redemption of the Notes will, at all times, remain subject to the permission of the Relevant Regulator.

### ***Interest on the Notes may be cancelled in certain circumstances, including with respect to the applicable Maximum Distributable Amount***

Subject as provided in Condition 5(j), any payment of interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

- (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion; or
- (ii) will be mandatorily cancelled, in whole or in part, to the extent:
  - (A) that, if the relevant payment were so made, the amount of such payment, when aggregated together with, where relevant, (x) other distributions of the kind referred to in Article 141(2) of the CRD (or, as the case may be, any provision of Danish law transposing or implementing Article 141(2) of the CRD), or any successor thereto, or (y) distributions of the kind referred to in any analogous payment restrictions arising in respect of capital buffers under CRD/CRR or the BRRD (including, without limitation, Article 16a thereof) and/or any minimum requirement for own funds and eligible liabilities under CRD/CRR and/or the BRRD (including, without limitation, Article 16a thereof) (or, as the case may be, any provision of Danish law transposing or implementing any such analogous

payment restrictions), would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments relating to any applicable Maximum Distributable Amount; or

- (B) otherwise so required by CRD/CRR, including the applicable criteria for Additional Tier 1 Capital instruments, or the BRRD or where the Relevant Regulator requires the Issuer to cancel the relevant payment in whole or in part.

The CRD/CRR requirements currently provide that discretionary payments in respect of certain capital instruments (including payments of interest on the Notes, which would include, for the avoidance of doubt, any Additional Amounts in respect of interest which may be payable under Condition 9) will be required to be cancelled, in whole or in part, to the extent that:

- (i) the Issuer's Distributable Items are insufficient to make the relevant payment(s); or
- (ii) the combined buffer requirement is not met and, if the relevant payment(s) were made, the amount of such payment(s) would exceed the Maximum Distributable Amount. See further below and the risk factors *"Any failure to comply with MREL and related requirements could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes"*, below and *"Factors that may affect the Issuer's ability to fulfil its obligations under the Notes"* – *"Risks related to an increase in the Issuer's capital requirements, leverage ratio requirements, net stable funding ratio requirement, liquidity requirements and/or REA, which could have a material adverse effect on the Issuer's business, results of operations, financial position or prospects"*, above.

The Issuer also expects to cancel any such discretionary payment to the extent that the CRD/CRR or the BRRD prescribes and/or, as the case may be, the Relevant Regulator requires that the relevant payment(s) shall be cancelled.

The Issuer's Distributable Items will depend to a large extent on the net income earned by the Issuer. The determination of the Maximum Distributable Amount is subject to some uncertainty. Under Article 141 of the CRD, European Union member states must require that institutions that fail to meet the combined buffer requirement (broadly, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of (depending on the institution), the systemic risk buffer, the global systemically important institutions buffer and, in general, the other systemically important institution buffer, in each case as applicable to the institution) will be subject to restricted "discretionary payments" (which are defined broadly by CRD/CRR as distributions in connection with Common Equity Tier 1 Capital, payments on Additional Tier 1 Capital instruments and, under certain conditions, payments of variable remuneration). The restrictions will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the profits of the institution since the most recent decision on the distribution of profits or discretionary payment. Such calculation will result in a "maximum distributable amount" in each relevant period. As an example, the scaling is such that in the bottom quartile of the combined buffer requirement, no discretionary distributions will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially exercising the discretion to cancel (in whole or in part) interest payments in respect of the Notes. Moreover in the event that the combined buffer requirement is no longer met by the credit institution it will be required to submit a capital conservation plan to the Relevant Regulator and if the capital conservation plan is not approved by the Relevant Regulator more stringent restrictions on distributions, than those required subject to Article 141 of the CRD, can be imposed on the credit institution. Further, there can be no assurance that any of the combined buffer requirements applicable to the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group will not be increased in the future, which may exacerbate the risk that discretionary payments, including payments of interest on the Notes, are cancelled. See further the risk factors *"Any failure to comply with MREL and*

*related requirements could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes”, below and “Factors that may affect the Issuer’s ability to fulfil its obligations under the Notes” – “Risks related to an increase in the Issuer’s capital requirements, leverage ratio requirements, net stable funding ratio requirement, liquidity requirements and/or REA, which could have a material adverse effect on the Issuer’s business, results of operations, financial position or prospects”, above.*

As discussed above, the Issuer is entitled to cancel payments of interest in its sole discretion and it is permitted to do so even if it could make such payments without exceeding the limits described in the paragraph immediately above. Notwithstanding the above expectations, payments of interest on the Notes may be cancelled even if holders of the Issuer’s shares continue to receive dividends. The Issuer intends to respect the hierarchy of different capital providers subject to compliance at all times with applicable regulatory requirements. However, the Issuer may at any time depart from this policy at its sole discretion.

Following any cancellation of interest as described above, the right of Noteholders to receive accrued interest in respect of the relevant Interest Period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid interest will not be deemed to have “accrued” or been earned for any purpose nor will the non-payment of such interest constitute an event of default or an Enforcement Event.

Any actual or anticipated cancellation of interest payments will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the financial condition of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group. Noteholders should be aware that any announcement relating to the future cancellation of interest payments or any actual cancellation of interest payments may have an adverse effect on the market price of the Notes. Noteholders may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, Noteholders may lose some or substantially all of their investment in the Notes.

***Notes will be subject to loss absorption following a Trigger Event***

The Notes are being issued for regulatory capital adequacy purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions and which, in particular, require the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group.

Accordingly, if at any time the Common Equity Tier 1 Capital Ratio of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group has fallen below 7.125 per cent., the Outstanding Principal Amounts of the Notes shall be written down as described below and in Condition 6(a).

Noteholders may lose all or some of their investment as a result of such a write down of the Outstanding Principal Amounts of the Notes. In the case of any such write down of the Outstanding Principal Amounts, in compliance with the CRD/CRR and BRRD requirements and subject to the Principal Minimum Amount, the amount of the relevant write down to the Outstanding Principal Amounts on the Write Down Date will be equal to the amount of a write down of the Outstanding Principal Amounts of the Notes on the relevant Write Down Date that would restore the Common Equity Tier 1 Capital Ratio of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group, as applicable, to at least 7.125 per cent. at the point of such write down, taking into account the amount of Common Equity Tier 1 Capital (if any) of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group, as the case may be, generated on or prior to the relevant Write Down Date by the *pro rata* write down of, or, as the case may be, conversion into



Common Equity Tier 1 Capital instruments of, the principal amount of all Other Loss Absorbing AT1 Instruments (if any) outstanding at such time.

It is possible that, following a material decrease in the Common Equity Tier 1 Capital Ratio of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group, a Trigger Event could occur simultaneously with a trigger event in relation to one or more Other Loss Absorbing AT1 Instruments having, as the case may be, (i) a higher, (ii) an identical or (iii) a lower trigger level than 7.125 per cent. In such circumstances, investors should note that, with respect to each such Other Loss Absorbing AT1 Instrument (if any), Condition 6(a) provides that the *pro rata* write down or, as the case may be, conversion shall only be taken into account as described above to the extent required to restore the Common Equity Tier 1 Capital Ratio of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group, as applicable, to 7.125 per cent. or, if lower, such Other Loss Absorbing AT1 Instrument's trigger level. Once the Common Equity Tier 1 Capital Ratio of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group, as applicable, has been restored to at least 7.125 per cent. at the point of the relevant write down, the Issuer expects that any additional amounts of Common Equity Tier 1 Capital which are required to cure a trigger event in relation to any Other Loss Absorbing AT1 Instruments with a higher trigger level ("**Higher Trigger Other Loss Absorbing AT1 Instruments**") than 7.125 per cent. will only be generated by the further write down of, or, as the case may be, further conversion into Common Equity Tier 1 Capital instruments of, the principal amount of such Higher Trigger Other Loss Absorbing AT1 Instruments, in each case in accordance with the terms of such Higher Trigger Other Loss Absorbing AT1 Instruments and the CRD/CRR requirements.

Investors should also note that, if the Issuer issues any Other Loss Absorbing AT1 Instruments, the Issuer expects that such Other Loss Absorbing AT1 Instruments shall be treated for the purposes of determining the relevant *pro rata* amounts to be taken into account as described above and in Condition 6(a) as if their terms permitted partial write down or, as the case may be, partial conversion into Common Equity Tier 1 Capital instruments.

In addition, investors should note that Condition 6(a) provides that, to the extent the write down of, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument is not, or by the relevant Write Down Date will not be, effective for any reason:

- (A) the ineffectiveness of any such write down or, as the case may be, conversion into Common Equity Tier 1 Capital instruments shall not prejudice the requirement to effect a write down of the Outstanding Principal Amounts of the Notes pursuant to in Condition 6(a); and
- (B) the write down of, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument which is not, or by the relevant Write Down Date will not be, effective shall not be taken into account in determining such write down of the Notes.

Therefore (i) the write down of, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instruments is not a condition to a write down of the Outstanding Principal Amounts of the Notes and (ii) as a result of any failure to write down or, as the case may be, convert into Common Equity Tier 1 Capital instruments the principal amount of any Other Loss Absorbing AT1 Instruments, the amount of the write down of the Outstanding Principal Amounts of the Notes may therefore be higher than expected.

As any such write down of the Outstanding Principal Amounts of the Notes is subject to compliance with the CRD/CRR and BRRD requirements, the write down provisions described above and in Condition 6(a) are subject to, and will be interpreted in light of, any applicable changes to any such requirements. Notwithstanding any of the provisions relating to a write down of the Notes as described above, no assurance can be given that the Issuer will not determine that the CRD/CRR requirements require a write

down of the Outstanding Principal Amounts of the Notes to be calculated and determined in a different manner than as described above and in Condition 6(a). Investors should note that, in the case of any such write down of the Outstanding Principal Amounts of the Notes pursuant to Condition 6(a), the Issuer's determination of the relevant amount of such write down shall be binding on all parties.

Any such write down of the Outstanding Principal Amounts of the Notes shall not constitute an event of default or an Enforcement Event and, following such write down, Noteholders' claims in respect of principal will, in all cases, be based on the written down Outstanding Principal Amounts of the Notes to the extent the Outstanding Principal Amounts of the Notes have not subsequently been reinstated as described in Condition 6(b).

In addition, following a write down of the Outstanding Principal Amounts of the Notes as described above, interest can only continue to accrue on the Outstanding Principal Amounts following such write down, which will be lower than the Original Principal Amount of the Notes.

Following any such write down, the Issuer will not in any circumstances be obliged to reinstate the Outstanding Principal Amounts of the Notes, but any reinstatement must be undertaken, subject to compliance with CRD/CRR requirements and the Reinstatement Limit described in Condition 6(b), on a *pro rata* basis with all other Parity Trigger Loss Absorbing AT1 Instruments (if any) which would, following such reinstatement, constitute Additional Tier 1 Capital and feature similar reinstatement provisions. Investors should note that, while the Conditions provide for a *pro rata* reinstatement as described in the preceding sentence, there is no guarantee (including as regards the timing of the relevant reinstatement) how a reinstatement of the Outstanding Principal Amounts of the Notes would be conducted when compared to any proposed reinstatement of any obligations or capital instruments of the Issuer (i) with a similar principal loss absorption mechanism but with a higher or lower trigger level compared to the Notes and (ii) which include similar reinstatement provisions.

Investors should note that, while such a write down is not common, it is an appreciable risk and is not limited to the liquidation or bankruptcy of the Issuer.

***The market price and liquidity of the Notes may be volatile and will be affected by a number of factors, many of which may be outside the Issuer's control***

The market price and liquidity of the Notes is expected to be affected by fluctuations in the Common Equity Tier 1 Capital Ratio of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group. Any indication that the Common Equity Tier 1 Capital Ratio of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group is trending towards 7.125 per cent. may have an adverse effect on the market price and liquidity of the Notes. The level of the Common Equity Tier 1 Capital Ratio of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group may significantly affect the trading price of the Notes.

The occurrence of a Trigger Event and, therefore a write down of the Original Principal Amounts of the Notes, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. In addition, as the Common Equity Tier 1 Capital Ratio can be calculated as of any date, a Trigger Event could occur at any time. The calculation of the Common Equity Tier 1 Capital Ratio of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group could be affected by a wide range of factors, including, among other things, factors affecting the level of the Issuer's and/or the Nykredit Group's earnings or dividend payments, statutory deductions in own funds, the mix of businesses, the ability to effectively manage the risk exposure amounts in both the ongoing businesses and those the Issuer and/or the Nykredit Group may seek to exit, losses in commercial banking, investment banking or other businesses, changes in the Nykredit Group's structure or organisation, or any of the factors described in "Description of the Issuer". 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 is under the applicable accounting rules is exercised.

The Issuer will have no obligation to consider the interests of the Noteholders in connection with the strategic decisions of the Nykredit Group, including in respect of capital management. Noteholders will not have any claim against the Issuer or any other member of the Nykredit Group relating to decisions that affect the business and operations of the Nykredit Group, including its capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Noteholders to lose all or part of the value of their investment in the Notes.

Due to the uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, the Original Principal Amount of the Notes may be written down.

In addition, it is difficult to predict whether any payment of interest in respect of the Notes will be cancelled pursuant to the Conditions. Accordingly, the trading behaviour of the 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 the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group is approaching the level that would trigger a Trigger Event or that the Maximum Distributable Amount may have been, or is likely to be, exceeded may have an adverse effect on the market price and liquidity of the Notes. The level of the Common Equity Tier 1 Capital Ratio of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group may significantly affect the trading price of the Notes. Under such circumstances, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

***The Notes have no fixed date for redemption***

The Notes are perpetual securities and have no fixed date for redemption. The Issuer is under no obligation to redeem the Notes at any time. There will be no redemption at the option of the Noteholders in any circumstances. Therefore, prospective investors in the Notes should be aware that they will be required to bear the financial risks associated with an investment in long term securities.

***Any failure to comply with MREL and related requirements could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes***

According to the BRRD Amendment Directive, a failure to comply with the combined buffer requirement when considered in addition to the MREL requirement means the Issuer could become subject to restrictions on payments on Additional Tier 1 Capital instruments (such as the Notes). In the event that such breach lasts for more than 9 months, the Issuer shall become subject to restriction on payments on Additional Tier 1 capital instruments (such as the Notes), except where certain conditions regarding serious disturbance of the financial markets are fulfilled. The restrictions include, among other things, an obligation to calculate a “maximum distributable amount” related to the MREL requirement (the “M-MDA”). The principles of the calculation of the M-MDA are similar to the principles that apply for the calculation of the “maximum distributable amount” pursuant to Article 141 of the CRD, see “*Interest on the Notes may be cancelled in certain circumstances*” above. The M-MDA will, among other things, set the level for payments on Additional Tier 1 Capital instruments (such as the Notes). Any actual or anticipated failure to comply with the MREL requirement will likely have an adverse effect on the market price of the Notes. Noteholders may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, Noteholders may lose some or substantially all of their investment in the Notes.

