

Nykredit Group

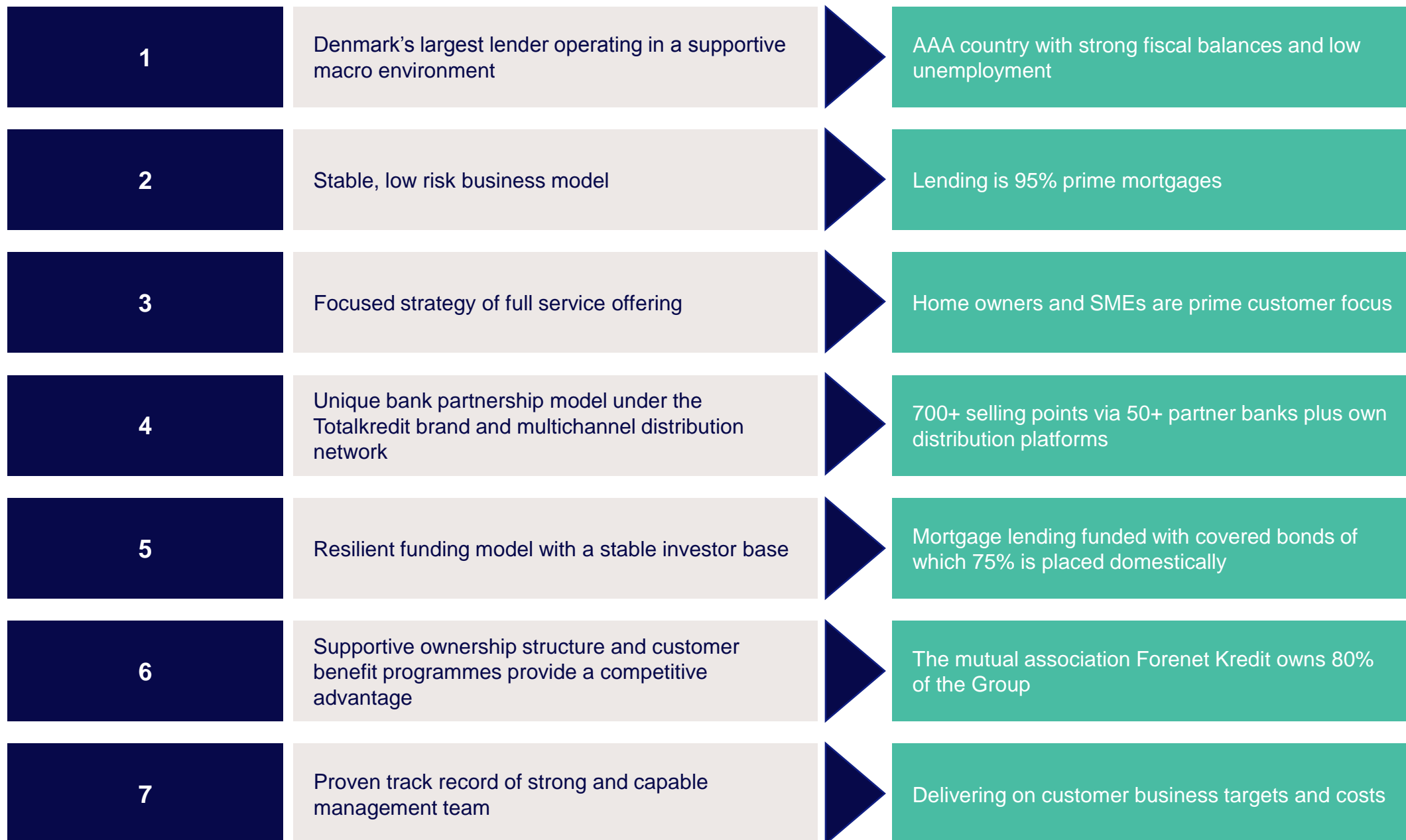
Investor presentation

May 2019

Numbers relate to
Nykredit A/S



Nykredit at a glance

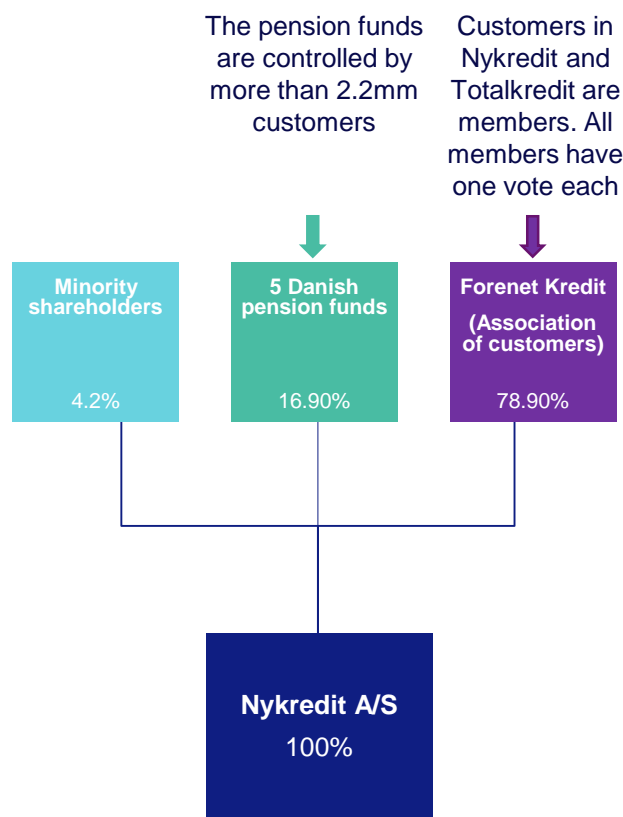


Nykredit is owned by our customers

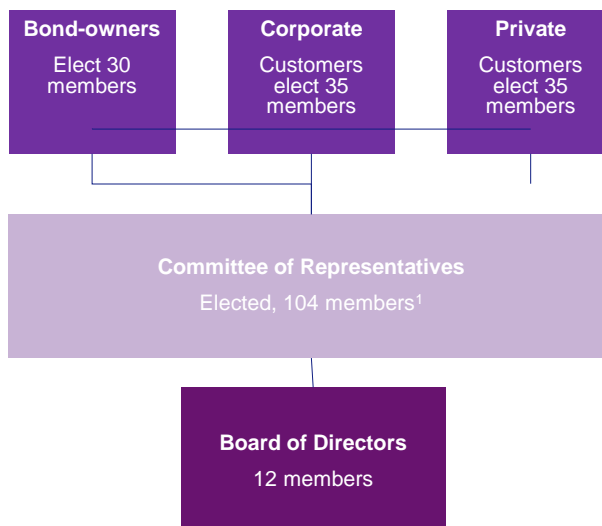
Nykredit is predominantly owned by a mutual, Forenet Kredit

We were founded by our customers, for our customers and are still to this day predominately owned by an association of our customers

Hence, our overarching objective is to run a long-term sustainable and responsible business for the benefit of our current and future customers



Forenet Kredit is controlled by our customers



Key priorities for Forenet Kredit

1. The world's best home loans
2. Mortgage lending – also in times of crisis
3. Loans to future generations
4. Fair loans to all of Denmark
5. We share the profit

Forenet Kredit's sole purpose is to be the principal shareholder of Nykredit. It is committed to support Nykredit's capital position and customer benefits programs

¹ Includes 4 employee representatives from Nykredit A/S

Forenet Kredit's priorities reflected in Nykredit's core values



Pledge to our customers

We will help our customers stay on top of their finances and will provide them with opportunities and security. We want to share their dreams and worries and help them find the right solutions.



Pledge to society

We will be active in all of Denmark and support growth – in urban and rural districts alike – at all times.



Pledge to our business partners

In collaboration with our partners in the Totalkredit alliance, we want to make a difference to our customers by offering attractive products and effective solutions. We will actively develop the partnership to strengthen our combined competitiveness.



Pledge to our staff

We will prioritise development and opportunities for skilled and engaged people. We want to be known for our trusting culture guided by customer focus, team spirit and empowerment.



Pledge to bond investors

As one of Europe's largest bond issuers, we will provide a stable and secure investment opportunity for domestic and foreign bond investors.



Pledge to our shareholders

As one of Denmark's largest financial institutions, we will strive to maintain a strong and stable share, delivering attractive risk-adjusted returns and dividends.