***Uncertainties remain regarding the manner in which the CRD, the CRR and the BRRD will be interpreted***

The defined terms in the Conditions will depend in some cases on the final interpretation of the CRD, the CRR and the BRRD.

The CRD, the CRR and the BRRD are a recently-adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years. Certain portions of the CRD required transposition into Danish law, and although the CRR will be directly applicable in each member state of the European Economic Area, it leaves a number of important interpretational issues to be resolved through binding technical standards that have been adopted, and will be adopted in the future, and leaves certain other matters to the discretion of the Relevant Regulator.

The manner in which the framework and requirements under the CRD, the CRR and the BRRD will be applied to the Issuer, the Nykredit Realkredit Group and the Nykredit Group remains uncertain to a degree.

The determination of the Maximum Distributable Amount (including the M-MDA) (see *“Interest on the Notes may be cancelled in certain circumstances”* and *“Any failure by the Nykredit Group to comply with its MREL requirement could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes”*) is particularly complex. The Maximum Distributable Amount imposes a cap on the Issuer's ability to pay interest on the Notes, and on the Issuer's ability to reinstate the Original Principal Amounts of the Notes following a write down upon the occurrence of a Trigger Event.

#### ***Limitation on gross-up obligation under the Notes***

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of the Notes applies only to payments of interest due and paid under the Notes and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal, Noteholders may receive less than the full amount due under the Notes and the market value of the Notes may be adversely affected. Noteholders should note that principal for these purposes may include any payments of premium.

#### ***The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”***

Interest rates and indices which are deemed to be “benchmarks” (such as the 5-year Mid-Swap Rate or the EURIBOR component thereof), are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any notes linked to or referencing such a “benchmark” (such as the Notes).

Regulation (EU) 2016/1011 (the **“Benchmarks Regulation”**) applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU (which, for these purposes, includes the United Kingdom). It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark (such as the Notes), in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to the Notes.

Investors should be aware that, if an Original Reference Rate were discontinued or otherwise unavailable, the rate of interest on the Notes could require an adjustment to the terms and conditions, or result in other consequences, in respect of the Notes. The Conditions provide for certain fallback arrangements in the event that a published benchmark, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or if a Benchmark Event otherwise occurs.

If the circumstances described in the preceding paragraph occur the fallback arrangements in respect of the Notes include the possibility that:

- (i) the relevant rate of interest (or, as applicable, component thereof) of the Notes from an including the First Reset Date could be set or, as the case may be, determined by reference to a Successor Reference Rate or an Alternative Reference Rate (as applicable) determined by the Issuer (following consultation with an Independent Adviser (if applicable)); and
- (ii) such Successor Reference Rate or Alternative Reference Rate (as applicable) may be adjusted (if required) by the Issuer (following consultation with an Independent Adviser (if applicable)) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders arising out of the replacement of the Original Reference Rate with the relevant Successor Reference Rate or Alternative Reference Rate (as applicable),

in any such case, acting in good faith and in a commercially reasonable manner as described more fully in the Conditions.

In addition, the Issuer (following consultation with an Independent Adviser (if applicable)) may also determine (acting in good faith and in a commercially reasonable manner) that other amendments to the Conditions of the Notes are necessary ensure the proper operation of the relevant Successor Reference Rate or Alternative Reference Rate (as applicable).

No consent of the Noteholders shall be required in connection with effecting any relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or any other related adjustments and/or amendments described above.

If, following the occurrence of a Benchmark Event, no Successor Reference Rate or Alternative Reference Rate is determined, the ultimate fallback for determining the rate of interest for a particular Reset Period may result in the Reset Reference Bank Rate for the relevant Reset Period being equal to the sum of (A) the last observable rate for swaps in euro with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (B) the Margin, as determined by the Calculation Agent. This may result in the effective application of a fixed rate based on the last observable rate. In addition, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any the Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Investors should note that the Issuer (following consultation with an Independent Adviser (if applicable)) will have discretion to adjust the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder.

In addition, potential investors should also note that no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made if, and to the extent that, in the determination of the relevant Independent Adviser or the Issuer (as applicable), the same could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group.

***The reset of the Rate of Interest on each Reset Date could affect the market value of an investment in the Notes***

The Rate of Interest will reset on the First Reset Date and on each Reset Date thereafter and could affect the market value of an investment in the Notes. Such reset Rate of Interest could be less than the Initial Rate of Interest and/or, as applicable, less than the Rate of Interest determined on any previous Reset Date, and could accordingly affect the market value of an investment in the Notes.

**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 or written procedure and Noteholders who voted in a manner contrary to the majority. Any modification of the Conditions pursuant to the operation of such provisions is subject to Condition 7(g).

The Issuer may, subject to the provisions of Condition 18, make any modification to the Notes or the Conditions to correct a manifest error and any modification to the Notes or the Conditions 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.

***Change of law***

The Conditions are based on Danish law in effect as at the date of issue of the 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 Notes.

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

The Notes 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.

***Investors in the Notes who hold less than the minimum trading amount may be unable to sell their Notes***

The initial subscription amount of, and all subsequent trades in the Notes shall be in a minimum amount of €200,000. Consequently, a Noteholder who, as a result of trading the Notes through VP or a write down of the Notes pursuant to Condition 6(a) holds an amount which is less than €200,000 in its account with the VP will not be able to trade or sell the remainder of such holding without first purchasing a principal amount of the Notes (for a minimum amount of €200,000) such that its holding is in an amount of at least €200,000.

**RISKS RELATED TO THE MARKET**

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

***The secondary market***

The 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 Issuer or any of its Subsidiaries as provided in Condition 7(d). 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. Illiquidity may have an adverse effect on the market value of the Notes.

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

The Issuer will pay principal and interest on the Notes in euro. 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 euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro 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 euro 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 or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Credit ratings***

S&P is expected to assign a credit rating to the Notes. In addition, each of Fitch Ratings Limited and S&P has assigned credit ratings to the Issuer as described in "*Description of the Issuer*". These 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 or the standing of the Issuer.

A rating is not a recommendation to buy, sell or hold securities and any rating agency may revise, suspend or withdraw at any time the relevant rating assigned by it if, in the sole judgement of the relevant rating agency, among other things, the credit quality of the Notes or, as the case may be, the Issuer has declined or is in question. In addition, there is no guarantee that any rating of the Notes and/or the Issuer will be maintained by the Issuer following the date of this Offering Circular. If any rating assigned to the Notes and/or the Issuer is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Notes may be reduced.

***The Issuer is exposed to changing methodology by rating agencies***

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

***The Issuer 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 Issuer, the 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 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 Issuer could adversely affect the market value and liquidity of the Notes

***Interest rate risks***

An investment in the Notes, which bear interest at a fixed rate (reset every five years), involves the risk that subsequent changes in market interest rates may adversely affect their value. The rate of interest will be set every five years, and as such reset rates are not pre-defined at the date of issue of the Notes, they may be different from the initial rate of interest and may adversely affect the yield of the Notes.



## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with:

- (i) the audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2019 together, in each case, with the audit report thereon;
- (ii) the audited unconsolidated annual financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2019, together, in each case, with the audit report thereon;
- (iii) the unaudited un-reviewed consolidated interim financial statements of the Issuer for the period from 1 January 2020 to 30 June 2020;
- (iv) the unaudited un-reviewed unconsolidated interim financial statements of the Issuer for the period from 1 January 2020 to 30 June 2020; and
- (v) the unaudited un-reviewed consolidated interim financial statements of Nykredit for the period from 1 January 2020 to 30 June 2020, together with the section entitled ‘Capital, Liquidity and Funding – Equity and Own Funds’ on page 17 of the interim report relating thereto.

Such documents shall be incorporated in, and form part of, this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular 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 Offering Circular.

The audited annual consolidated financial statements of the Issuer for the two financial years ended 31 December 2018 and 31 December 2019, 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 table below sets out the relevant page references for (i) the audited consolidated and unconsolidated annual financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2019 as set out in the relevant annual report of the Issuer for such periods (respectively, the “**2018 Annual Report of the Issuer**” and the “**2019 Annual Report of the Issuer**” and together, the “**Annual Reports of the Issuer**”), (ii) the unaudited un-reviewed consolidated and consolidated interim financial statements of the Issuer for the period from 1 January 2020 to 30 June 2020 as set out in the consolidated interim report of the Issuer for such period (the “**Issuer’s Consolidated Interim Report 2020**”) and the unconsolidated interim report of the Issuer for such period (the “**Issuer’s Unconsolidated Interim Report 2020**” and together, the “**Interim Reports of the Issuer**”) and (iii) the unaudited un-reviewed consolidated interim financial statements of Nykredit for the period from 1 January 2020 to 30 June 2020, together with the section entitled ‘Capital, Liquidity and Funding – Equity and Own Funds’ of the interim report relating thereto (“the **Nykredit Interim Report 2020**”). 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 Offering Circular.

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**Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2018**

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The 2019 Annual Report of the Issuer can be viewed online at [https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2019/nykredit\\_realkredit\\_group\\_q4\\_19\\_2020-02-05\\_en.pdf](https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2019/nykredit_realkredit_group_q4_19_2020-02-05_en.pdf)

The 2018 Annual Report of the Issuer can be viewed online at [https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/nykredit\\_realkredit\\_group\\_q4\\_18\\_2019-02-05\\_en.pdf](https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/nykredit_realkredit_group_q4_18_2019-02-05_en.pdf)

The Issuer's Consolidated Interim Report 2020 can be viewed online at [https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2020/nykredit\\_realkredit\\_group\\_q2\\_20-08-20\\_en.pdf](https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2020/nykredit_realkredit_group_q2_20-08-20_en.pdf)

The Issuer's Unconsolidated Interim Report 2020 can be viewed online at [https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2020/nykredit\\_realkredit\\_group\\_q2\\_20-08-20\\_en.pdf](https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit-realkredit/2020/nykredit_realkredit_group_q2_20-08-20_en.pdf)

The Nykredit Interim Report 2020 can be viewed online at

[https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit/2020/nykredit\\_group\\_q2\\_20\\_2020-08-20\\_en.pdf](https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit/2020/nykredit_group_q2_20_2020-08-20_en.pdf)

The Annual Reports of the Issuer, the Interim Reports of the Issuer and the Nykredit Interim Report 2020 are English translations of the original reports in the Danish language. The Issuer accepts responsibility for the English translations of the Annual Reports of the Issuer, of the Interim Reports of the Issuer and of the Nykredit Interim Report.

## TERMS AND CONDITIONS OF THE NOTES

### 1 Introduction

- (a) **Issuer:** The €500,000,000 Perpetual Non-cumulative Resettable Additional Tier 1 Capital Notes (in Danish: *kapitalbeviser*) (the “Notes”) are issued by Nykredit Realkredit A/S, CVR no. 12719280, Legal Entity Identifier (LEI): LIU16F6VZJSD6UKHD557 (the “Issuer” or “Nykredit Realkredit”).
- (b) **Issue date and price:** The Notes are issued on 15 October 2020 (the “Issue Date”). The Notes are issued at an issue price of 100 per cent.
- (c) **Recording of Notes in dematerialised form:** The Notes are recorded electronically in dematerialised form with VP Securities A/S, Weidekampsgade 14, DK-2300 Copenhagen S, CVR no. 21599336 (“VP” with such terms deemed to include any successor or replacement thereto) in accordance with an agreement between Nykredit Realkredit and VP (effective date 29 September 2017) (Nykredit Realkredit, in this capacity, the “Issuing Agent”). 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:

“**5-year Mid-Swap Rate**” means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period and subject to Condition 5(h):

- (i) the annual rate for euro swaps with a term of 5 years which appears on the Relevant Screen Page as of 11:00 a.m. (Brussels time) on such Reset Determination Date; or
- (ii) if the 5-year Mid-Swap Rate does not appear on the Relevant Screen Page at such time on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date;

“**5-year Mid-Swap Rate Quotations**” means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which:

- (i) has a term of 5 years commencing on the relevant Reset Date;
- (ii) is in an amount that is representative of 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 6-month EURIBOR (calculated on an Actual/360 day count basis);

“**Additional Amounts**” has the meaning given in Condition 9(a);

“**Additional Tier 1 Capital**” means capital which is treated as Additional Tier 1 capital (or any equivalent or successor term) under the CRD/CRR requirements by the Relevant Regulator for the

purposes of, as the case may be, the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group;

**“Adjustment Spread”** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as applicable) to the Noteholders as a result of the replacement of the Original Reference Rate with the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the relevant Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iv) if no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines to be appropriate;

**“Alternative Reference Rate”** means an alternative benchmark or screen rate that the Issuer (following consultation with an Independent Adviser (if applicable)) determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of debt securities denominated in euro and of a comparable duration to the relevant Reset Periods, or, if the Issuer (following consultation with an Independent Adviser (if applicable)) determines that there is no such rate, such other rate as the Issuer (following consultation with an Independent Adviser (if applicable)) determines in its discretion is most comparable to the Original Reference Rate;

**“Available Reinstatement Amount”** has the meaning given in Condition 6(b)(B);

**“Benchmark Event”** means, with respect to an Original Reference Rate:

- (i) such Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered; or

- (ii) the later of (A) the making of a public statement by the administrator of such Original Reference Rate that it will, on or before a specified date, cease publishing such Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Original Reference Rate) and (B) the date falling six months prior to the specified date referred to in (ii)(A); or
- (iii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate has been permanently or indefinitely discontinued; or
- (iv) the later of (A) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the specified date referred to in (iv)(A); or
- (v) the later of (A) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that means such Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (B) the date falling six months prior to the specified date referred to in (v)(A); or
- (vi) it has or will prior to the next Reset Determination Date become unlawful for the Calculation Agent to calculate any payments due to be made to the Noteholders using such Original Reference Rate; or
- (vii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

“**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 (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Directive resulting from Directive (EU) 2019/879 of the European Parliament and of the Council dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019);

“**Business Day**” means a day on which VP is open for general business (including settling in foreign exchange and foreign currency deposits) in Copenhagen;

“**Calculation Agent**” has the meaning given in Condition 12(a):

“**Calculation Amount**” means €200,000 (the “**Original Calculation Amount**”), provided that if the Outstanding Principal Amounts are amended (either by write down or reinstatement) in accordance with Condition 6 or as otherwise required by then current legislation and/or regulations applicable to the Issuer, the Calculation Agent shall (i) adjust the Calculation Amount to the extent required by, and in accordance with, Condition 5(g), and (ii) notify the Noteholders in accordance with Condition 20 of the details of such adjustment;

“**Capital 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 classification of the Notes that results or will result in:

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

in each case provided that (a) the Issuer satisfies the Relevant Regulator that the regulatory reclassification of the Notes was not reasonably foreseeable at the time of their issuance and (b) the Relevant Regulator considers such a change to be sufficiently certain. For the avoidance of doubt, a Capital Event shall not be deemed to have occurred in case of a partial exclusion of the Notes as a result of (A) a principal write down, (B) a change in the regulatory assessment of the tax effects of a principal write down or (C) any applicable limit on the amount of Additional Tier 1 Capital;

“**Code**” has the meaning given in Condition 9(c);

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

“**Common Equity Tier 1 Capital Ratio**” means, at any time:

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

in each case, all as calculated by the Issuer in accordance with the CRD/CRR requirements as such time and any applicable transitional arrangements under CRD/CRR at such time and reported to the Relevant Regulator;

“**CRD**” 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 (including, for the avoidance of doubt, the amendments to such Directive resulting from Directive (EU) 2019/878 of the European Parliament and of the Council as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019);

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

“**CRD/CRR Implementing Measures**” means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and other entities in the Nykredit Group 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 and other entities in the Nykredit Group (on a non-consolidated or consolidated basis) to the extent required by the CRD 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 (including, for the avoidance of doubt, the amendments to such Regulation resulting from Regulation (EU) 2019/876 of the European Parliament and of the Council as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019);

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

“**Danish Capital Markets Act**” means the Danish Capital Markets Act (Consolidated Act no. 377 of 2 April 2020, as amended);

“**Danish Companies Act**” means the Danish Companies Act (Consolidated Act no. 763 of 23 July 2019, as amended);

“**Danish Financial Business Act**” means the Danish Financial Business Act (Consolidated Act no. 937 of 6 September 2019, as amended);

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

“**Danish Statutory Loss Absorption Powers**” means any write down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Denmark, relating to (i) the transposition of the BRRD (or, as the case may be, any provision of Danish law transposing or implementing such Directive) as amended or replaced from time to time (including any laws, regulations, rules or requirements relating to the resolution and recovery of mortgage banks) and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be written down, cancelled, modified, or converted into Ordinary Shares, other securities or other obligations of the Issuer or any other Person (or suspended for a temporary period);

“**Danish Recovery and Resolution Act**” means the Danish Act on Restructuring and Resolution of Certain Financial Undertakings (Consolidated Act no. 24 of 4 January 2019, as amended);

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (the “**Calculation Period**”), “Actual/Actual (ICMA)”, which means the actual number of days in the relevant Calculation Period divided by the product of (1) the actual number of days in the relevant Regular Period and (2) two;

**“Distributable Items”** means, as prescribed by CRD/CRR (or any equivalent or successor term from time to time as applicable to distribution restrictions on Additional Tier 1 Capital instruments), the amount of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments (which, for the avoidance of doubt, excludes any such distributions paid or made on Tier 2 Capital instruments or which have already been provided for, by way of deduction, in calculating the amount of Distributable Items) less any losses brought forward, any profits which are non-distributable pursuant to provisions in European Union or Danish legislation or the institution’s by-laws and any sums placed to non-distributable reserves in accordance with national law or the statutes of the institution, in each case with respect to the specific category of own funds instruments to which European Union or Danish law, institutions’ by-laws, or statutes relate; such profits, losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts, or any successor provision thereto;

**“Enforcement Events”** has the meaning given in Condition 11;

**“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;

**“euro”** and **“€”** mean 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);

**“First Call Date”** means 15 April 2026;

**“First Interest Payment Date”** means 15 April 2021;

**“First Reset Date”** means 15 October 2026;

**“Full Loss Absorbing AT1 Instruments”** has the meaning given in Condition 6(a);

**“IA Determination Cut-off Date”** means, in any Reset Period, the date that is no later than five TARGET Business Days (or Business Days, as the case may be) prior to the Reset Determination Date relating to the next succeeding Reset Period;

**“Independent Adviser”** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

**“Initial Period”** means the period from (and including) the Issue Date to (but excluding) the First Reset Date;

**“Initial Rate of Interest”** means 4.125 per cent. per annum;

**“Interest Payment Date”** means 15 April and 15 October in each year from (and including) the First Interest Payment Date;

**“Interest Period”** means the period beginning on (and including) the Issue 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;

**“Margin”** means 4.568 per cent.;

**“Maximum Distributable Amount”** means any applicable maximum distributable amount, which is determined pursuant to Article 141 of the CRD Directive (or, as the case may be, any provision of Danish law transposing or implementing Article 141 of the CRD Directive), or any successor provision thereto or any analogous, applicable or future applicable (as the case may be) payment restrictions arising in respect of (i) capital buffers under CRD/CRR or the BRRD (including, without limitation, Article 16a thereof) and/or any minimum requirement for own funds and eligible liabilities under CRD/CRR and/or the BRRD (including, without limitation, Article 16a thereof) (or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions) and/or (ii) the debt buffer requirement under the Danish Financial Business Act;

**“Noteholder”** means a person who is registered with VP as directly registered owner or nominee holder of a Note;

**“Noteholders’ Meeting”** means a Noteholders’ meeting held pursuant to Condition 14;

**“Nykredit”** means Nykredit A/S, CVR no. 12719248;

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

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

**“Optional Redemption Date”** means any Interest Payment Date falling on or after the First Reset Date;

**“Original Principal Amount”** means, with respect to an issue of Additional Tier 1 Capital instruments (including the Notes), the original principal amount of such Additional Tier 1 Capital instruments on the date they are issued;

**“Original Reference Rate”** means:

- (i) the 5-year Mid-Swap Rate (or any component part thereof); or
- (ii) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to the 5-year Mid-Swap Rate (or any component part thereof) pursuant to the operation of Condition 5(h),

as applicable;

**“Ordinary Shares”** means fully paid-up ordinary shares in the capital of the Issuer;

**“Other Loss Absorbing AT1 Instruments”** means obligations or capital instruments (other than the Notes) issued directly or indirectly by the Issuer which are eligible to constitute Additional Tier 1 Capital of the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group and which include a principal loss absorption mechanism that:

- (i) is capable of generating Common Equity Tier 1 Capital of the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group; and

- (ii) is activated by an event equivalent to the Trigger Event in all material respects (or, as the case may be, in all material respects other than the threshold for such activation);

**“outstanding”** means, in relation to the Notes, all the 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 13 and 15, 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, the outstanding principal amount of such Note, and **“Outstanding Principal Amounts”** means the sum of the Outstanding Principal Amount of each Note, as adjusted from time to time for any write down or reinstatement of the outstanding principal amount of the Notes in accordance with Condition 6 or as otherwise required by then current legislation and/or regulations applicable to the Issuer;

**“Parity Trigger Loss Absorbing AT1 Instruments”** means obligations or capital instruments (other than the Notes) issued directly or indirectly by the Issuer which are, as at their relevant issue date, eligible to constitute Additional Tier 1 Capital of the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group and which include a principal loss absorption mechanism that is capable of generating Common Equity Tier 1 Capital of the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group and that is activated by an event equivalent to the Trigger Event in all material respects and that has a threshold for such activation which is identical to the Trigger Event Threshold;

**“Paying Agent”** has the meaning given in Condition 12(a);

**“Permission Withdrawal Early Redemption Restriction”** has the meaning given to such term in Condition 7(g);

**“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**“Principal Minimum Amount”** has the meaning given in Condition 6(a)(ii);

**“Qualifying Capital Notes”** means any securities (other than the Notes, in the case of a substitution pursuant to Condition 7(f)) issued by the Issuer that:

- (i) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Additional Tier 1 Capital;
- (ii) carry the same rate of interest of the Notes prior to the relevant substitution or variation pursuant to Condition 7(f);

- (iii) have the same denomination and Outstanding Principal Amounts as the Notes prior to the relevant substitution or variation pursuant to Condition 7(f);
- (iv) have the same Interest Payment Dates as the Notes prior to the relevant substitution or variation pursuant to Condition 7(f);
- (v) have at least the same ranking as the Notes prior to the relevant substitution or variation pursuant to Condition 7(f);
- (vi) shall not, immediately following the relevant substitution or variation pursuant to Condition 7(f) be subject to a Capital Event and/or a Tax Event;
- (vii) are assigned (or maintain) at least the same solicited credit ratings as were assigned to the Notes immediately prior to the relevant substitution or variation pursuant to Condition 7(f);
- (viii) have terms not materially less favourable to the Noteholders than the terms of the Notes, as reasonably determined by the Issuer, and provided that the Issuer shall have delivered a certificate to that effect signed by two members of its Executive Board to the Issuing Agent (and copies thereof will be available at the Issuing Agent's specified office during its normal business hours) not less than 5 Business Days prior to (a) in the case of a substitution of the Notes pursuant to Condition 7(f), the issue date of the relevant securities or (b) in the case of a variation of the Notes pursuant to Condition 7(f), the date such variation becomes effective; and
- (ix) if (A) the 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 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 the Issuer;

**“Rate of Interest”** means

- (i) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest;
- (ii) in the case of each Interest Period thereafter, the sum, converted from an annual basis to a semi-annual basis, of (A) the Reference Rate in respect of the Reset Period in which such Interest Period falls and (B) the Margin,

all as determined by the Calculation Agent (in conjunction with the Issuer, where applicable) in accordance with Condition 5;

**“Reference Rate”** means, in relation to a Reset Period, subject to Condition 5(h), the 5-year Mid-Swap Rate determined for such Reset Period by the Calculation Agent in accordance with Condition 5;

**“Reinstatement Limit”** has the meaning given in Condition 6(b)(A);

**“Regulated Market”** means a regulated market as defined in Article 1(1)(21) of Directive 2014/65/EU, as amended;

**“Regular Period”** means each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means 15 April and 15 October;

**“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 Paying 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 19;

**“Relevant Nominating Body”** means, in respect of an Original Reference Rate:

- (i) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof;

**“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 Resolution Authority”** means the resolution authority with the ability to exercise any Danish Statutory Loss Absorption Powers in relation to the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group;

**“Relevant Screen Page”** means Reuters Screen “ICESWAP2” or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 5-year Mid-Swap Rate;

**“Relevant Time”** means 11.00 a.m. (Brussels time);

**“Reset Date”** means the First Reset Date and each day which falls on the fifth anniversary of the immediately preceding Reset Date;

**“Reset Determination Date”** means, in relation to a Reset Period, the day falling two TARGET Business Days (or Business Days, as the case may be) prior to the Reset Date on which such Reset Period commences;

**“Reset Interest Amount”** has the meaning given in Condition 5(e);

**“Reset Period”** means each period from (and including) the First Reset Date or any subsequent Reset Date and ending on (but excluding) the next Reset Date;

**“Reset Reference Banks”** means the principal office in the principal financial centre of the euro of five major banks in the swap, money, securities or other market most closely connected with the 5-year Mid-Swap Rate, as selected by the Issuer in its discretion after consultation with the Calculation Agent;

**“Reset Reference Bank Rate”** means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at

approximately 11:00 a.m. (Brussels time) on such Reset Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate for the relevant Reset Period will be equal to the sum of (A) the last observable rate for swaps in euro with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (B) the Margin as determined by the Calculation Agent;

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

**“Senior Non-Preferred Obligations”** means any unsubordinated and unsecured liabilities of the Issuer which rank upon an insolvency of the Issuer in accordance with section 13(3) of the Danish Recovery and Resolution Act;

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

**“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;

**“Successor Reference Rate”** means the rate that the Issuer determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

**“TARGET Business Day”** means a day on which the TARGET2-Securities (T2S) platform is operating;

**“Tax Event”** means, 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 after the date of issue of the last tranche of the Notes, the Issuer receives an opinion of external counsel in Denmark experienced in such matters that (i) it would be required to pay Additional Amounts; or (ii) to the extent a payment of interest under the Notes was tax deductible for the purposes of Danish tax prior to the relevant change, 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 provided that the Issuer 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. For the avoidance of doubt, changes in the assessment of the Relevant Regulator regarding tax effects of a principal write down are not considered as a Tax Event;

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

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

**“Trigger Event”** means, as determined at any time by the Issuer, the Relevant Regulator or any agent appointed for such purpose by the Relevant Regulator, as the case may be, that the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group has fallen below the Trigger Event Threshold and such determination by the Issuer, the Relevant Regulator or any agent appointed for such purpose by the Relevant Regulator, as the case may be, shall be binding on the Noteholders;

**“Trigger Event Threshold”** means 7.125 per cent.;

**“Trigger Event Early Redemption Restrictions”** has the meaning given in Condition 6(a);

**“Write Down Date”** has the meaning given in Condition 6; and

**“Written Procedure”** means a written procedure held pursuant to Condition 15.

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

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

- (i) The Notes are issued in uncertificated and dematerialised book-entry form through VP.
- (ii) The Notes are denominated in euro. The Notes shall be registered in VP in multiples of €0.01. All trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of €200,000 and, if more, in even multiples of €200,000. If a Noteholder holds a nominal amount of Notes in a custody account of less than €200,000, such Notes may not be traded unless such Noteholder purchases or transfers additional Notes in the custody account so that the requirement as to tradeable amounts of €200,000 is satisfied.
- (iii) The Outstanding Principal Amounts may be adjusted as provided in Condition 6 or as otherwise required by then current mandatory legislation and/or regulations applicable to the Issuer. Any such adjustment to the Outstanding Principal Amounts will not have any effect on the denominations of the Notes.

#### **(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 pursuant to Condition 3(a)(ii) 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 VP in accordance with the Danish Capital Markets Act, Executive Orders issued pursuant thereto and the rules and procedures of VP from time to time. A Noteholder shall (except as otherwise required by law) be treated as the absolute holder of the relevant Notes for all purposes and no person shall be liable for so treating such Noteholder.
- (iii) The Issuer shall, to the extent permitted under applicable regulations and the rules and procedures of VP from time to time, have access on demand to static data and ownership of the Noteholders registered in the securities register.
- (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.