Term sheet for Green Covered Bond

Issuer	Nykredit Realkredit A/S, Capital Centre H
Instrument	Green Covered Bond (SDO) – ISIN DK0009523110
Maturity date	1 st of October 2022
Rating	AAA (Standard & Poors)
Currency	SEK
Size	Benchmark
Coupon and interest rate floor	FRN 3M Stibor +0.75% floored at 0.00%
Listing	NASDAQ Copenhagen
Clearing	VP Securities Services, Denmark in DKK or EUR Euroclear in SEK
Repo-eligibility with Riksbanken	Yes – out of Euroclear
HQLA	Level 1b
Statutory refinancing	Yes, failed refinancing trigger

Sustainability credentials

Guiding principles	ICMA Green Bond Principles 2018
Primary green assets	Mortgage loans funding green buildings
Second Party Opinion	Sustainalytics
Nykredit ESG ratings	BBB by MSCI, 21.3 by Sustainalytics, B by CDP

Term sheet for Covered Bond

Issuer	Nykredit Realkredit A/S, Capital Centre H
Instrument	Covered Bond (SDO) – ISIN DK0009523383
Maturity date	1 st of April 2023
Rating	AAA (Standard & Poors)
Currency	SEK
Size	Benchmark
Coupon and interest rate floor	FRN 3M Stibor +0.75% floored at 0.00%
Listing	NASDAQ Copenhagen
Clearing	VP Securities Services, Denmark in DKK or EUR Euroclear in SEK
Repo-eligibility with Riksbanken	Yes – out of Euroclear
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Statutory refinancing	Yes, failed refinancing trigger

Agenda

- **Nykredit Group business update**
- Ownership and capital
- Danish housing market and credit performance
- Covered bonds
- Green covered bonds
- Regulation and other funding needs

This material has been prepared for marketing purposes
See disclaimer and disclosure at the end of the material



Group financial highlights Q1/2019

		YoY	
Net Interest Income	2.3bn	+1%	■ Driven higher by volume growth, lower by shift to fixed rate mortgages
Net Fee Income	0.5bn	-8%	■ Lower activity and fewer fees from ARM refinancings
Trading and Investment portfolio	0.7bn	158%	■ Driven by higher share prices and negative value adj. for derivatives
Mortgage lending	1,217bn	+4%	■ Increased lending in Totalkredit and Wholesale
Bank lending	61bn	+6%	■ Growth in full-service retail customers
AuM	230bn	+18%	■ Driven 50/50 by inflow of new funds and positive value adjustments
Costs	1.2bn	+3%	■ Higher investments in IT, compliance and Shared Valuation. 34% C:I ratio
Profit before tax	2.0bn	-5%	■ Better than expected - a good start of the year
ROAC*	11.3%	-0.6	■ Well above 8.5% target

* Return On Allocated Capital based on a proforma 16% CET1 ratio. Source: Nykredit company reports

Business developments

Changes in senior management

- Group Managing Directors Kim Duus and Søren Holm have retired
- Tonny Thierry Andersen named new Group Managing Director from 1 June
- Group Managing Director Anders Jensen has taken over as CRO

Acquisition of asset manager SparInvest announced 1 March 2019

- SparInvest is primarily owned by 40+ Danish banks that are also partners with Totalkredit/Nykredit in mortgage lending
- DKK 83bn AuM at end-2018
- Nykredit pays DKK 2.4bn including dividends for 2018 for 75% of the company
- The transaction is expected to close in Q3 subject to regulatory approval

Acquisition of mortgage bank LR Realkredit

- LR Realkredit is Denmark smallest mortgage bank with DKK 22bn of lending
- Nykredit will pay DKK 2.6bn for the company (~0.8 P/B)
- The transaction is expected to close subject to regulatory approval

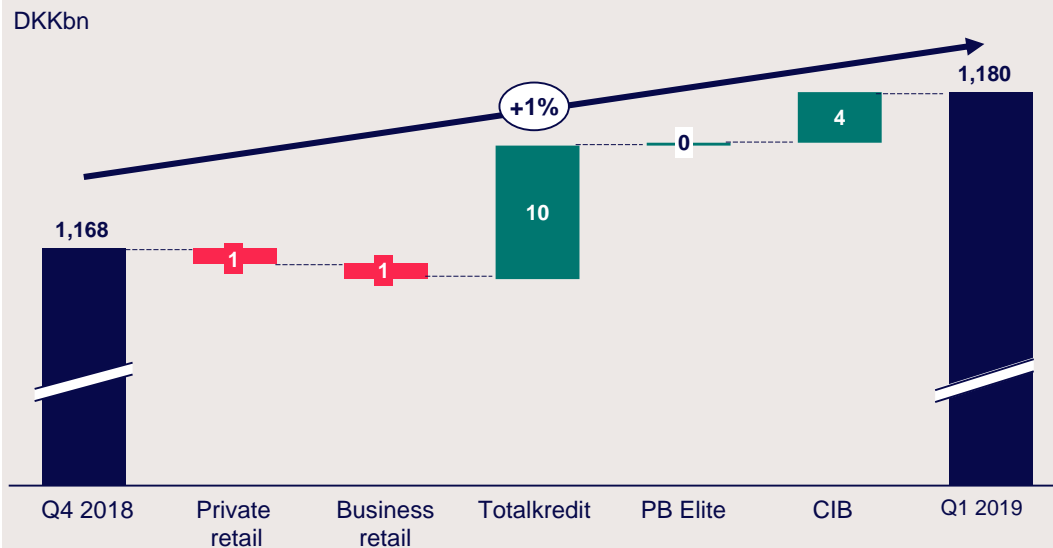
Shared Valuation

- Property appraisal and valuation is key to mortgage lending and risk management
- New joint Shared Valuation set-up across Nykredit Group and all partner banks
- Will deliver uniform appraisals and better valuation models
- Nykredit's head count is increasing, but no net effect on P/L

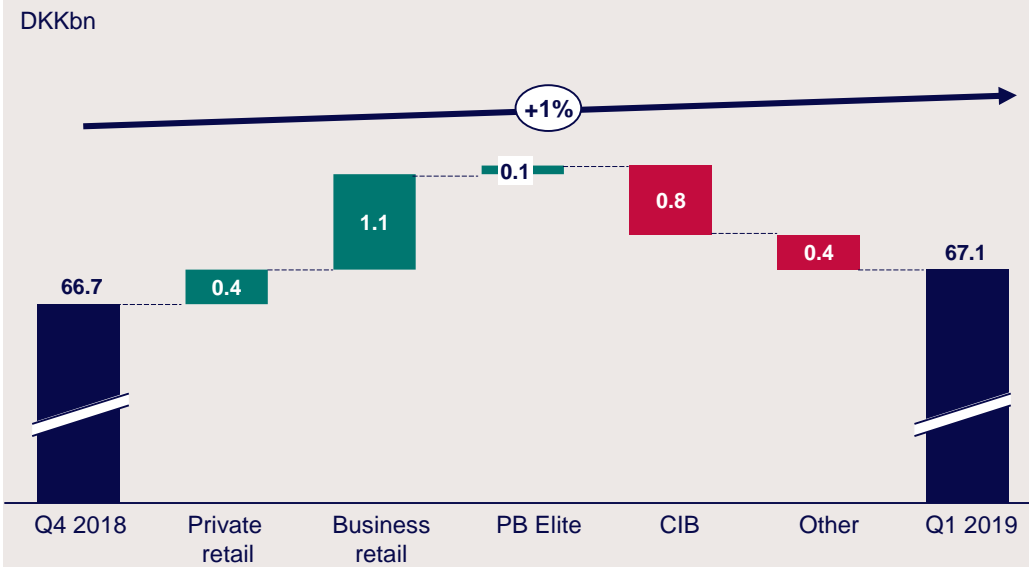


We see growth in our business and increasing NII

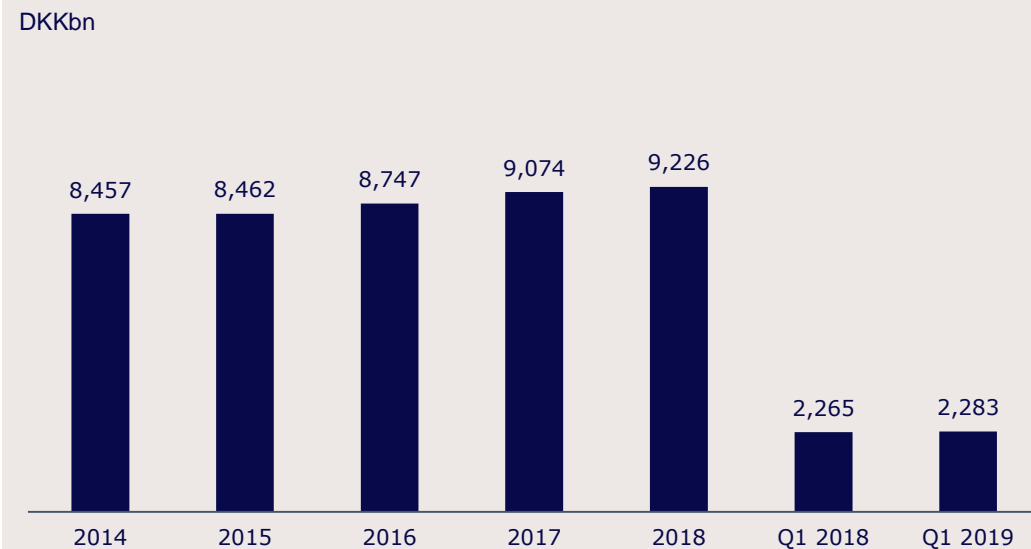
Mortgage lending up 1% driven by Totalkredit Partners



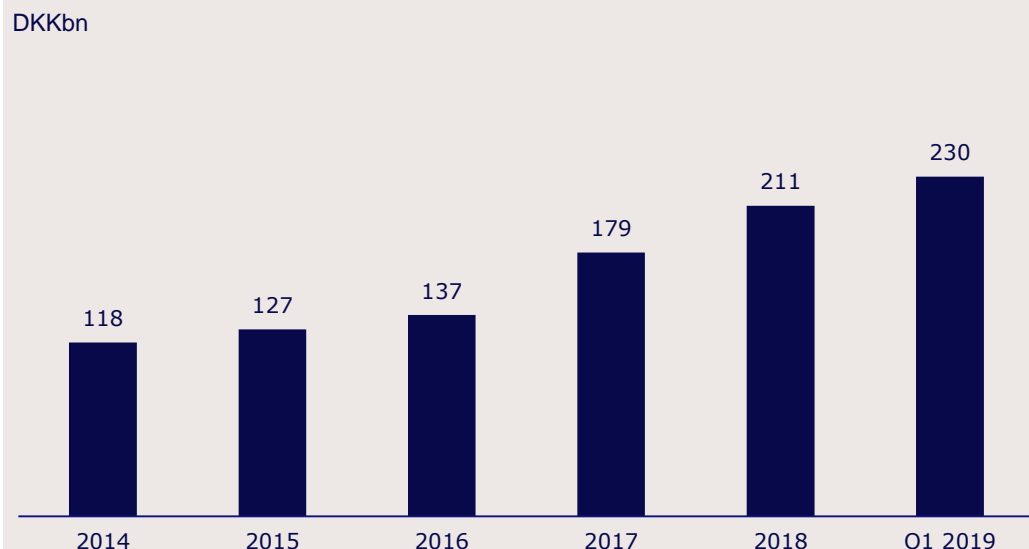
Bank lending incl. secured homeowner loans growing



Net Interest Income



Assets under Management



Source: Nykredit company reports

Q1 and profit guidance

A first quarter ahead of expectations

- Profits for Q1/2019 are satisfactory and exceed our expectations
- Changes in senior management at organisation
- Continuous inflow of customers and satisfactory volume growth in both mortgage lending, banking and Wealth Management
- NII growing
- Costs increasing slightly and according to plan due to IT, compliance and Shared Valuation
- Overall credit quality remains strong and loan loss provisions are expected to remain low
- Acquisition of asset manager SparInvest and mortgage bank LR Realkredit announced

2019 guidance

- Guidance for profit before tax for 2019 DKK 6.5 to 7.0bn
- The most significant risk relates to:
 - Impairments, particularly for agricultural customers
 - Investment portfolio income and derivatives as a result of, among other things, interest rate movements

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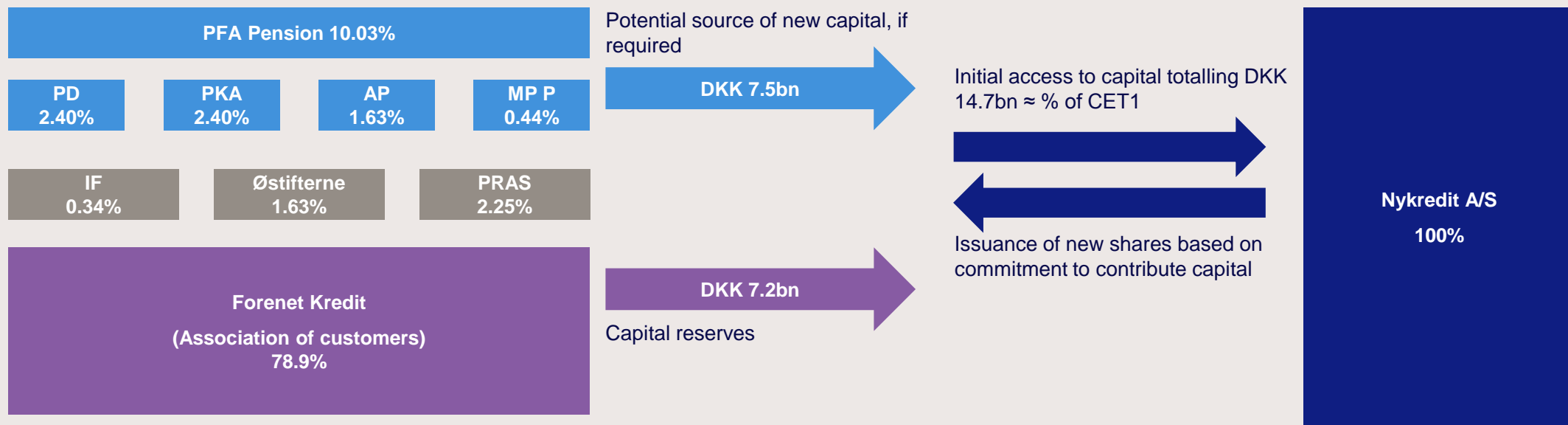


Nykredit has obtained capital flexibility

Pension funds take 17% stake in Nykredit

- Forenet Kredit has sold 10.9% of the shares in Nykredit A/S for DKK 7.5bn to five pension funds
 - Nykredit's partner banks maintain their 2.25% ownership via PRAS A/S
- The pension funds now own 16.9% of Nykredit
- The pension funds have undertaken to contribute capital of up to DKK 7.5bn to Nykredit in future should the need arise
- The solution provides Nykredit with the needed funding flexibility
- Forenet Kredit is now a cash-rich majority shareholder that can support Nykredit and its customer benefits programmes
- Nykredit paid DKK 2.8bn in dividends in 2019. 78.9% of that went to Forenet Kredit

Subsequent ownership structure and non-binding capital commitment



Conservative capital policy supports debt issuance

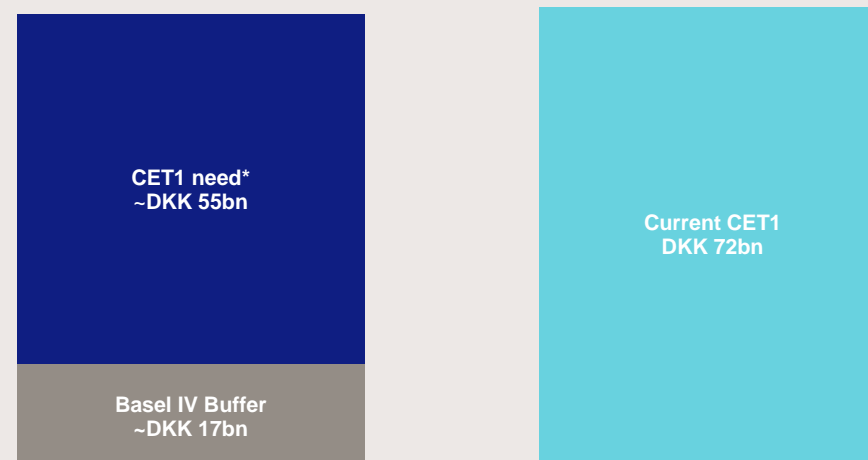
Capital considerations

- Nykredit sees strong capitalisation as an integral part of the business model
 - Balance sheet dominated by long dated mortgage assets
 - Capital requirements fluctuating with business cycles and property prices
 - Supports high credit ratings and capital market access
- The sale of 17% of Nykredit Group to a group of pension funds has provided Nykredit with capital flexibility
 - Almost on par with a listing
 - Allowing lower CET1 targets compared to pure mutual status
- Danish FSA position on Nykredit's CET1 capital:
 - Must hold enough CET1 to cover severe stress scenario
 - Currently needs 0.5% more CET1 than if listed
- CET1 capital equal to expected Basel IV requirement to be retained in Nykredit Realkredit

Capital policy – CET1 requirements

Total legal requirement	10.0 – 10.5%
Stress testing requirement (New FSA approach)	4.0%
Management buffers	1.0 – 1.5%
Buffer for reduced capital flexibility of investor model	0.5%
Capital policy of investor model, CET1	15.5 – 16.5%
Total capital policy	20.5 – 21.5%