**(c) Noteholders' rights:**

- (i) If a beneficial owner of a Note not being registered as a Noteholder wishes to exercise any rights under the Notes (including, but not limited to participating in Noteholders' Meeting or a Written Procedure), it must obtain proof of ownership of the Notes, acceptable to the chairman of the Noteholders' Meeting (in case of a Noteholders' Meeting) or the Issuer (in case of a Written Procedure).
- (ii) A Noteholder (whether registered as such or proven to the satisfaction of the chairman of the Noteholders' Meeting or the Issuer, as applicable, to be the beneficial owner of the Note as set out in Condition 3(c)(i)) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Notes held or beneficially owned by such Noteholder. The chairman of the Noteholders' Meeting or the Issuer, as applicable, shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Condition 3(c) and may assume that it is in full force and effect, unless otherwise apparent from its face or the chairman of the Noteholders' Meeting or the Issuer, as applicable, has actual knowledge to the contrary.

**4 Status of the Notes**

- (a) **Status of the Notes:** The Notes (in Danish: *kapitalbeviser*) on issue constitute Additional Tier 1 Capital (in Danish: *hybrid kernekapital*) of the Issuer, the Nykredit Realkredit Group and the Nykredit Group under the CRD/CRR requirements. Subject to Condition 6, the Notes constitute direct, unconditional, unsecured and subordinated debt obligations of the Issuer and shall at all times rank:
  - (i) *pari passu* without any preference among themselves;
  - (ii) unless such *pari passu* ranking conflicts with paragraph (iii)(c) below and/or paragraph (iv)(c) below, *pari passu* with (a) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
  - (iii) senior to (a) holders of the Ordinary Shares, (b) unless such senior ranking conflicts with paragraph (iv)(c) below, any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes and (c) creditors of the Issuer that as a result of any Danish implementation of Article 48(7) of the BRRD rank or shall rank junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
  - (iv) junior to present or future claims of (a) unsubordinated creditors of the Issuer (including unsubordinated creditors pursuant to Section 97 of the Danish Bankruptcy Act and unsubordinated creditors that are creditors in respect of Senior Non-Preferred Obligations), (b) unless such junior ranking conflicts with any Danish implementation of Article 48(7) of the BRRD, other subordinated creditors

of the Issuer other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes and (c) creditors of the Issuer that as a result of any Danish implementation of Article 48(7) of the BRRD rank or shall rank senior to the Notes.

- (b) **No right of set-off or counterclaim:** No Noteholder, who shall in the event of the liquidation or bankruptcy of the Issuer be indebted to the Issuer, shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.
- (c) **Future issues of notes or instruments:** The Issuer reserves the right in the future to issue other notes or instruments, with identical or other ranking than the Notes.

## 5 Interest and other calculations

- (a) **Interest Payment Dates and Rate of Interest:** The Notes bear interest on their Outstanding Principal Amounts at the relevant Rate of Interest from (and including) the Issue Date. Interest shall be payable semi-annually in arrear on each Interest Payment Date, subject in any case as provided in Condition 5(j) and Condition 8. The first payment of interest will be made on the First Interest Payment Date.
- (b) **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) in the manner provided in this Condition 5 until whichever is the earlier of:
  - (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
  - (ii) the day which is seven days after the Paying Agent has notified the Noteholders in accordance with Condition 20 that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Interest to (but excluding) the First Reset Date:** Unless the Calculation Amount has been adjusted as described in the definition thereof, the amount of interest per Calculation Amount payable on each Interest Payment Date in relation to an Interest Period falling in the Initial Period will be €4,125.

If the Calculation Amount has been adjusted as described in the definition thereof, Condition 5(g) will apply.
- (d) **Interest from (and including) the First Reset Date:** For each Interest Period from (and including) the First Reset Date, the Notes will bear interest on their Outstanding Principal Amounts at the relevant Rate of Interest.
- (e) **Determination of Reference Rate in relation to a Reset Period:** The Calculation Agent will, as soon as practicable after 11:00 a.m. (Brussels time) on each Reset Determination Date in relation to a Reset Period, determine the Reference Rate for such Reset Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Dates in relation to each Interest Period falling in such Reset Period (each a “Reset Interest Amount”).

- (f) **Publication of Reference Rate and Reset Interest Amount:** With respect to each Reset Period, the Calculation Agent will cause the relevant Reference Rate and the relevant Reset Interest Amount determined by it, together with the relevant Interest Payment Dates in relation to each Interest Period falling in such Reset Period, to be notified to the Paying Agent and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the relevant Reset Date. To the extent that the Calculation Agent is unable to notify such listing authority, stock exchange and/or quotation system (if any), the Calculation Agent shall promptly notify the Issuer, who shall procure the performance of such obligation. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 20.
- (g) **Calculation of amount of interest per Calculation Amount:** Save as specified in Condition 5(c), the amount of interest payable in respect of the Calculation Amount (including, for the avoidance of doubt, the Reset Interest Amount) for any period shall be calculated by:
- (i) applying the applicable Rate of Interest to the Calculation Amount;
  - (ii) multiplying the product thereof by the Day Count Fraction; and
  - (iii) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

If pursuant to Condition 6 or as otherwise required by then current legislation and/or regulations applicable to the Issuer, the Outstanding Principal Amounts are reduced and/or reinstated during an Interest Period, the Calculation Amount will be adjusted by the Calculation Agent to reflect such Outstanding Principal Amounts from time to time so that the relevant amount of interest is determined by reference to such Calculation Amount as adjusted from time to time, all as determined by the Calculation Agent in consultation with the Issuer.

- (h) **Reference Rate Replacement:** If notwithstanding the operation of the fallback provisions of paragraph (ii) of the definition of 5-year Mid-Swap Rate, the Issuer determines that a Benchmark Event has occurred when any Rate of Interest (or any component thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply to the Notes:
- (i) the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint and consult with an Independent Adviser with a view to the Issuer determining (without any requirement for the consent or approval of the Noteholders) (A) a Successor Reference Rate or, failing which, an Alternative Reference Rate, for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes and (B) in either case, an Adjustment Spread;
  - (ii) if the Issuer is unable to appoint an Independent Adviser prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may still determine (A) a Successor Reference Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this Condition 5(h). Without prejudice to the definitions thereof, for the purposes of determining any Successor Reference Rate, Alternative

Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

- (iii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (i) and (ii) above, such Successor Reference Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(h));
- (iv) if the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines that an Adjustment Spread is required to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;
- (v) if the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) and/or an Adjustment Spread in accordance with the above provisions, the Issuer may (without any requirement for the consent or approval of the Noteholders) also specify changes to the Conditions in order to ensure the proper operation of such Successor Reference Rate or Alternative Reference Rate or any Adjustment Spread (as applicable), including, but not limited to (1) Business Day, TARGET Business Day, Day Count Fraction, Reset Reference Bank Rate, Reset Reference Banks, Relevant Screen Page, Relevant Time and/or Reset Determination Date applicable to the Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
- (vi) the Issuer shall promptly, following the determination of any Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread (as applicable), give notice thereof to the Calculation Agent and, in accordance with Condition 20, the Noteholders. Such notice shall specify the effective date(s) for such Successor Reference Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Conditions (if any).

An Independent Adviser appointed pursuant to this Condition 5(h) shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Calculation Agent or the Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 5(h).

Without prejudice to the obligations of the Issuer under this Condition 5(h), the Rate of Interest for the next Interest Period shall be determined by reference to the operation of the fallback provisions of paragraph (ii) of the definition of 5-year Mid-Swap Rate, (i) if

the Issuer, following consultation with the Independent Adviser (if applicable), is unable to or does not determine a Successor Reference Rate or an Alternative Reference Rate in accordance with this Condition 5(h), and (ii) where the Issuer determines a Successor Reference Rate or Alternative Reference Rate, unless and until the Calculation Agent has been notified of such Successor Reference Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Conditions (if any).

Notwithstanding any other provision of this Condition 5(h) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 5(h), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital of the Issuer, the Nykredit Realkredit Group and/or the Nykredit Group.

- (i) **Notifications to be final:** All notifications, communications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 by the Calculation Agent shall (in the absence of willful default, fraud or manifest error by the Calculation Agent or any of its directors, officers, employees or agents) be binding on the Issuer, the Paying Agent and all Noteholders and (in the absence of the above) no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.
- (j) **Interest cancellation:** Any payment of interest (including, for the avoidance of doubt, any Additional Amounts payable pursuant to Condition 9) in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:
  - (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion; or
  - (ii) will be mandatorily cancelled, in whole or in part, to the extent:
    - (A) that, if the relevant payment were so made, the amount of such payment, when aggregated together with, where relevant, (x) other distributions of the kind referred to in Article 141(2) of the CRD Directive (or, as the case may be, any provision of Danish law transposing or implementing Article 141(2) of the CRD Directive), or any successor thereto, or (y) distributions of the kind referred to in any analogous payment restrictions arising in respect of capital buffers under CRD/CRR or the BRRD (including without limitation Article 16a thereof) and/or any minimum requirement for own funds and eligible liabilities under CRD/CRR and/or the BRRD (including without limitation Article 16a thereof) (or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions), would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments relating to any applicable Maximum Distributable Amount; or
    - (B) otherwise so required by CRD/CRR, including the applicable criteria for Additional Tier 1 Capital instruments, or the BRRD or where the

Relevant Regulator requires the Issuer to cancel the relevant payment in whole or in part.

- (iii) The Issuer shall give notice to (A) the Noteholders in accordance with Condition 20 and (B) the Paying Agent, of any such cancellation of a payment of interest, which notice might be given after the date on which the relevant payment of interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay interest as described above and shall not constitute an event of default or an Enforcement Event under the Notes.
- (iv) Following any cancellation of interest as described above, the right of Noteholders to receive accrued interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid interest will not be deemed to have “accrued” or been earned for any purpose nor will the non-payment of such interest constitute a default by the Issuer for any purpose and the Noteholders shall have no rights in respect of such payment of interest whether in a bankruptcy or liquidation of the Issuer or otherwise.

## **6 Loss absorption following a Trigger Event and reinstatement of the Notes**

- (a) **Loss absorption following a Trigger Event:** If, at any time, a Trigger Event occurs, the Issuer shall immediately notify (i) the Relevant Regulator, (ii) the Paying Agent, (iii) the Calculation Agent and (iv) the Noteholders in accordance with Condition 20, and the Outstanding Principal Amounts shall be written down as described below. Notwithstanding the foregoing, failure to give such notice shall not prejudice the write down of the Notes as described below.

If a Trigger Event occurs after a notice of redemption has been given pursuant to Condition 7(b) or Condition 7(c) but before the relevant redemption date, such notice of redemption shall automatically be revoked and the relevant redemption shall not be made until a new redemption notice is given and all conditions for redemption as described in Condition 7(g) have been fulfilled. If a notice of a Trigger Event has been given pursuant to this Condition 6(a), no notice of redemption may be given pursuant to Condition 7(b) or Condition 7(c) until such Trigger Event has been cured. The redemption restrictions described in this paragraph are together referred to as the “**Trigger Event Early Redemption Restrictions**”.

Such write down shall (A) take place on such date selected by the Issuer in consultation with the Relevant Regulator (the “**Write Down Date**”) but no later than one month following the occurrence of the relevant Trigger Event; and (B) be made either as a write down of the Outstanding Principal Amounts or by write down of the payment obligations in respect of the Notes or by other ways giving the same intended financial results, in each case in consultation with the Relevant Regulator, and in accordance with the rules of VP.

Subject to compliance with the CRD/CRR and BRRD requirements, the amount of the write down of the Notes on the Write Down Date will be equal to the lower of:

- (i) the amount of write down of the Notes that would restore the Common Equity Tier 1 Capital Ratio of Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group, as applicable, to at least the Trigger Event Threshold at the point of such write down, taking into account the amount of Common Equity Tier 1 Capital (if any) of the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group, as the case may be, generated on or prior to the Write Down Date by the *pro rata* write down to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of all Other Loss Absorbing AT1 Instruments (if any) outstanding at such time,

provided that

- (x) with respect to each such Other Loss Absorbing AT1 Instrument (if any), such *pro rata* write down or, as the case may be, conversion shall only be taken into account as described above to the extent required to restore the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group, as applicable, to the Trigger Event Threshold or, if lower, such Other Loss Absorbing AT1 Instrument's trigger level; and
- (y) to the extent the write down to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument is not, or by the relevant Write Down Date will not be, effective for any reason:
  - (1) the ineffectiveness of any such write down or, as the case may be, conversion into Common Equity Tier 1 Capital instruments shall not prejudice the requirement to effect a write down to the Outstanding Principal Amounts pursuant to this Condition 6(a); and
  - (2) the write down to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument which is not, or by the Write Down Date will not be, effective shall not be taken into account in determining such write down of the Notes,

and

- (ii) the amount of a write down that would write down the total nominal amount of Notes held by the Noteholder holding the least number of Notes at the Write Down Date to €0.01 or so that the Issuer's payment obligations in respect of the nominal amount of Notes held by such Noteholder is written down to €0.01 (the "**Principal Minimum Amount**").

If, in connection with the write down of the Notes or the calculation of the amount of the write down of the Notes, there are any Other Loss Absorbing AT1 Instruments that may be written down, or, as the case may be, converted into Common Equity Tier 1 Capital instruments in full (save for any floor equivalent or comparable to the Principal Minimum Amount) but not in part only ("**Full Loss Absorbing AT1 Instruments**"), then:

- (I) the requirement that a write down of the Notes pursuant to this Condition 6(a) shall be effected *pro rata* with the write down or, as the case may be, conversion into

Common Equity Tier 1 Capital instruments, as the case may be, of any Other Loss Absorbing AT1 Instruments shall not be construed as requiring the Outstanding Principal Amounts to be written down in full simply by virtue of the fact that any Full Loss Absorbing AT1 Instruments will be written down or, as the case may be, converted in full; and

- (II) for the purposes of calculating the write down of the Notes, any Full Loss Absorbing AT1 Instruments will be treated (for the purposes only of determining the write down or, as the case may be, conversion into Common Equity Tier 1 Capital instruments among the Notes and all Other Loss Absorbing AT1 Instruments on a *pro rata* basis) as if their terms permitted partial write down or, as the case may be, conversion into Common Equity Tier 1 Capital instruments, such that the write down or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of such Full Loss Absorbing AT1 Instruments shall be deemed to occur in two concurrent stages:
  - (A) the principal amount of such Full Loss Absorbing AT1 Instruments shall be written down or converted into Common Equity Tier 1 Capital instruments *pro rata* with the Notes and all Other Loss Absorbing AT1 Instruments (if any) on the basis described in Condition 6(a)(i) above; and
  - (B) the balance (if any) of the principal amount of such Full Loss Absorbing AT1 Instruments remaining following (A) above shall be written down or, as the case may be, converted into Common Equity Tier 1 Capital instruments with the effect of increasing the Issuer's and/or the Nykredit Realkredit Group's and/or the Nykredit Group's, as the case may be, Common Equity Tier 1 Capital Ratio above the minimum required level under (A) above.