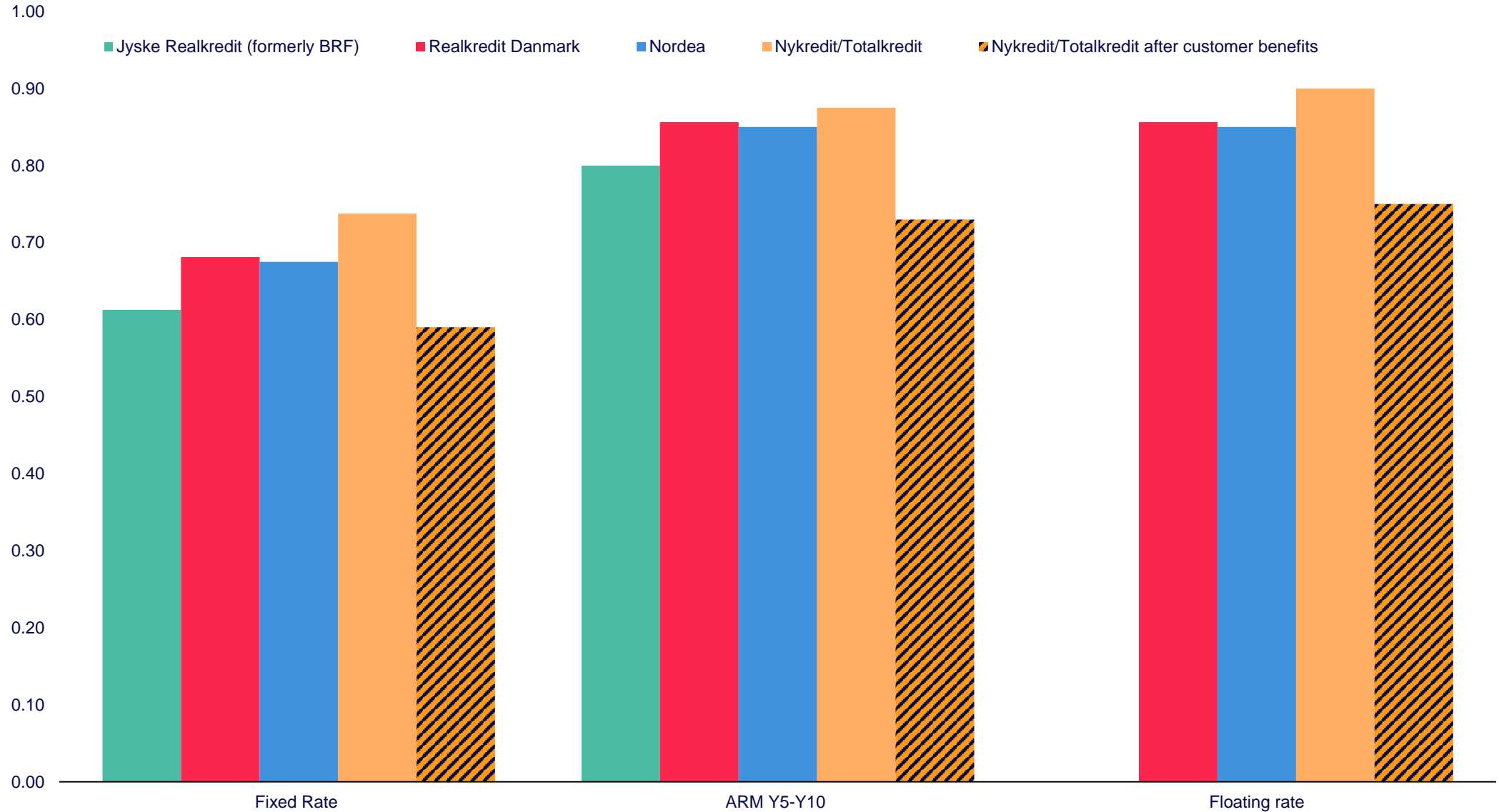
CET1 and Basel IV buffer



* Based on a proforma 16% CET1 ratio. Source: Nykredit FY 2018 reports.

Benefit programmes enhances Nykredit's competitive position

Mortgage margins for main loan types¹



¹ Mortgage margins for owner-occupied dwellings by product type, 0–80% LTV, repayment loans. KundeKroner of 0.15% p.a. has been decided for 2018 and 2019, but no decision has been made for subsequent periods.

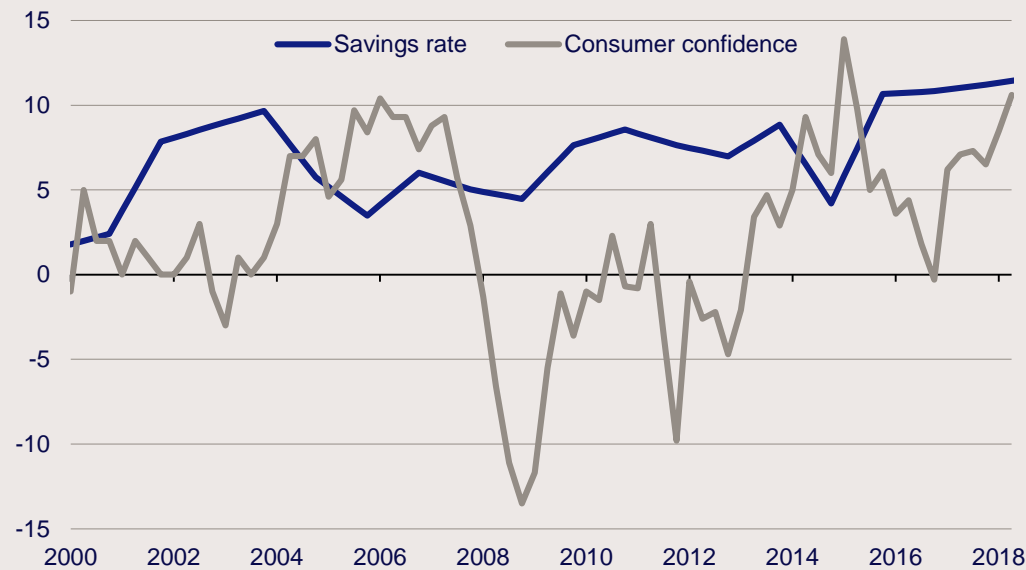
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- **Danish housing market and credit performance**
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Low unemployment underpins household finances

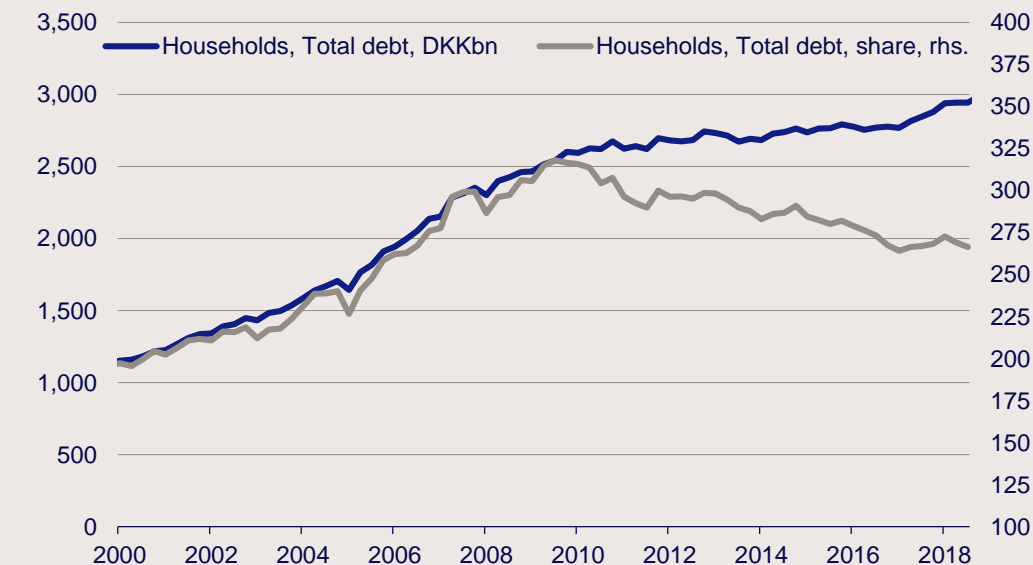
Savings rate, % of disposable income



Unemployment rate



Debt share of disposable income



Comments

- Consumer confidence remains high...
- ...driven by low unemployment, growth in disposable income and increasing house prices
- Savings rates remain very high reflecting the household's continued focus on consolidation
- Household consolidation reflected in 50 pp. drop in debt to disposal income ratio since 2009
- Nominal debt levels has increased marginally since the financial crisis
- Lower in real terms

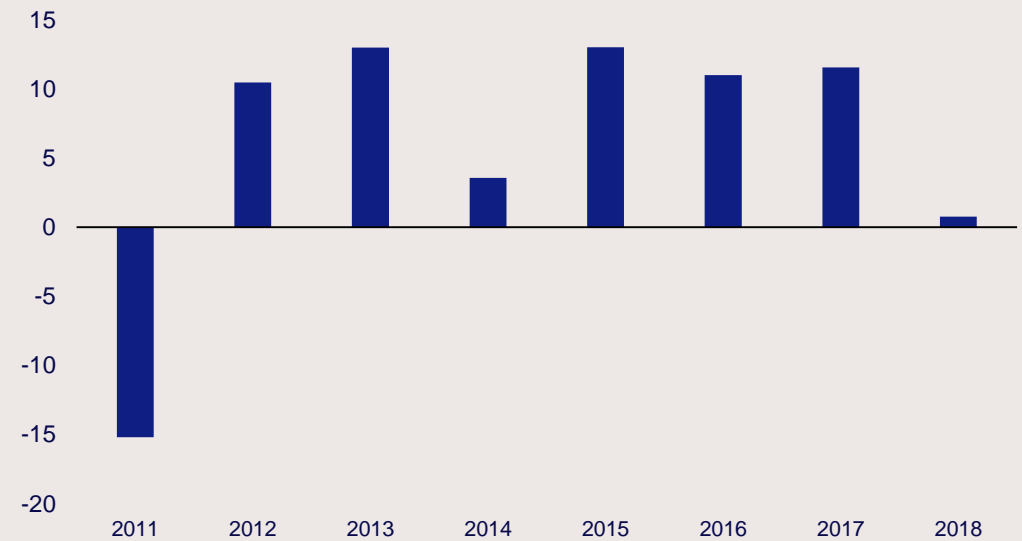
Source: MacroBond

Housing market remains strong and supports credit quality

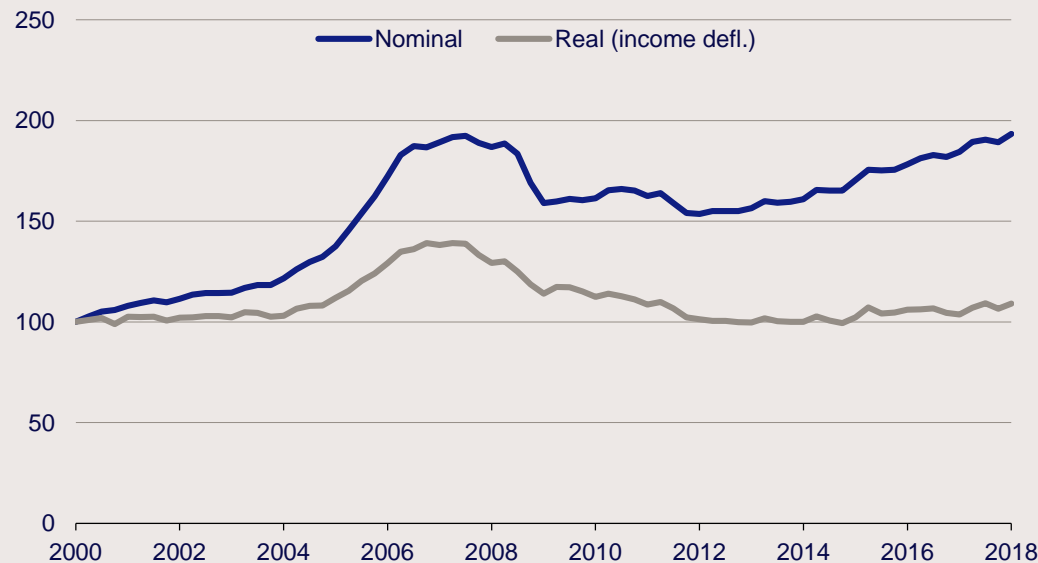
The market for owner-occupied dwellings remain strong

- Turnover remains strong, but is starting to decline
- Home prices increased in all regions during 2018
- House price inflation more muted than in previous years
- Deceleration in prices most pronounced for flats in Copenhagen
 - Macro prudential measures seem to work as intended
 - New supply coming to the market
 - Buyers are starting to consider the effects of new property tax regime
- Affordability remains good and households have consolidated since 2008

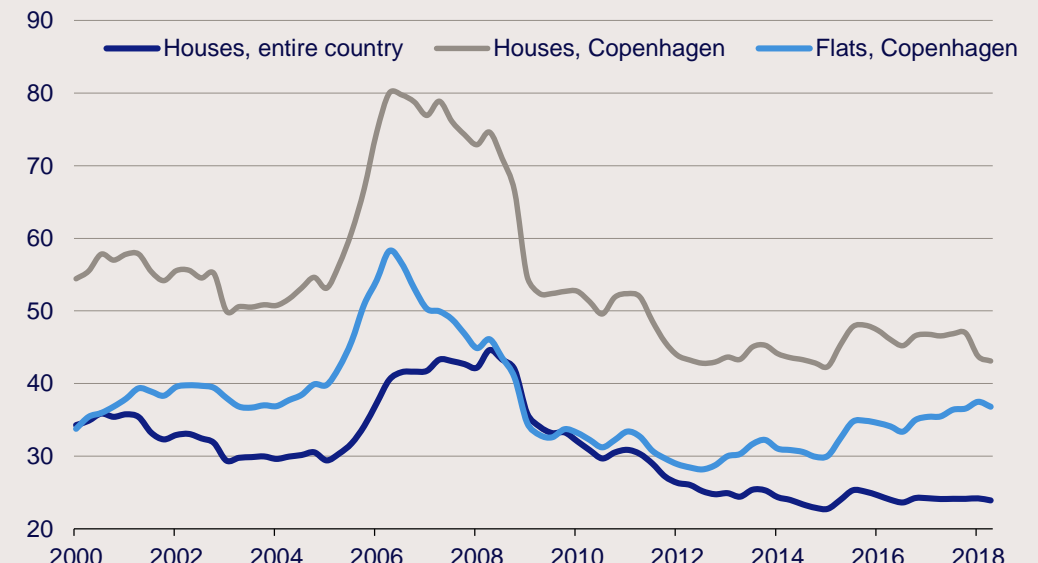
Annual increase in prices of flats in Copenhagen, %



House price inflation, 2000 = 100



Housing burden, % of disposable income



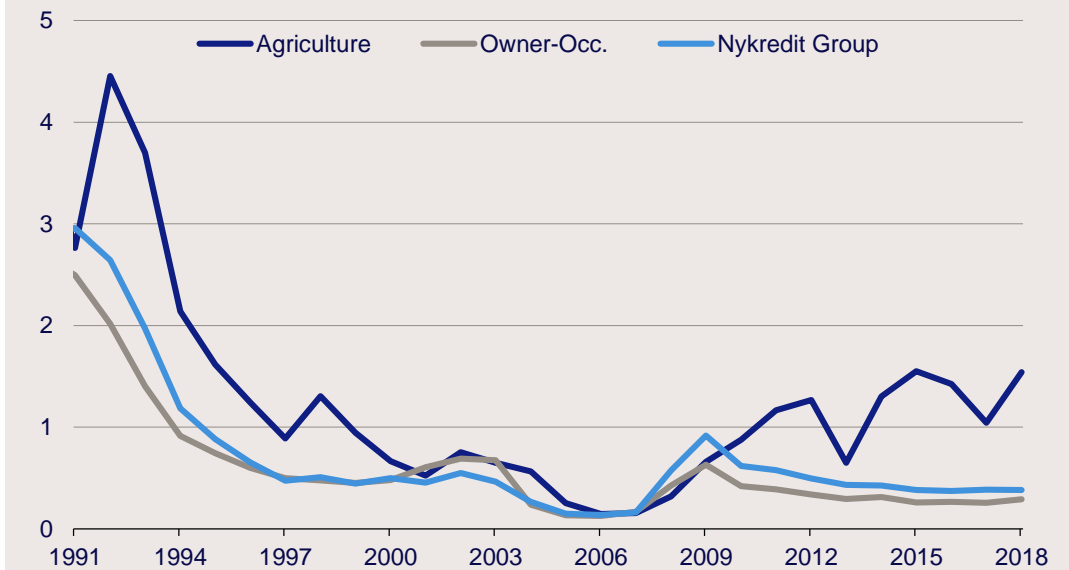
Source: Macrobond, Nykredit Group

Overall credit quality remains strong

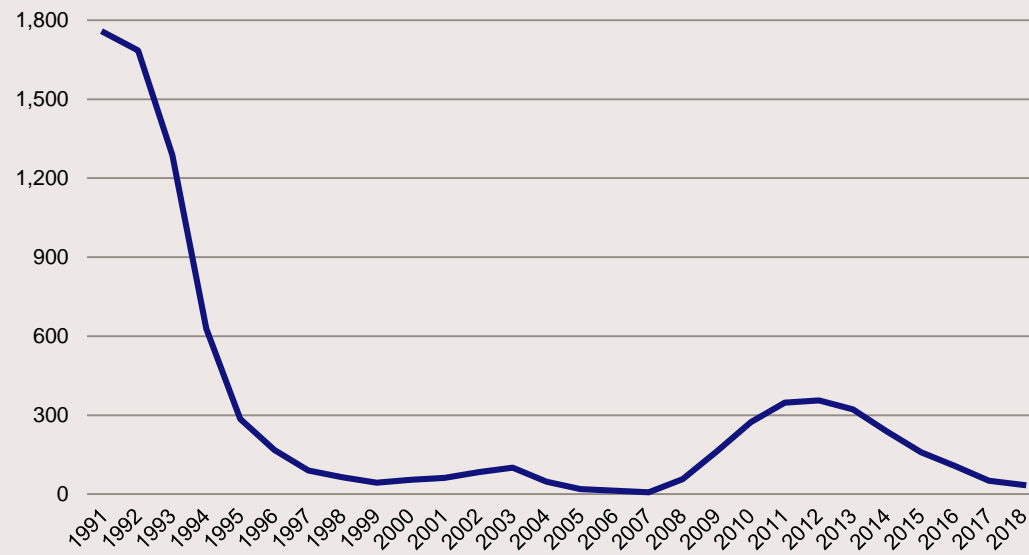
Credit highlights

- Overall credit quality remains strong as Danish economy is growing healthily and unemployment is low
- Agriculture is still challenged with elevated arrears ratios
- Increasing impairment charges are mainly driven by a few individual commercial exposures
- Nykredit has provisioned adequately for agriculture and saw reversals in Q4