The Issuer's determination of the relevant amount of a write down to the Outstanding Principal Amounts pursuant to this Condition 6(a) shall be binding on all parties.

A write down of the Notes pursuant to this Condition 6(a) may occur on more than one occasion.

Following a write down of the Notes as described above interest will continue to accrue on the Outstanding Principal Amounts following such write down, and will be subject to Condition 5(j) and Condition 6(b) as described herein.

For the avoidance of doubt, any write down of the Notes described above shall take place on a likewise *pro rata* basis.

Any write down of the Notes pursuant to this Condition 6(a) shall not constitute an event of default or an Enforcement Event under the Notes.

- (b) **Reinstatement of the Notes:** Following a write down of the Notes in accordance with Condition 6(a), the Issuer may, at its discretion, reinstate some or all of the principal amount of the Notes, subject to compliance with the CRD/CRR requirements and the Reinstatement Limit (as defined below), on a *pro rata* basis with all other Parity Trigger Loss Absorbing AT1 Instruments (if any) which would, following such reinstatement, constitute Additional Tier 1 Capital and feature similar write down and reinstatement



provisions. Any reinstatement amount will be subject to the same terms and conditions as set out in these Conditions.

Reinstatement may be made either by means of a pooling factor, where the Issuer's payment obligation under each Note is increased, or by other ways which gives the same intended financial results, or by way of issuing new notes that qualify as Additional Tier 1 Capital of the Issuer to the relevant Noteholders. Any such new note issuance shall specify the relevant details of the manner in which such new note issuance shall take effect and where the Noteholders can obtain copies of the new terms and conditions of the new notes. Such new notes shall be issued without any cost or charge to the Noteholders.

Reinstatement by means of a pooling factor may be made on one or more occasions until the Notes have been reinstated in full so that the Outstanding Principal Amounts equal the Original Principal Amount of the Notes (save in the event of occurrence of another write down pursuant to Condition 6(a)).

(A) Reinstatement Limit

Any reinstatement of some or all of the principal amount of all relevant outstanding Additional Tier 1 Capital instruments, where the principal amount of such Additional Tier 1 Capital instruments has been written down, may not at any time exceed the reinstatement limit applicable to the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group at such time (the “**Reinstatement Limit**”). Subject to Condition 6(c), the Reinstatement Limit will be the lower of the Available Reinstatement Amounts calculated for each of the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group in accordance with Condition 6(b)(B).

(B) Available Reinstatement Amounts

The “**Available Reinstatement Amount**” for each of the Issuer and/or the Nykredit Realkredit Group and/or the Nykredit Group will be calculated as the amount equal to the profits of (in the case of the calculation of the Issuer's Available Reinstatement Amount) the Issuer or (in the case of the Nykredit Realkredit Group's Available Reinstatement Amount) the Nykredit Realkredit Group or (in the case of the Nykredit Group's Available Reinstatement Amount) the Nykredit Group, in each case after the Issuer, or the Nykredit Realkredit Group or the Nykredit Group, as the case may be, has taken a formal decision confirming its final profits, multiplied by the ratio of the Original Principal Amount of all relevant outstanding Additional Tier 1 Capital instruments, where the principal amount of such Additional Tier 1 Capital instruments has been written down, divided by the total Tier 1 Capital of Issuer, or the Nykredit Realkredit Group or the Nykredit Group, as the case may be, in each case at the date of the relevant reinstatement, less:

- (i) with respect to any relevant Additional Tier 1 Capital instruments, where the principal amount has been written down, the sum of any principal amounts that have already been reinstated during the period to which such profits relate; and
- (ii) the sum of any amounts of interest or, as the case may be, other periodic distributions in respect of any relevant Additional Tier 1 Capital

instruments, where the principal amount has been written down, and which were paid or have been calculated (but disregarding any such interest which has been cancelled) during the period to which such profits relate on the basis of an outstanding principal amount which is lower than the Original Principal Amount of such Additional Tier 1 Capital instruments.

- (c) **Maximum Distributable Amount restriction:** A reinstatement as described above shall not be effected in circumstances which (when aggregated together with, where relevant (i) distributions of the kind referred to in Article 141(2) of the CRD Directive or, as the case may be, any provision of Danish law transposing or implementing Article 141(2) of the CRD Directive, or any successor thereto; or (ii) distributions of the kind referred to in any analogous payment restrictions arising in respect of capital buffers under CRD/CRR or the BRRD (including without limitation Article 16a thereof) and/or any minimum requirement for own funds and eligible liabilities under CRD/CRR and/or the BRRD (including without limitation Article 16a thereof) or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions) would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments relating to any Maximum Distributable Amount.
- (d) **Miscellaneous provisions applicable to reinstatement:** For the avoidance of doubt, at no time may the Outstanding Principal Amounts exceed the Original Principal Amount of the Notes.

To the extent that the principal amount of the Notes has been reinstated as described above, interest shall begin to accrue on the reinstated principal amount of the Notes, and become payable in accordance with the Conditions, as from the date of the relevant reinstatement.

- (e) **No liability:** None of the Issuing Agent, the Paying Agent and the Calculation Agent shall have any responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with a Trigger Event or any consequent write down and/or cancellation of the Notes or of any claims in respect thereof. None of the Issuing Agent, the Paying Agent and the Calculation Agent shall be responsible for any calculation or determination, or the verification of any calculation or determination, in connection with the same.

## 7 **Redemption, purchase, substitution and variation etc.**

- (a) **The Notes are perpetual securities:** The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes at its discretion in the circumstances described herein. The Notes are not redeemable at the option of the Noteholders at any time.
- (b) **Redemption upon the occurrence of a Special Event:** Subject to the provisions of Condition 7(g), upon the occurrence of a Special Event the Issuer may, at its option at any time, having given no less than 15 nor more than 45 days' notice in accordance with Condition 20 (which notice shall be irrevocable, subject to the Trigger Event Early Redemption Restrictions and the Permission Withdrawal Early Redemption Restriction), redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest (if any) thereon insofar as it has not been cancelled, provided however that where the Special Event is an event falling under

paragraph (i) of the definition of Tax Event, no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay the relevant Additional Amounts as referred to in paragraph (i) of the definition of Tax Event.

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

- (c) **Redemption at the option of the Issuer:** The Issuer may at its option (subject to Condition 7(g)), having given no less than 15 nor more than 45 days' notice in accordance with Condition 20 (which notice shall be irrevocable, subject to the Trigger Event Early Redemption Restrictions and the Permission Withdrawal Early Redemption Restriction) redeem all (but not some only) of the outstanding Notes at any time within the period commencing on (and including) the First Call Date and ending on (and including) the First Reset Date, and on every Optional Redemption Date thereafter at their Outstanding Principal Amounts, together with accrued interest (if any) thereon insofar as it has not been cancelled.

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

- (d) **Purchases:** The Issuer or any Subsidiary of the Issuer may (subject to Condition 7(g)) purchase Notes in the open market or otherwise at any price (including, for the avoidance of doubt, for market making purposes during the five years following the date of the issue of the last tranche of Notes).
- (e) **Cancellation:** All Notes purchased by or on behalf of the Issuer may (but subject to Condition 7(g)) be cancelled by the Issuer when the Issuer holds the title to them. The Notes are cancelled in the records of VP 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 VP.
- (f) **Substitution and variation:** Subject to having given no less than 15 nor more than 45 days' notice in accordance with Condition 20 (which notice shall be irrevocable) to the Noteholders, if a Special Event has occurred and is continuing, the Issuer may (subject to Condition 7(g)), at its option, substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Capital Notes.

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 Capital Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

- (g) **Conditions to redemption etc.:** The Notes may only be redeemed, purchased, cancelled, substituted, varied or modified (as applicable) pursuant to Condition 7(b), Condition 7(c), Condition 7(d), Condition 7(e), Condition 7(f), Condition 13, Condition 15, Condition 16 or paragraph (ii) of Condition 18, as the case may be, if:
- (i) in the case of any such redemption, purchase or cancellation, the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has given permission to, such redemption, purchase or cancellation (as applicable) and, if so given by the

Relevant Regulator, such permission has not been withdrawn by the Relevant Regulator prior to the date fixed for redemption, purchase or cancellation (as applicable) in accordance with the CRD/CRR and BRRD requirements (which, as at the date of issue of the Notes, are set out in Articles 77 and 78 of the CRR);

- (ii) in the case of any such redemption of the Notes, the Trigger Event Early Redemption Restrictions do not apply to such redemption or to the redemption notice relating to such redemption (as applicable);
- (iii) in the case of a redemption of the Notes as a result of a Special Event, the Issuer has delivered a certificate signed by two members of its Executive Board to the Issuing Agent (and copies thereof will be available at the Issuing 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; and
- (iv) in the case of any such variation, substitution or modification, the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has not objected to, such variation, substitution or modification (as applicable) in accordance with the CRD/CRR and BRRD requirements.

If after a notice of redemption has been given pursuant to Condition 7(b) or Condition 7(c), the Relevant Regulator withdraws its permission to the relevant redemption before the relevant redemption date, such notice of redemption shall automatically be revoked and the relevant redemption shall not be made until a new redemption notice is given and all conditions for redemption as described in this Condition 7(g) have been fulfilled. The redemption restriction described in this paragraph is referred to as the “**Permission Withdrawal Early Redemption Restriction**”.

If the Issuer has elected to substitute or vary the Notes pursuant to Condition 7(f) but prior to the relevant substitution or variation, as the case may be, (A) a Trigger Event occurs or (B) the Relevant Regulator withdraws its no objection to the relevant substitution or variation (as applicable) the relevant notice shall be automatically rescinded and shall be of no force and effect.

Any refusal by the Relevant Regulator to grant its permission to any such redemption, purchase or cancellation (as applicable) pursuant to Condition 7(g)(i) or any objection by the Relevant Regulator to any such variation, substitution or modification (as applicable) pursuant to Condition 7(g)(iv) (or, as the case may be, any withdrawal by the Relevant Regulator of any such permission or no objection (as applicable)) will not constitute an event of default or an Enforcement Event under the Notes.

## **8 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 euro with a custody bank to the Noteholders shown in the relevant records of VP, in accordance with and subject to the rules and regulations from time to time governing VP.
- (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 9. No commission or expenses shall be charged to the Noteholders in respect of such payments.

- (c) **Payment on TARGET Business Day (or Business Day, as the case may be):** If any date for payment in respect of any Note is not a TARGET Business Day (or Business Day, as the case may be), the Noteholder shall not be entitled to payment until the next following TARGET Business Day (or Business Day, as the case may be) nor to any interest or other sum in respect of such postponed payment.

## 9 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 Denmark or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in the case of a payment of interest only, the Issuer shall pay such additional amounts (“**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 Additional Amounts shall be payable with respect to any Note:
  - (i) 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 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) 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 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 the Conditions, in no event will the Issuer 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.

## 10 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.

## 11 Enforcement Events

- (a) **No events of default:** There are no events of default in respect of the Notes. Noteholders shall not be entitled at any time to file for bankruptcy or liquidation of the Issuer.
- (b) **Enforcement Events:** If an order is made or an effective resolution is passed for the bankruptcy or liquidation of the Issuer (an “**Enforcement Event**”), any Noteholder may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such bankruptcy or liquidation of the Issuer together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the terms of the Notes) from (and including) the Interest Payment Date immediately preceding the occurrence of such Enforcement Event and any other amounts payable on the Notes (including any damages payable in respect thereof). Such claim shall rank as provided in Condition 4.

## 12 Agents

- (a) **Appointment of Agents:** Nykredit Realkredit will perform the tasks of the Issuing Agent and calculation agent (the “**Calculation 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.

The Issuing 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 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 Calculation Agent, (ii) a Paying Agent (which may be the Calculation Agent), which is authorised to act as an account holding institution with VP and (iii) 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.

## 13 Decisions by Noteholders

- (a) **Powers of Noteholders’ Meetings and Written Procedure:**
  - (i) A Noteholders’ Meeting or a Written Procedure shall, subject to the Conditions, have power to:
    - (A) 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) 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) assent to any modification of the Notes or the Conditions proposed by the Issuer;

- (D) authorise anyone to concur in and do anything necessary to carry out and give effect to a resolution taken at a Noteholders' Meeting or a Written Procedure;
    - (E) appoint and elect a representative on behalf of the Noteholders pursuant to the Danish Capital Markets Act;
    - (F) 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 at a Noteholders' Meeting or a Written Procedure; and
    - (G) approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes or the Conditions.
  - (ii) 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.
  - (iii) A Noteholders' Meeting will be held in accordance with the procedure pursuant to Condition 14.
  - (iv) A Written Procedure will be held in accordance with the procedure pursuant to Condition 15.
- (b) **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, able to document its holdings of Notes by:
    - (A) presenting a custody account statement from VP or an authorised institution that is not more than three Business Days old (where the three Business Days shall be counted from the date of the submission of the vote or power of attorney authorising a person to vote); or
    - (B) providing other proof of holding which, in the case of a Noteholders' Meeting is satisfactory to the chairman of the Noteholders' Meeting or in the case of a Written Procedure is satisfactory to the Issuer,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure.
  - (iii) For the purposes of this Condition 13(b), a beneficial owner of a Note that has a Note registered in the name of a nominee will, in accordance with Condition 3(c), be deemed to be the owner of the Note rather than the nominee. No vote may be exercised at Noteholders' Meeting or in a Written Procedure by any nominee if the beneficial owner of the Note has presented relevant evidence to the chairman of the Noteholders' Meeting (in case of a Noteholders' Meeting) or the Issuer (in case of a Written Procedure) pursuant to Condition 3(c) stating that it is the beneficial owner of the Notes voted for. If such owner of the Notes has voted directly for any of its nominee registered Notes, the owner of the Notes votes shall take precedence over votes submitted by the nominee for the same Notes.

**(c) 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 15(a):
  - (A) a change to the terms of any provision of Condition 4 and/or Condition 6, as applicable (other than as permitted or required by the Conditions);
  - (B) a reduction of the amount payable upon the redemption or repurchase of any Note pursuant to Condition 7 (other than as permitted or required by the Conditions);
  - (C) a change to the interest rate or the nominal amount of the Notes (other than as permitted or required by the Conditions);
  - (D) a change to the terms dealing with the requirements for Noteholders' consent set out in this Condition 13(c)(i);
  - (E) a change of Issuer or any delay of the due date for payment of any principal or interest on the Notes (other than as permitted or required by the Conditions);
  - (F) a mandatory exchange of the Notes for other securities (other than as permitted or required by the Conditions); and
  - (G) early redemption of the Notes (other than as permitted or required by the Conditions).
- (ii) Any matter not covered by Condition 13(c)(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.