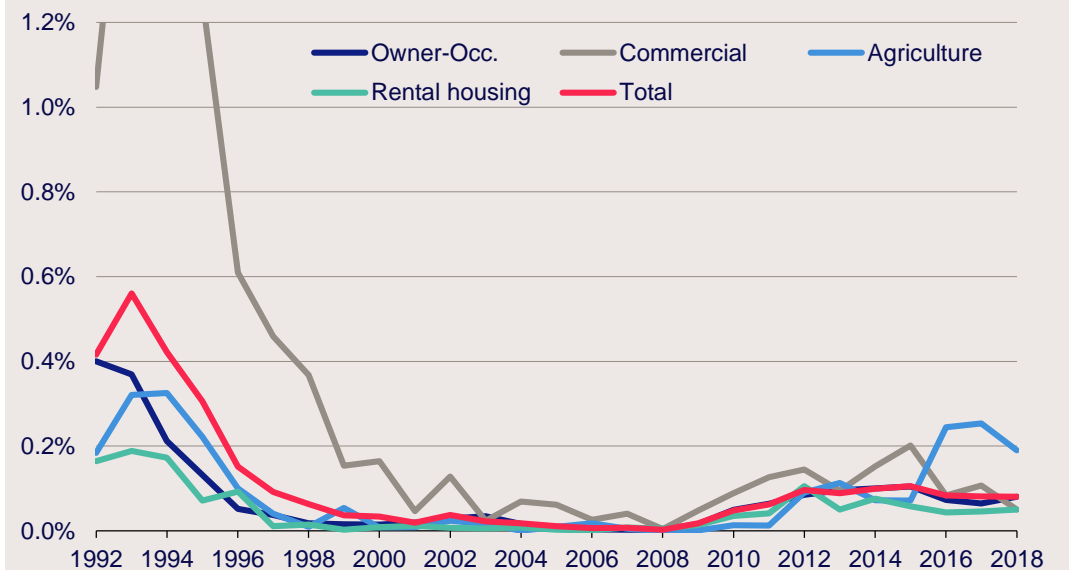
75-day mortgage arrears, %



Stock of repossessed properties, Nykredit Group



Mortgage lending: Write-offs as a % of debt



Source: Nykredit company reports and Fact Book

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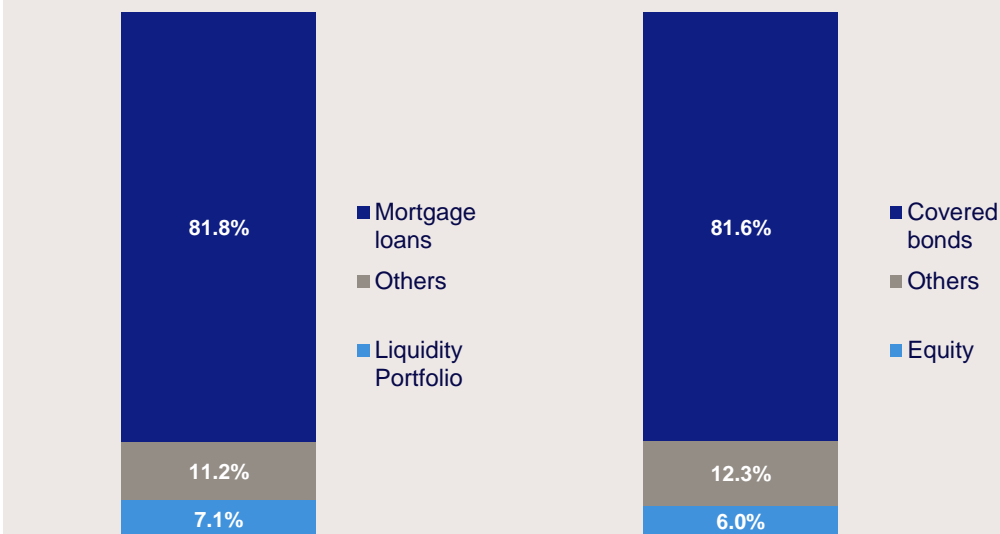


Implications of match-funding on the SEK bonds

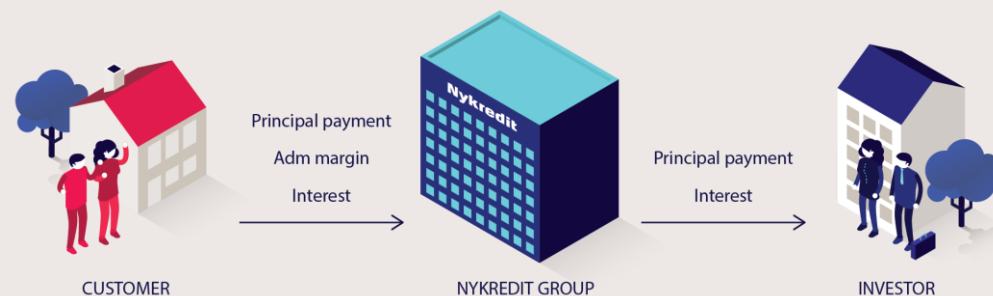
Key elements

- Danish mortgage model matches loan and funding
- Market risk is eliminated through cash-flow matching
- Covered bonds are issued to fund new loans...
- ... and apart from refinancing auctions Nykredit does not decide when to issue bonds
 - Both amount and timing is decided exclusively by the customer
- Group treasury acts on behalf of the costumers and may have interest in issuing or buying back covered bonds at any time
 - Seller of covered bonds to fund loan disbursements
 - Buyer of covered bonds to match early redemptions of loans
- Nykredit may therefore issue or buy back covered bonds on behalf of the costumers at anytime
- We encourage investors to signal interest to dealers in order to facilitate an active market