**(d) 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 13(c)(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) Notes held by the Issuer or any of its Subsidiaries shall not be taken into account when determining whether the required quorum has been met according to Condition 13(d)(i) or Condition 16(b).



- (iii) 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.
- (e) **Issuer's, Paying Agent's, Issuing 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 or the Calculation Agent or limits, reduces or extinguishes the rights or benefits of the Issuer, the Paying Agent, the Issuing Agent or the Calculation Agent under the Conditions shall be subject to the Issuer's, the Paying Agent's, the Issuing Agent's or the Calculation Agent's consent, as the case may be.
- (f) **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.
- (g) **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.

## 14 Noteholders' Meeting

- (a) **Attendance at a Noteholder's Meeting:**
  - (i) At the Noteholders' Meeting, each Noteholder must document its holdings of Notes by presenting a custody account statement from VP or an authorised account institution evidencing that such Noteholder was registered as a Noteholder on the Business Day specified in the notice to convene a Noteholders' Meeting pursuant to Condition 14(c) or by providing other proof satisfactory to the chairman of the Noteholders' Meeting. The following may attend and speak at a Noteholders' Meeting:
    - (A) Noteholders and proxies;
    - (B) any beneficial owners of the Notes having presented relevant evidence to the chairman of the Noteholders' Meeting pursuant to Condition 3(c);
    - (C) any representative of the Noteholders appointed pursuant to the Danish Capital Markets Act;
    - (D) the chairman; and

- (E) the Issuer, the Issuing Agent, the Calculation Agent (through their respective representatives) and their respective financial and legal advisers.

No one else may attend or speak.

**(b) Chairman:**

- (i) 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.
- (ii) The Issuer shall upon request provide the chairman of the Noteholders' Meeting with the information available in the securities register kept by VP in respect of the Notes in order to convene and hold the Noteholders' Meeting.

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

- (i) The Issuer may at any time, and shall, if so requested by one or more 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. The notice to convene a Noteholders' Meeting shall be sent to each such person who is registered as a Noteholder on the date on which the notice is sent.

**(d) Notice to convene a Noteholders' Meeting:** The notice pursuant to Condition 14(c) shall include the following:

- (i) time for the Noteholders' Meeting, which must be at least 10 days but not more than 30 days after the notice to the Noteholders;
- (ii) place for the Noteholders' Meeting;
- (iii) a specification of the Business Day(s) on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
- (iv) agenda for the meeting (including each request for a decision by the Noteholders); and
- (v) 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.

- (e) **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.

## **15 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 date on which the communication is sent.
- (ii) A communication pursuant to Condition 15(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(s) 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 eight (8) Business Days from the communication pursuant to Condition 15(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 13(c) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Condition 13(c) even if the time period for replies in the Written Procedure has not yet expired.

## **16 Repeated Noteholders' Meeting or Written Procedure**

### **(a) Convening a repeated Noteholders' Meeting or Written Procedure:**

- (i) Even if the necessary quorum set out in Condition 13(d) is not achieved, the Noteholders' Meeting or Written Procedure, as applicable, shall be held and voting completed for the purpose of recording the voting results in the minutes of the Noteholders' Meeting or Written Procedure, as applicable. The Issuer or the person who convened the initial Noteholders' Meeting or Written Procedure, as applicable, may, within ten Business Days of that Noteholders' Meeting or Written Procedure, as applicable, convene a repeated Noteholders' Meeting or Written Procedure, with the same agenda as the first Noteholders' Meeting or Written Procedure, as applicable.
- (ii) The provisions and procedures regarding a Noteholders' Meetings and a Written Procedure, as set out, as applicable, in Conditions 13, 14 and 15 shall apply mutatis

mutandis to a repeated Noteholders' Meeting or Written Procedure, with the exception of the quorum requirements set out in Condition 13(d). A notice to convene for a repeated Noteholders' Meeting or Written Procedure, as applicable, shall also contain the voting results obtained in the initial Noteholders' Meeting or Written Procedure, as applicable,

- (iii) A repeated Noteholders' Meeting or Written Procedure, as applicable, may only be convened once for each initial Noteholders' Meeting or Written Procedure, as applicable. A repeated Noteholders' Meeting or Written Procedure, as applicable, may be convened pursuant to the procedures of a Written Procedure in accordance with Condition 15, even if the initial meeting was held pursuant to the procedures of a Noteholders' Meeting in accordance with Condition 14 and vice versa.

- (b) **Quorum at a repeated Noteholders' Meeting or Written Procedure:** The quorum at any such repeated Noteholder's Meeting or Written Procedure, as applicable, is one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, unless the business of such meeting includes consideration of a matter pursuant to Condition 13(c)(i), in which case the quorum shall be one or more persons holding Notes or representing Noteholders holding Notes in principal amount of not less than 33 1/3 per cent. of the Outstanding Principal Amount.

## **17 Representative**

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

## **18 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) subject to Condition 7(g), any modification to the Notes or the Conditions which is not prejudicial to the interests of the Noteholders.

Subject as provided in the Conditions, no other modification may be made to the Notes or the Conditions except with the consent of the Issuer and 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 19 as soon as practicable thereafter.

## **19 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 in all respects (or in all respects except for the first payment of interest, if any, on them and/or the issue date or the issue price thereof) so as to form a single series with the Notes.

## **20 Notices**

Notices to the Noteholders shall be given in accordance with the procedures of VP 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 VP.

## **21 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.

## **22 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.
- (c) **Recognition of write down or conversion powers:** For the avoidance of doubt, by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to (without limitation) the exercise of any Danish Statutory Loss Absorption Powers (including, in accordance with Article 59 of the BRRD).

## **USE OF PROCEEDS**

The issue of the Notes will form part of the Issuer's capital base and the net proceeds of the issue of the Notes will be applied by the Issuer to meet part of its general financing requirement.

## DESCRIPTION OF THE ISSUER

### Background

The Danish mortgage system is one of the oldest in the world and dates back to 1797. Nykredit Realkredit has issued covered bonds (previously called mortgage bonds) since 1985 under the name of “Nykredit”, and has issued covered 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 covered 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 A/S to the mortgage bank Nykredit Realkredit A/S, which continued the mortgage activities of the former mortgage association. Forenet Kredit (the “**Nykredit Association**”), the members of which were the mortgage borrowers of the mortgage association, became the sole owner of Nykredit A/S at the time of conversion. In 1992, Nykredit Realkredit merged with IRF Industrifinansiering providing Industriens Fond (the Industrial Fund of Denmark) with a stake in Nykredit 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. 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 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 and commercial customers through a distribution network of local and regional banks. Together, these local and regional banks own the company, PRAS A/S, which became a shareholder of Nykredit A/S following Nykredit Realkredit’s acquisition of Totalkredit.

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 originated by Nykredit Realkredit's sales force have been sold under the Totalkredit brand.

In November 2017, the Committee of Representatives of the Nykredit Association approved an agreement on the sale of a shareholding in Nykredit A/S to a group of Danish pension companies. The Nykredit Association remains the majority shareholder of Nykredit A/S.

In 2019, Nykredit acquired 75% of the shares in the asset manager Sparinvest Holdings SE. Sparinvest Holdings SE is integrated in the Nykredit Group as a subsidiary of Nykredit Bank A/S. Further, in 2019 Nykredit acquired the smallest Danish mortgage bank, LR Realkredit A/S, which is integrated in the Nykredit Realkredit Group as a subsidiary.

The Nykredit Realkredit Group is one of the largest lenders in Denmark as at 31 December 2019 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, 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: Direkte Realkredit A/S, Den Ny Kreditforening A/S, Industrikredit A/S, IRF Erhvervsfinansiering A/S, IRF Industrifinansiering A/S, IRF Industrikredit A/S, Nykredit Industri A/S and Realkreditaktieselskabet Nykredit.

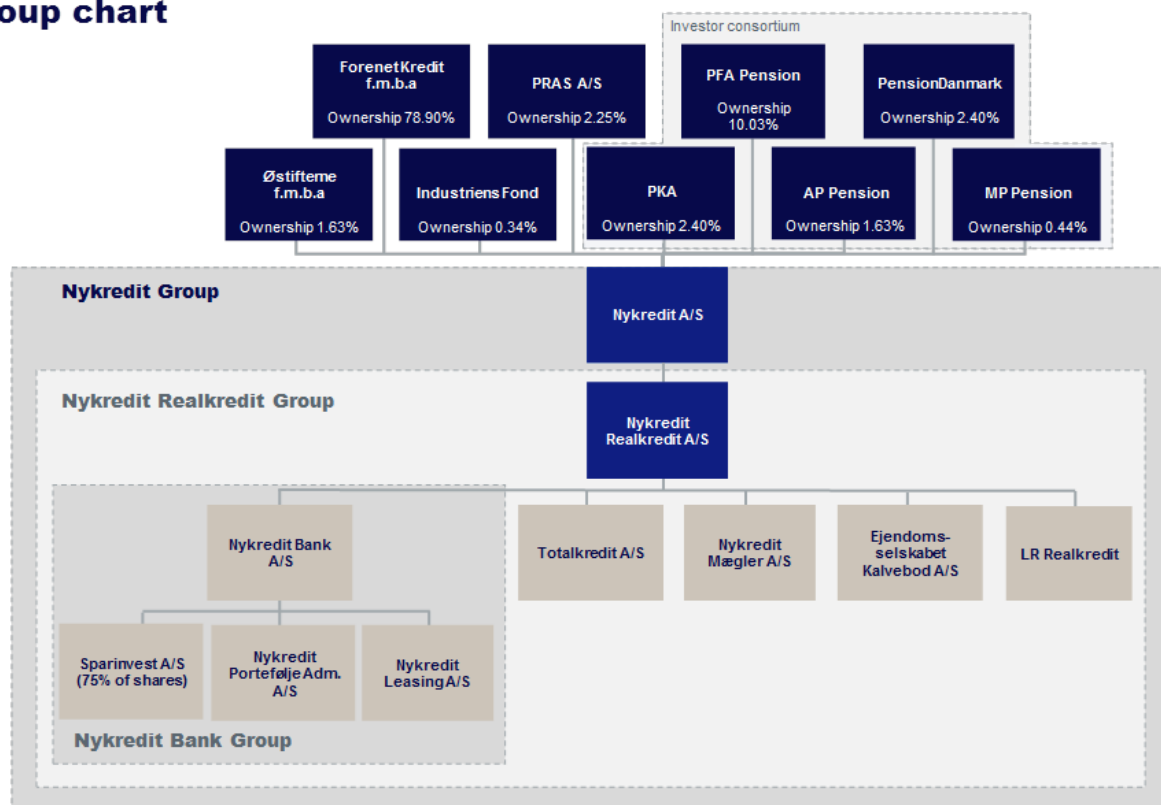
Nykredit Realkredit's share capital amounts to DKK 1,182m (approx. EUR 158m) divided into shares of DKK 100. The share capital is fully paid up. The shares are registered in the names of the holders and have been entered in Nykredit Realkredit's register of shareholders. No share certificates have been 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 A/S, the only activity of which is the ownership of Nykredit Realkredit. The Nykredit Association is the largest shareholder of Nykredit A/S. The business activities of the Nykredit Realkredit Group are carried on by Nykredit Realkredit, which operates its mortgage business and other activities directly and also through its subsidiaries Totalkredit, Nykredit Bank, LR Realkredit, Nykredit Mægler A/S and Ejendomsselskabet Kalvebod A/S.

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



## Group chart



The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, (Consolidated Act no. 1188 of 19 September 2018, as amended) (the “**Danish Mortgage-Credit Loans and Mortgage-Credit Bonds Act**”), the Danish Companies Act, (Consolidated Act no. 763 of 23 July 2019, as amended) (the “**Danish Companies Act**”) and the Danish Financial Business Act, (Consolidated Act no. 937 of 6 September 2019, 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 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 1,610bn as at 31 December 2019. The Nykredit Realkredit Group’s shareholders’ equity amounted to DKK 84.378bn as at 31 December 2019 and profit before tax for the financial year ended 31 December 2019 was DKK 8,787m. In 2019, the Nykredit Realkredit Group had an average number of full-time staff of 3,515.

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.

### Nykredit’s access to capital from shareholders

As of the date of this Offering Circular, Nykredit’s ownership structure includes a 78.9% holding from Forenet Kredit f.m.b.a (“**Forenet Kredit**”) and a 16.9% holding from five Danish pension funds. Forenet Kredit has capital reserves of DKK 8.7bn committed to supporting Nykredit’s capital position and customer benefits programmes, which is equal to 215 bps. of CET1. In addition, the group of pension

funds that owns 16.9% of Nykredit have undertaken on 14 December 2017 to contribute capital of up to DKK 7.5bn should the need arise, which is equal to 185 bps. of CET1.

### Financial highlights of the Nykredit Realkredit Group

DKK million	2019	2018
Income.....	14,655	12,023
Costs.....	5,326	4,865
Business profit before impairment charges .	9,329	7,157
Impairment charges.....	994	380
Business profit.....	8,335	6,777
Legacy derivatives <sup>1</sup> .....	(112)	280
Profit before tax.....	8,787	7,057

### Financial highlights of the Nykredit Realkredit Group interim reports

DKK million	H1/2020	H1/2019
Income.....	6,471	7,492
Costs.....	2,835	2,492
Business profit before impairment charges .	3,635	5,001
Impairment charges.....	1,755	433
Business profit.....	1,880	4,568
Legacy derivatives <sup>2</sup> .....	(103)	(269)
Profit before tax.....	1,775	4,298

### Authorised Nykredit Realkredit Group 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 and LR Realkredit);
- banking (retail, commercial, investment banking and asset management) (Nykredit Bank);
- estate agency services (Nykredit Mægler A/S); and
- ownership and administration of office properties (Ejendomsselskabet Kalvebod A/S).

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

<sup>2</sup> This item includes credit value adjustment of swaps involving an increased risk of loss. These value adjustments are not included in the business profit and comprise all net income from a number of derivatives that the Nykredit Realkredit Group no longer offers to its customers.

## The Nykredit Realkredit Group business activities

The overarching strategic priorities of the Nykredit Realkredit Group are three-fold: 1) mortgage lending/banking; 2) its relationship with the partner banks of Totalkredit; and 3) to be the customer-owned, responsible financial provider for people and businesses all over Denmark.

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 1,287bn as at 31 December 2019. Bank lending, excluding reverse transactions, totalled DKK 65bn as at 31 December 2019.

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 79 per cent. of the outstanding bond debt as at 31 December 2019 (as set out below):

<b>The Nykredit Realkredit Group's mortgage loans at nominal value by property category as at 31 December 2019</b>	<b>Proportion (per cent.)</b>
Owner-occupied dwellings .....	59
Holiday homes .....	3
Public housing .....	9
Private residential rental properties .....	9
Industry and trades properties .....	2
Office and retail properties .....	9
Agricultural properties .....	7
Properties used for social, cultural or educational purposes .....	2
Total .....	100

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

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

### Banking

The business area Banking comprises the Nykredit Realkredit Group's personal customers and corporate and institutional clients, including cooperative housing and non-profit housing.

Within the Banking area, the business unit "Retail" services personal customers and small and medium enterprises. This includes mortgage lending to Nykredit Realkredit's personal customers originated via Totalkredit. The business unit "Corporates & Institutions" services corporate and institutional clients and also includes the activities of Nykredit Markets.

The Nykredit Realkredit Group's multi-channel strategy means that customers are served through 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. Nykredit Realkredit also offers Danish and certain international corporate clients mortgage loans subject to Danish legislation. For corporate clients, mortgage loans have been granted for properties in Finland,

Germany, Norway, Sweden and the United Kingdom. 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.

### **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.

### **Wealth Management**

The business area Wealth Management handles the Nykredit Realkredit Group's asset and wealth management activities and offers asset management and fund administration services for wealthy clients, institutional clients and corporate clients.

### **Capital requirements and structure**

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

#### **The Nykredit Realkredit Group**

<b>DKK million</b>	<b>2019</b>	<b>2018</b>
Common Equity Tier 1 capital (CET1).....	74,344	72,701
Additional Tier 1 capital after deductions .....	3,692	3,702
Tier 2 capital after deductions.....	12,047	11,281
Own funds .....	90,083	87,683
Risk Exposure Amount .....	379,462	344,736
Common Equity Tier 1 (CET1) ratio .	19.5%	21.0%
Tier 1 capital ratio .....	20.5%	22.1%
Total capital ratio .....	23.7%	25.4%
Internal capital adequacy requirement .....	10.9%	10.0%

#### **Nykredit Realkredit**

	<b>2019</b>	<b>2018</b>
Common Equity Tier 1 (CET1) ratio .	16.0%	17.5%

#### **Nykredit Group**

	<b>2019</b>	<b>2018</b>
Common Equity Tier 1 (CET1) ratio .	19.5%	21.0%

### **Capital policy**

The table below illustrates the structure of the Nykredit Realkredit Group capital policy, which has been translated into a capital target following a dialogue with the Danish Financial Supervisory Authority. In the opinion of the Danish Financial Supervisory Authority, the capital flexibility offered by Nykredit A/S's ownership model is in principle slightly lower than that of a stock exchange listing. The Danish Financial Supervisory Authority has therefore indicated that the capital target must be 0.5 percentage points higher under this structure than for a listed Nykredit A/S.

The total regulatory capital requirement of 10.0-10.5 per cent. consists of the following: 4.5 per cent. CET1 capital requirement, 1-1.5 per cent. Pillar II (variable) requirement, 2 per cent. SIFI requirement and 2.5 per cent. permanent buffer requirement. The counter-cyclical buffer is 0.0 per cent. at the date of this Offering Circular.

On top of the regulatory requirement, the Nykredit Realkredit Group applies a buffer of about 4 per cent. CET1 capital (gross) to cover the stress of a severe recession, which is considered a Pillar II Guidance (P2G) requirement. In case of a severe recession stress, the counter-cyclical buffer is expected to be zero. Together with the 0.5 per cent. CET1 add-on resulting from the group's ownership structure, this results in a minimum CET1 level of 14.0-14.5 per cent.

To meet ongoing business or regulatory changes, fluctuations in risk exposure amounts, profit and loss etc., Nykredit Realkredit applies a management buffer. In total, this results in a CET1 target of 15.5-16.5 per cent.

In addition to the targeted CET1 levels, the Nykredit Realkredit Group will utilise Additional Tier 1 and Tier 2 capital to achieve the Nykredit Group's and the Nykredit Realkredit Group's capital target of 20.0-21.0 per cent.

Following a dialogue with the Danish Financial Supervisory Authority the Nykredit Realkredit Group has already accumulated the necessary CET1 capital buffer to cover the expected impact of the Basel IV accord.

<b>Table on capital targets of the Nykredit Realkredit Group</b>	<i>CET1</i>
Total legal requirement	10.0-10.5%
Stress testing requirement (Pillar II Guidance)	4.0%
Management buffers	1.0 – 1.5%
Buffer for reduced capital flexibility of ownership model	0.5%
CET1 capital target of ownership model	15.5 – 16.5%
	<i>Total Capital</i>
Total capital target	20.0 – 21.0%

## **Ratings**

As of the date of this Offering Circular, the solicited long term issuer credit ratings of the Issuer from hired rating agencies are:

<u>Rating Agency</u>	<u>Rating</u>
S&P Global Ratings Europe Limited	A+
Fitch Ratings Limited	A

Fitch Ratings Limited ("**Fitch**") is established in the UK and S&P is established in the EEA. Each of S&P and Fitch are registered under the CRA Regulation and are, as of the date of this Offering Circular, included in the list of credit rating agencies published by ESMA on its website

(<http://www.esma.europa.eu/page/list-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

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.

### **Overall credit quality and impact of COVID-19**

The Issuer's credit quality is largely a reflection of the state of the overall Danish economy. The outbreak of COVID-19 triggered a temporary increase in unemployment and a large number of people being on temporary salary compensation schemes. Despite this, the Issuer's mortgage arrears have remained low overall and write-offs have also been low.

The Danish housing market saw a temporary decline in turnover during the spring of 2020 due to the COVID-19 lock-down but has since returned to levels at or above the average turnover in the previous 5 years. At the same time the number of properties available for sale has declined, which has supported prices.

The Nykredit Realkredit Group offers a number of solutions to both private and business customers to mitigate the impact of COVID-19, including greater possibilities of temporary overdrafts from the subsidiary Nykredit Bank and other facilities. The Danish government has launched a number of relief packages. Because of this, and the generally robust finances and liquidity of our customers, the Nykredit Group has experienced only muted demand for its temporary facilities.

In the first half of 2020 impairment charges for loans and advances for the Nykredit Group totalled DKK 1,755m, of which DKK 1,549m was provided for losses anticipated as a consequence of COVID-19.

Loan impairments related to COVID-19 are comprised of three different components based on management judgement. Firstly, stress simulations have been performed for the personal customer segment and the following business sectors: manufacturing, accommodation and food service, retail, arts, entertainment and recreation activities, transport, construction, and sale and repair of motor vehicles, service providers, professionals, general practitioners, dentists, hospitals as well as business rental. Secondly, the property values of stage 3 customers have been stressed to simulate a reduction in collateral values, and thirdly the macroeconomic scenarios of the model have been updated to allow for the COVID-19 impact, including mitigating relief packages.

# **Nykredit's macroeconomic assumptions for main scenario – June 2020**

Per cent.	2018	2019	2020 (est.)	2021 (est.)	2022 (est.)
Short interest rate	-0.3	-0.4	-0.2	-0.4	-0.2
Long interest rate	0.4	-0.2	-0.4	-0.2	0.0
House prices	3.8	3.0	-3.9	0.3	5.3
GDP	2.4	2.4	-5.0	3.8	2.6
Unemployment rate	3.1	3.1	4.7	4.5	4.0
<b>Danish Central Bank forecast as of 23 September 2020<sup>3</sup></b>					
GDP			-3.6	3.6	2.3
House prices			1.6	1.5	3.1

## **The Nykredit Realkredit Group's loan exposures and impairments in relation to COVID-19**

DKK million	Exposure	Of which mortgage	Impairments
<b><u>High impact sectors</u></b>			
Accommodation & food services	4,387	88%	13
Retail trade	6,094	71%	11
Transportation	7,809	33%	11
Construction	22,905	58%	76
Production	37,751	54%	46

3

[https://www.nationalbanken.dk/en/publications/Documents/2020/09/ANALYSIS%20no.%2018\\_Prospects%20of%20moderate%20recession%20the%20coming%20year\\_UK.pdf](https://www.nationalbanken.dk/en/publications/Documents/2020/09/ANALYSIS%20no.%2018_Prospects%20of%20moderate%20recession%20the%20coming%20year_UK.pdf)

DKK million	Exposure	Of which mortgage	Impairments
<b><u>Moderate impact sectors</u></b>			
Coop housing	42,504	87%	113
Residential rental	235,227	94%	375
Outside Denmark	82,822	80%	78
<b><u>Low impact sectors</u></b>			
Agriculture	81,403	97%	91
Households	822,915	97%	247
Public housing	1,966	70%	2
Financial institutions	61,594	5%	14
Education	12,142	87%	7
Other	25,828	-	64
<b>Cyclically related impairments</b>			400
<b>Total</b>	<b>1,445,347</b>	<b>88%</b>	<b>1,549</b>

As the Nykredit Realkredit Group gets more clarity during 2020 about the effects of COVID-19 on the Nykredit Realkredit Group's customers, additional impairment provisions may be taken, but the uncertainty remains substantial.

#### Capital requirements and structure

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

#### The Nykredit Realkredit Group

DKK million	Q2/2020	2019	2018
Common Equity Tier 1 capital (CET1).....	77,980	74,344	72,701



<b>DKK million</b>	<b>Q2/2020</b>	<b>2019</b>	<b>2018</b>
Additional Tier 1 capital after deductions .....	3,665	3,692	3,702
Tier 2 capital after deductions.....	12,690	12,047	11,281
Own funds .....	94,334	90,083	87,683
Risk Exposure Amount .....	405,980	379,462	344,736
Common Equity Tier 1 (CET1) ratio ..	19.2%	19.5%	21.0%
Tier 1 capital ratio .....	20.1%	20.5%	22.1%
Total capital ratio	23.2%	23.7%	25.4%
Internal capital adequacy requirement .....	10.7%	10.9%	10.0%

#### **Nykredit Realkredit**

	<b>Q2/2020</b>	<b>2019</b>	<b>2018</b>
Common Equity Tier 1 (CET1) ratio .	16.4%	16.0%	17.5%

#### **Nykredit Group**

	<b>Q2/2020</b>	<b>2019</b>	<b>2018</b>
Common Equity Tier 1 (CET1) ratio .....	19.2%	19.5%	21.0%

The tables below show the buffer to the Maximum Distributable Amount (“MDA”) threshold of each the Nykredit Realkredit Group, Nykredit Realkredit and the Nykredit Group. Figures are shown on a fully loaded basis and are calculated under the assumption that all deductions are taken in CET1. Estimated MDA buffers are calculated under the assumption that AT1 and Tier 2 requirements are covered by relevant capital instruments and that the CET1 requirement is 10.512% for both the Nykredit Group and the Nykredit Realkredit Group and 9.840% for Nykredit Realkredit (figures are shown on the basis that CET1 requirements are fully implemented and that the countercyclical buffer is included at currently known level as at the date of this Offering Circular and under the assumption that the Pillar II level is equal to the current level as at the date of this Offering Circular).

#### **The Nykredit Realkredit Group**

<b>DKK million (as at 30 June 2020)</b>	<b>CET1</b>
MDA threshold.....	10.5%
Ratio .....	19.2%
Risk Exposure Amount .....	405,980
MDA buffer (%).....	8.7%
MDA buffer (m).....	35,303
Available Distributable Items.....	50,894

#### **Nykredit Realkredit**

	<b>CET1</b>
MDA threshold.....	9.8%
Ratio .....	16.4%
Risk Exposure Amount .....	487,299
MDA buffer (%).....	6.6%
MDA buffer (m).....	31,963
Available Distributable Items.....	49,549

## Nykredit Group

	<b>CET1</b>
MDA threshold.....	10.5%
Ratio .....	19.2%
Risk Exposure Amount .....	404,843
MDA buffer (%).....	8.7%
MDA buffer (m).....	35,221
Available Distributable Items.....	45,969

### 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, Executive 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 purpose of the Executive Committee is to ensure a broader approach to strategy and business development as well as to increase collaboration, value creation and execution across the organization.

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 Nykredit 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 500m (approx. EUR 67m).

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 while the valuation of the property is conducted by the Nykredit Realkredit Group.

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.

### **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 (Exposure at Default).

The models used to determine PD and LGD are built on historical data allowing for periods with low as well as high levels of defaults and losses. 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.

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 vast 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 and statutory maximum loan to value ratios at the time of underwriting 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.

For the purpose of day-to-day business risk management, Nykredit Realkredit A/S and Nykredit Bank A/S have approval to use a historical Value-at-Risk (“**VaR**”) model. VaR is only calculated for the trading book – in Nykredit Realkredit for the entire trading book, whereas Nykredit Bank’s calculation excludes equities. As a consequence of CRR, Nykredit Realkredit and Nykredit Bank are required to calculate a

stressed VaR in addition to the current VaR. Both VaR and stressed VaR are used for internal risk management and for determining capital requirements.

VaR is calculated at a confidence level of 99 per cent. and a time horizon of one day for internal purposes and ten days for capital requirements.

### **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.

### **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 that match the loan term or by bonds that 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 Nykredit 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, the Nykredit Group is continuously working on identifying significant operational risks.

Operational risk also includes conduct risk which is the risk of loss resulting from improper business conduct, including customer, product and business practice as well as internal fraud.

Nykredit's risk management activities include conduct management i.e. the culture, propositions, products, advisory services, etc in the organisation to ensure that Nykredit's conduct can be explained and defended.

Nykredit's conduct management activities are governed by its operational risk policy. Based on this policy, Nykredit carries out a Conduct Risk Self-Assessment, providing the framework for working with ethical dilemmas in the business. Identified dilemmas are discussed across business units and regularly cause Nykredit to decline business that is not within Nykredit's defined business areas, or to change Nykredit's practices.

### **Legal and arbitration proceedings**

Owing to its size and business scope, the Nykredit Realkredit Group is continuously involved in legal proceedings and litigation. At the date of this Offering Circular the Issuer is not involved in litigation that it expects to have a material impact on its business.

### **Board of Directors and Executive Board of Nykredit Realkredit**

The table below sets out certain information regarding the members of the Board of Directors and the Executive Board of Nykredit Realkredit as at the date of this Offering Circular (including names, business addresses and positions within Nykredit Realkredit as well as principal activities performed by them outside of Nykredit Realkredit where these are significant with respect to Nykredit Realkredit).