Nykredit's balance sheet is largely matched

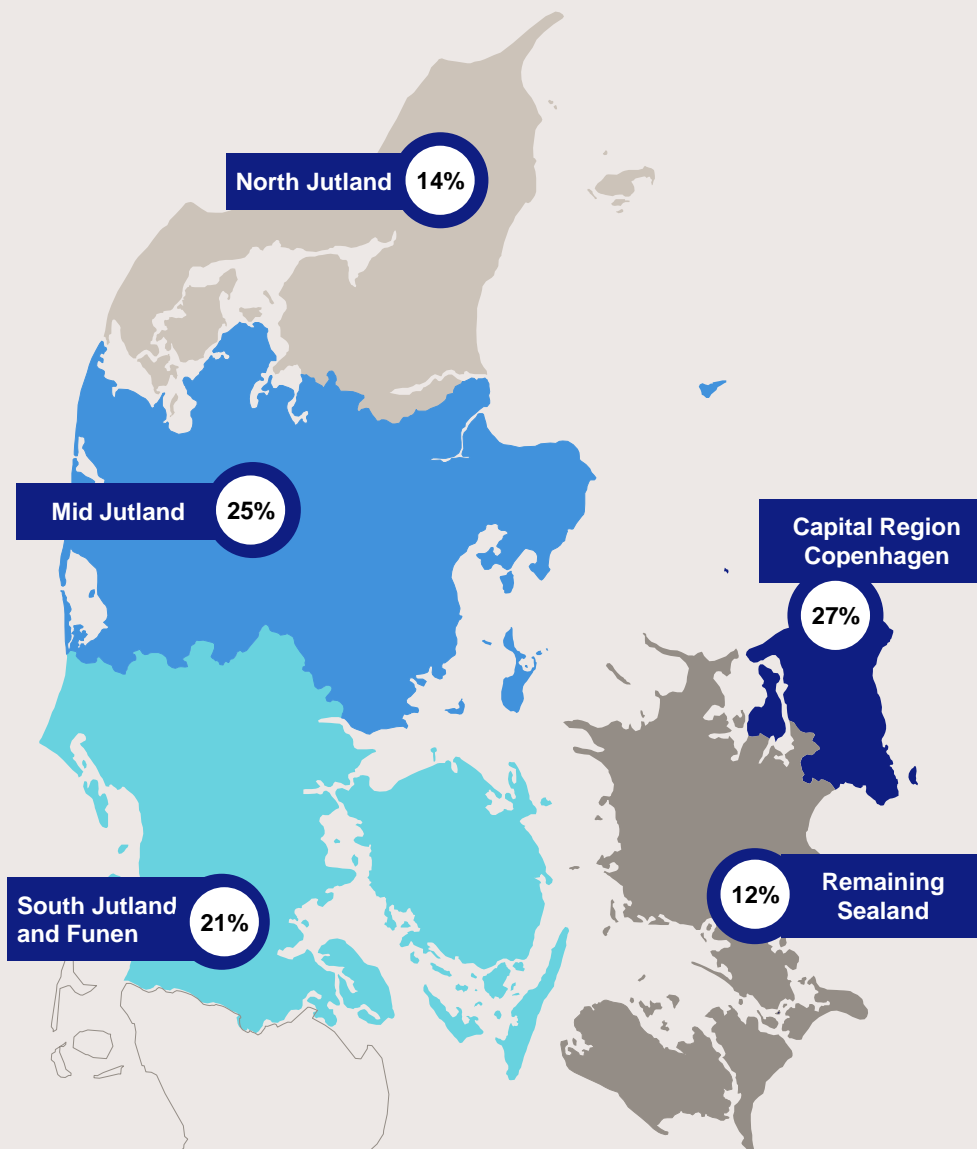


Match-funding embedded in Danish mortgage model



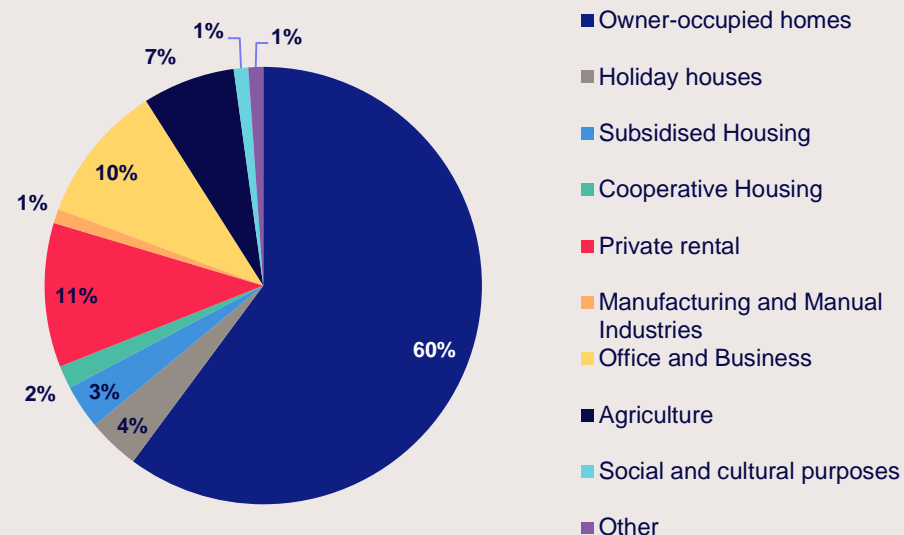
Denmark is Nykredit's primary geographical focus

Lending by region



Source: Nykredit company reports and Fact Book

Mortgage loans in Cover pool H



Cover pool H

Nominal value of outstanding CBs	DKK 620bn
Actual over collateralisation	3.5%
Interest rate profile	
▪ Fixed coupon	0%
▪ Floating coupon	94%
▪ Other	6%
Currency denomination profile	
▪ DKK	89%
▪ EUR	7%
▪ SEK	4%
WAL assets/liabilities (years)	27.2/3.9
CRR/UCITS compliant	Yes/Yes
Average LTV	59.1

Nykredit's ratings

Rating development

- In July 2018 S&P revised the Outlook for Nykredit's senior rating to "Positive"
- The revision was driven mainly driven by improving household finances with fewer Interest Only loans and lower interest rate sensitivity
- The development in households' loan preferences are reflected in Nykredit's funding mix

Sovereign rating

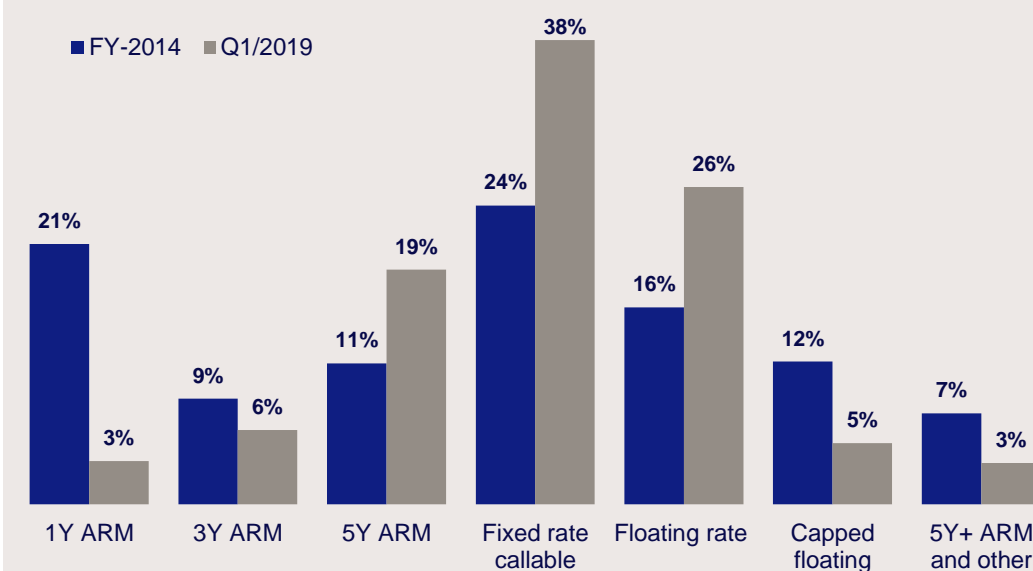
- Kingdom of Denmark rated Aaa/AAA/AAA by the three major rating agencies with stable outlook

Nykredit's ratings

	S&P Global	FitchRatings
Covered bonds	AAA	-
Senior unsecured debt	A	A
Short-term debt	A-1	F1
Outlook	Positive	Stable
Senior Non-Preferred	BBB+	A
Tier 2	BBB	A-
Tier 2 Coco	BBB	BBB
Additional Tier 1	BB+	BB+

Source: Nykredit company reports

Nykredit loan portfolio composition progress



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Green bonds summary

1

Rationale



- Nykredit is Denmark's largest lender. Nykredit is established by our customers for our customers and still to this day primarily mutually-owned.
- Hence, we feel a responsibility for doing business in ways that create common value for our customers, and the communities we serve and contribute to a long-term, stable and sustainable development
- By issuing Green Bonds Nykredit can underpin the fulfilment of Denmark's and EU's goals on reduction of GHG, the Paris Agreement and UN's Sustainable Development Goals
- The contemplated issuances will:
 - Promote the transition to a low carbon and climate resilient society
 - Support the development of sustainable investment opportunities for investors
 - Support the development of the green bond market
 - Support diversification of the investor base



2

Green Covered Bonds



- Nykredit will issue Green Bonds in the format of Green Covered Bonds
- Nykredit's Green Bond Framework is structured in line with the ICMA's Green Bond Principles 2018, focusing on green buildings
- The net proceeds will be allocated to:
 - Eligible Green Mortgages financing energy efficient commercial and residential buildings



Responsibility in Nykredit

- Our ownership makes responsibility a natural component of our DNA and it is incorporated in our core strategy and fundamental pledges
- Responsibility efforts in Nykredit is sponsored by the executive management team

Endorsing the Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are increasingly becoming integrated into action plans of nations, organizations as well as the private sector

As a mutually-owned institution, Nykredit has a natural alignment with the SDGs

We have analysed the 17 SDGs and identified the goals upon which we can make the greatest impact:



Operating in alignment with international standards

We are a long-term adherent to the Ten Principles of the UN Global Compact, a signatory of the UN principles for responsible investment (PRI) and have incorporated environmental, social and corporate governance (ESG) factors into our investment practices



Governance

The Executive Board constitutes the Responsibility Committee

Nykredit has a dedicated team focusing on responsibility



Sustainability in Nykredit

- Contributing to a more sustainable future is key for Nykredit
- At Nykredit, we are focusing our efforts on 3 priorities to make the most efficient contribution to combating climate change

Overarching priorities

- Climate change demands action and close cooperation between the civil society, the political system and corporates
- The core of Nykredit's business is mortgage lending for housing and other purposes, predominantly in Denmark.