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Other principal activities</u></b>
<b><i>Board of Directors</i></b>		
Merete Eldrup	Chairman	Former Chief Executive Officer  Chairman of the Board of:  Nykredit A/S The University of Copenhagen The Rockwool Foundation  Member of the Board of:  The Egmont Foundation Egmont International Holding A/S Justitia Kalaallit Airports International A/S Rambøll Gruppen A/S
Nina Smith	Deputy Chairman	Professor at the Department of Economics and Business Economics, Aarhus University  Chairman of the Board of:  Forenet Kredit f.m.b.a. The Nykredit Foundation VIVE – The Danish Centre for applied Social Science  Deputy Chairman of the Board of:  Nykredit A/S  Member of the Board of:  The foundation VisitAarhus
Helge Leiro Baastad	Board Member	Group Chief Executive Officer of Gjensidige Forsikring ASA  Member of the Board of:

<u>Name</u>	<u>Position</u>	<u>Other principal activities</u>
		<p>Nykredit A/S</p> <p>Finans Norge</p> <p>Ungt Entreprenørskap</p>
Olav Bredgaard Brusen	Board Member (staff-elected member)	<p>Deputy Chairman of NYKREDS</p> <p>Member of the Board of:</p> <p>Nykredit A/S</p> <p>Member of the Committee of Representatives of Forenet Kredit f.m.b.a.</p>
Michael Demsitz	Board Member	<p>Chief Executive Officer of Boligkontoret</p> <p>Chairman of the Board of:</p> <p>The Danish Building Defects Fund</p> <p>Deputy Chairman of the Board in:</p> <p>Forenet Kredit f.m.b.a.</p> <p>The Nykredit Foundation</p> <p>Member of the Board of:</p> <p>Nykredit A/S</p> <p>AlmenNet</p> <p>BL – Danish Social Housing</p>
Per W. Hallgren	Board Member	<p>Chief Executive Officer of Jeudan A/S</p> <p>Chairman of the Board of:</p> <p>CEJ Ejendomsadministration A/S</p> <p>CEK Aarhus A/S</p> <p>CEPOS – The Danish Centre for Political Studies</p> <p>A number of subsidiaries of Jeudan A/S.</p> <p>Member of the Board of:</p> <p>Nykredit A/S</p> <p>The Erik Fjeldsøe Foundation</p> <p>Forenet Kredit f.m.b.a.</p> <p>The Ofelia Plads Association</p>
Jørgen Høholt	Board Member	<p>Former Chief Executive Officer</p> <p>Member of the Board in:</p> <p>Nykredit A/S</p>



<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Other principal activities</u></b>
		ATP Real Estate Partners I K/S ATP Ejendomme A/S EKF Denmark's Export Credit Agency Eksport Kredit Finansiering A/S
Hans-Ole Jochumsen	Board Member	Former Vice Chairman Chairman of the Board of: NDX Interessenter AB Nordax Bank AB Nordax Group AB Member of the Board of: Nykredit A/S Member of Advisory Board for Concordium Senior Advisor for Alkymi
Vibeke Krag	Board Member	Former Group Chief Executive Officer Member of the Board of: Nykredit A/S Forenet Kredit f.m.b.a. Gjensidige Forsikring ASA Member of the Danish Competition Counsel Editor of Erhvervsjuridisk Tidsskrift, Karnov Group Faculty Member of CBS Executive Member of the nomination committee of the University of Copenhagen
Allan Kristiansen	Board Member (staff-elected member)	Chief Relationship Manager Member of the Board of: Nykredit A/S Nykredit Bank A/S
Inge Sand	Board Member (staff-elected member)	Senior Agricultural Adviser Member of the Board of: Nykredit A/S Member of the Committee of Representatives of Forenet Kredit f.m.b.a.
Kristina Andersen Skiold	Board Member (staff-elected member)	Chairman of NYKREDS

<u>Name</u>	<u>Position</u>	<u>Other principal activities</u>
	member)	Member of the Board of:  Nykredit A/S Finansforbundet The Social Foundation of Nykredit
<b><i>Executive Board</i></b>		
Michael Rasmussen	Group Chief Executive	Managing Director for Nykredit A/S  Chairman of the Board of:  IFU – Investment Fund for Developing Countries Totalkredit A/S Nykredit Bank A/S Sparinvest Holdings SE FR I af 16. september 2015 A/S Finance Denmark  Deputy Chairman of the Board of:  Copenhagen Business School  Member of Investor Board for the Danish SDG Investment Fund
Anders Jensen	Group Managing Director	Managing Director for Nykredit A/S  Deputy Chairman of the Board in:  Nykredit Bank A/S  Member of the Board in:  Totalkredit A/S Bokis A/S Grænsefonden Niels Brock (Copenhagen Business College) Niels Brock International A/S
David Hellemann	Group Managing Director	Managing Director for Nykredit A/S  Chairman of the Board of:  Bankernes EDB Central a.m.b.a. Ejendomsselskabet Kalvebod A/S Greve Main 30 A/S Kalvebod Ejendomme I A/S Kalvebod Ejendomme II A/S Kirstinehøj 17 A/S.  Deputy Chairman of the Board of:  Totalkredit A/S

<u>Name</u>	<u>Position</u>	<u>Other principal activities</u>
		JN Data A/S
		Member of the Board of:
		Nykredit Bank A/S
		Totalkredit A/S
		The CBS Executive Foundation
		Landsdækkende Banker
Tonny Thierry Andersen	Group Managing Director	Managing Director for Nykredit A/S
		Member of the Board of:
		Nykredit Bank A/S

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

There are no potential conflicts of interest between any duties to Nykredit Realkredit of members of the Board of Directors and the Group Executive Board and their private interests and/or other duties.

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

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

#### *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 a number of board members elected by the General Meeting of Nykredit Realkredit.

The principal tasks of the Audit Board are to inform the Board of Directors of the results of the statutory audit, to oversee the financial reporting process and the effectiveness of Nykredit's internal control system, internal audit and risk management, to oversee the statutory audit of the financial statements, to monitor and verify the independence of the auditors, and to be responsible for the procedure for selecting and submitting a recommendation for the appointment of auditors.

#### *Remuneration Board*

The Remuneration Board consists of a number of members of the Board of Directors of Nykredit and Nykredit Realkredit elected by the General Meeting, and one staff-elected member of the Board of Directors of both companies.

The principal tasks of the Remuneration Board are to qualify proposals for remuneration prior to consideration by the Board of Directors and to make recommendations in respect of Nykredit's remuneration policy, including guidelines on incentive pay, for the approval of the Board of Directors, as well as to assist in ensuring that they are observed. Moreover, the Remuneration Board reviews and considers the criteria for and process of appointing risk takers, assesses whether the Group's processes and

systems relative to remuneration are sufficient and take into consideration the Group's risks, and ensures that the remuneration policy and practices promote sound and effective risk management and are in accordance with the Group's business strategy, objectives, values and long-term interests. Finally, the Remuneration Board 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 a number of board members of the Board of Directors of Nykredit and Nykredit Realkredit elected by the General Meeting.

The Nomination Board is tasked with making up recommendations for the Board of Directors on the nomination of candidates for the Board of Directors and the Executive Board. Other accountabilities are setting targets for the underrepresented gender on the Board of Directors and laying down a diversity policy for the Board of Directors. In addition, the Nomination Board, reporting to the Board of Directors, is ultimately responsible for defining the skills profiles of the Board of Directors and the Executive Board and the continuous evaluation of their work and results.

#### *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 Copenhagen A/S.

## SUBSCRIPTION AND SALE

The Joint Lead Managers have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 9 October 2020, jointly and severally agreed to subscribe and pay for the Notes at the issue price of 100 per cent. of the principal amount of the Notes. The Issuer will pay a commission to the Joint Lead Managers pursuant to the Subscription Agreement. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

### **United States of America:** *Regulation S Category 2*

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the “**distribution compliance period**”) within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each distributor, dealer or person to which it sells the 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 except in accordance with Regulation S of the Securities Act. Terms used in this paragraph have the respective meanings given to them by Regulation S under the Securities Act.

In addition, until forty days after the commencement of the offering of the Notes, any offer or sale of the 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 and UK retail investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA or in the UK. 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 MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression “**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.

## **United Kingdom**

Each Joint Lead Manager has represented and agreed that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

## **Denmark**

Each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in Denmark by way of a public offering, unless in compliance with, as applicable, Regulation (EU) 2017/1129, the Danish Consolidated Act No. 377 of 2 April 2020 on Capital Markets, as amended, supplemented or replaced from time to time and Executive Orders issued thereunder, and in compliance with Executive Order No. 1580 of 17 December 2018, as amended, supplemented or replaced from time to time, issued pursuant to the Danish Financial Business Act.

## **Singapore**

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

## **Hong Kong**

Each Joint Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

## **Canada**

Each Joint Lead Manager has represented and agreed that the Notes may be sold only to purchasers in Canada purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

## **General**

Each Joint Lead Manager has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Offering Circular or any advertisement or other offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which

it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Joint Lead Manager shall have any responsibility therefor.

Neither the Issuer nor any of the Joint Lead Managers represents that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.



## 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.*

### **Danish Taxation**

The following is a summary description of the taxation in Denmark of the Notes according to the Danish tax laws in force as of the date of this Offering Circular 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.

#### *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.

According to a recent published advance tax ruling (in Danish: *bindende svar*) from the Danish Tax Council it was ruled that capital gains on Additional Tier 1 capital instruments (such as the Notes) are not taxable to individuals or corporate entities, unless the relevant holder of such instrument is engaged in financial trade with such instruments or have acquired such instruments due to speculation.

#### *Non-resident Noteholders*

Under existing Danish tax laws, payments of interest or principal amounts to any non-resident Noteholder in respect of Notes are not subject to taxation in Denmark. 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.

This tax treatment applies solely to Noteholders in respect of Notes 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 Danish permanent establishment to which the Notes are allocated.

### **U.S. Foreign Account Tax Compliance Act Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “**foreign financial institution**” (as defined by FATCA) 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 Issuer is a foreign financial institution 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 the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

### **The proposed financial transactions tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (together, the “**participating Member States**”) and Estonia. However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) 9 Regulation (EC) No. 1287/2006 are expected to be exempt.

Under the Commission’s Proposal, 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 participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## GENERAL INFORMATION

1. Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on its Global Exchange Market. It is expected that the admission of the Notes to the Official List and to trading on the Global Exchange Market will be granted on or about the Issue Date, subject only to the issue of the Notes.

The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately EUR 4,540.

2. The Issuer has obtained all necessary consents, approvals and authorisations in Denmark in connection with the issue of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 1 April 2020.
3. Copies of the audited consolidated annual financial statements of Nykredit A/S for the financial years ended 31 December 2018 and 31 December 2019, together, in each case, with the audit report thereon are available for viewing at the website of the Issuer (at [https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit/2019/nykredit\\_q4\\_19\\_2020-02-05\\_en.pdf](https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit/2019/nykredit_q4_19_2020-02-05_en.pdf) and [https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit/2018/nykredit\\_q4\\_18\\_2019-02-05\\_en.pdf](https://www.nykredit.com/siteassets/ir/files/financial-reporting/financial-reports/nykredit/2018/nykredit_q4_18_2019-02-05_en.pdf) respectively). Such financial statements do not form part of this Offering Circular.
4. The Issuer's legal entity identifier (LEI) is LIU16F6VZJSD6UKHD557.
5.
  - (i) Save as outlined in the section "*Risk Factors – Risks related to the COVID-19 outbreak and other contagious diseases, which may have an adverse effect on the Issuer's business, results of operations, financial position or prospects*", there has been no significant change in the financial or trading position of the Issuer, the Nykredit Realkredit Group, Nykredit A/S or the Nykredit Group since 30 June 2020, the last day of the financial period in respect of which the most recent financial statements of the Issuer have been prepared; and
  - (ii) save as outlined in the section "*Risk Factors – Risks related to the COVID-19 outbreak and other contagious diseases, which may have an adverse effect on the Issuer's business, results of operations, financial position or prospects*", there has been no material adverse change in the prospects of the Issuer, the Nykredit Realkredit Group, Nykredit A/S or the Nykredit Group since 31 December 2019, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer have been prepared.
6. There are no governmental, legal or arbitration proceedings against or affecting the Issuer, Nykredit A/S and any of their respective subsidiaries (and no such proceedings are pending or threatened of which the Issuer is aware) during a period covering at least the previous twelve months which have or may have in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of the Issuer, the Nykredit Realkredit Group, Nykredit A/S or the Nykredit Group.
7. The Notes will be issued in uncertificated and dematerialised book entry form cleared through VP. The ISIN in respect of the Notes is DK0030352471 and the Common Code in respect of the Notes is 224355246. The Classification of Financial Instrument (CFI) Code in respect of the Notes is DBVUQB and the Financial Instrument Short Name (FISN) Code in respect of the Notes is Nykredit/4.13/ NYKHyb26, each as updated, as set out on the website of the

Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN.

The address of VP is Weidekampsgade 14, DK-2300 Copenhagen S, Denmark.

Legal title to the Notes will exclusively be evidenced by book entries in the register of VP. 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.

A bridge currently exists between VP and each of Clearstream Banking S.A. (“**Clearstream**”) and Euroclear Bank, SA / NV (“**Euroclear**”, and together with Clearstream and VP 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.

8. For so long as the Notes are in existence, the following documents can be viewed online at the Issuer’s website [www.nykredit.com](http://www.nykredit.com):
  - (i) the Articles of Association of the Issuer;
  - (ii) the 2019 Annual Report of the Issuer;
  - (iii) the 2018 Annual Report of the Issuer;
  - (iv) the Issuer’s Unconsolidated Interim Report 2020;
  - (v) the Issuer’s Consolidated Interim Report 2020;
  - (vi) the Nykredit Interim Report 2020; and
  - (vi) a copy of this Offering Circular together with any supplements to this Offering Circular.
9. Where information in this Offering Circular has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is 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.
10. Deloitte Statsautoriseret Revisionspartnerselskab, Weidekampsgade 6, DK-2300 Copenhagen S, represented by Danish State-Authorised Public accountants Henrik Wellejus and Bjørn Philip Rosendal, have audited the Issuer’s consolidated and unconsolidated financial statements for each of the financial years ended 31 December 2019 and 31 December 2018, without qualification, in accordance with Directive 2014/56/EU and Regulation (EU) 537/2014 and in accordance with the Financial Reporting Standards as approved by the European Union pursuant to Regulation (EC) No 1606/2002 as well as Danish information requirements for issuers of listed bonds. The Issuer’s external auditor is a member of the Danish Auditors Association (FSR).
11. Some of the Joint Lead Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Joint Lead Managers 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 Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers 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. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers 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.

12. The Irish Listing Agent is Arthur Cox Listing Services Limited and the address of its registered office is Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on the Global Exchange Market.
13. The language of the Offering Circular 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.
14. In this Offering Circular, references to websites or a uniform resource locator (a “**URL**”) are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Offering Circular.

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