Today, buildings account for 40% of the total energy consumption, and it is estimated that around 90% of the buildings existing today will also exist in 2050. Improved energy performance standards of buildings are thus a decisive factor for the fulfilment of:

- Denmark's and the EU's goals on reducing greenhouse gas emissions
 - The Paris Agreement
 - UN's Sustainable Development Goals
- Hence, we have focused our effort on 3 priorities in order to make the most efficient contribution

Integrating sustainability in business decisions

- In 2018 Nykredit decided to assess all products on their economic, social and environmental/climate sustainability impact going forward
- The assessment will be made as part of the overall review by Nykredit's Products Committee
- The Product Committee refers to the Executive Board

Nykredit will actively support sustainable development: Our 3 priorities



Sustainable housing 1

We will contribute to reducing energy consumption in buildings by developing products that incentivise homeowners to invest in healthy and energy-efficient homes



Sustainable financing 2

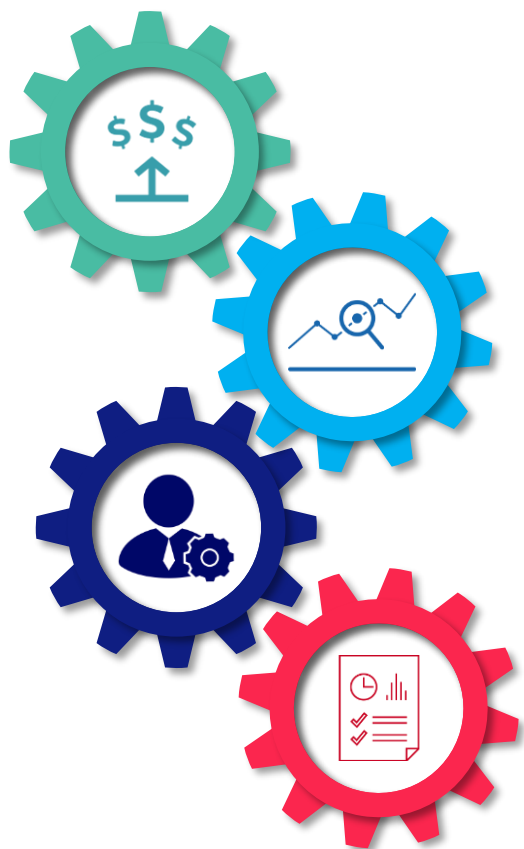
Nykredit will increase the amount of green assets in our portfolios year by year



Sustainable investments 3

We will develop solutions that encourage more customers to invest sustainably

Nykredit's Green Bond Framework



Use of Proceeds

- Nykredit will allocate an amount equal to the proceeds of the Green Bonds to finance or re-finance green bond eligible assets ("Eligible Assets") within the category of energy efficient commercial and residential buildings

Process for Project Evaluation and Selection

- Year of construction and energy labels used as the basis for the selection of Eligible Green Mortgages

Management of Proceeds

- Match between green mortgage loans and green covered bonds
- Nykredit's Green Bond Committee ensures ongoing compliance

Reporting

- Allocation and impact reporting



Use of Proceeds

- Nykredit will allocate the proceeds of the Green Covered Bonds to financing or refinancing of energy efficient commercial and residential buildings (the “Eligible Green Mortgages”)

Eligible Green Mortgages

- Mortgage loans granted to private rental housing, commercial real estate and residential housing
- The portfolio consist of Eligible Properties that comply with the following eligibility criteria:
 - Properties with an energy label of A or B regardless of year of construction
 - Properties constructed after 2009 (Danish construction codes BR08, BR10, BR15, BR18 or later versions), corresponding to energy label A and B
 - BREEAM or BREEAM-SE (minimum certification “very good”)
 - LEED (minimum certification “gold”)
 - DGNB (minimum certification “gold”)
 - Nordic Swan
 - Sweden Green Building Council Miljöbyggnad (minimum certification “silver”)
 - GreenBuilding
 - Or any equivalent international recognisable certification as determined by the Green Bond Committee



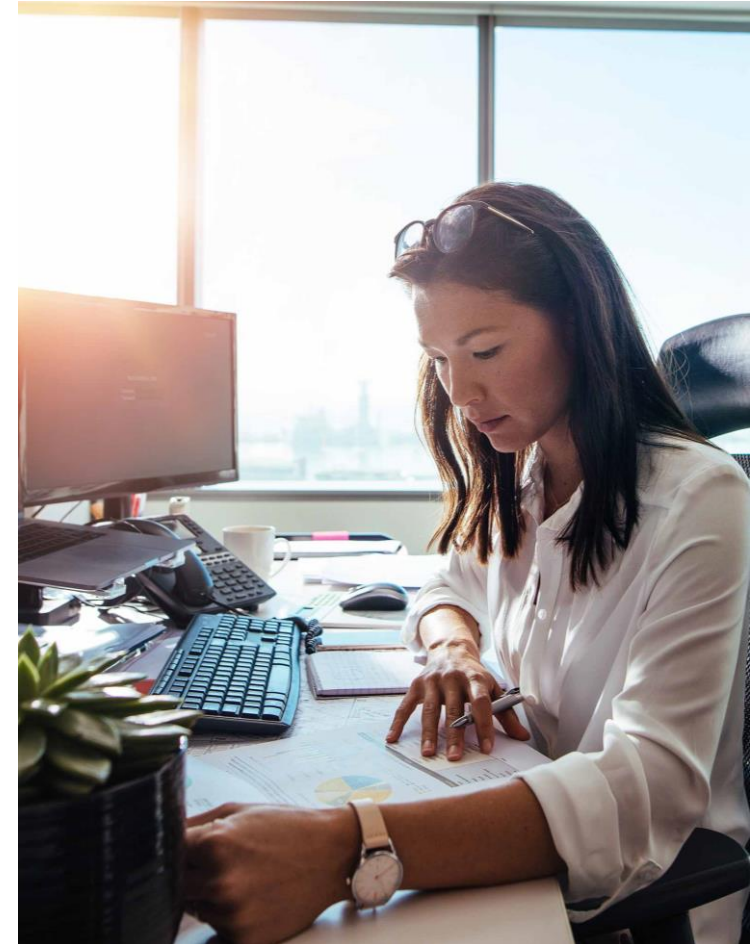
Process for Project Evaluation and Selection

- Strong management supervision of Green Covered Bonds
- The Green Bond Committee will review eligibility of assets

The process for evaluation and selection of eligible assets

- The Green Bond Framework is approved by Nykredit's Corporate Responsibility Board
- The Green Bond Committee will meet on a regular basis (at least quarterly) to ensure ongoing compliance with the green bond framework
- The Funding & Capital Department at Nykredit will review and approve allocations of bond proceeds used to fund Eligible Assets at least on a daily basis

Governance for the green covered bond





- Nykredit will issue green covered bonds to fund green buildings

Issuance of Green Covered Bonds

- For Eligible Green Mortgages financing energy efficient commercial and residential buildings Nykredit will issue in the format of Green Covered Bonds
- The proceeds will be used to fund green mortgage lending on a one-to-one basis
- Due to the match funding principle of Nykredit's mortgage lending model the cash flow of the green bonds will match the cash flow of the mortgages funded by these bonds
- Any portion of the net proceeds of Green Bonds that have not been allocated to Eligible Assets in the Green Covered Bond Registry will be held in accordance with Nykredit's normal liquidity management policy

Danish covered bond regulation

Danish regulation stipulates that loans in specialised mortgage banks such as Nykredit Realkredit A/S can only be funded by covered bonds

All Eligible Green Mortgages will therefore be funded by covered bonds

Nykredit will issue Green Covered Bonds in specific ISINs out of its Capital Centres if sufficient green assets are available





- Nykredit will report on allocation of proceeds and impact

Allocation of Proceeds Reporting

- At least on an annual basis, to update investors on the allocated assets:
 - The total outstanding of Green Bonds
 - The total amount of net proceeds allocated to Eligible Covered Bonds backed by Eligible Green Mortgages; and
 - The amount of unallocated proceeds or Eligible Green Replacement Assets (if any)

Impact Reporting

- An impact report will be made available annually and will provide details, on an aggregated basis, on indicators such as:
 - Estimated ex-ante annual energy consumption in kWh/m² or energy savings in MWh;
 - Estimated ex-ante annual GHG emissions reduced/avoided in tons of CO₂ equivalent

All relevant reporting will be made available on ww.nykredit.com/greenbonds

- Sustainalytics has reviewed Nykredit's Green Bond Framework and produced a Second Party Opinion

1



**The Second Party Opinion
is available at:
nykredit.com/greenbonds**

■ **Second Party Opinion**

“ Sustainalytics is of the opinion that the Nykredit Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018 ”

“ Sustainalytics considers Nykredit's sustainability strategy to be robust, and adequate in scope and depth to address relevant material issues. Additionally, Sustainalytics views positively the alignment of the Nykredit Green Bond Framework with the goals of the Issuer's sustainability approach ”

2

■ **Verification – Assurance Report**

- Sustainalytics will review Nykredit's allocation of the Green Bond proceeds to Eligible Green Mortgages and Eligible Green Replacement Assets on an annual basis

Legal set-up

- Nykredit will issue green covered bonds under its existing covered bond program

1

Green covered bonds are issued to finance or refinance mortgages otherwise eligible for covered bond issuance subject to the terms and conditions of the covered bond base prospectus and final terms

2

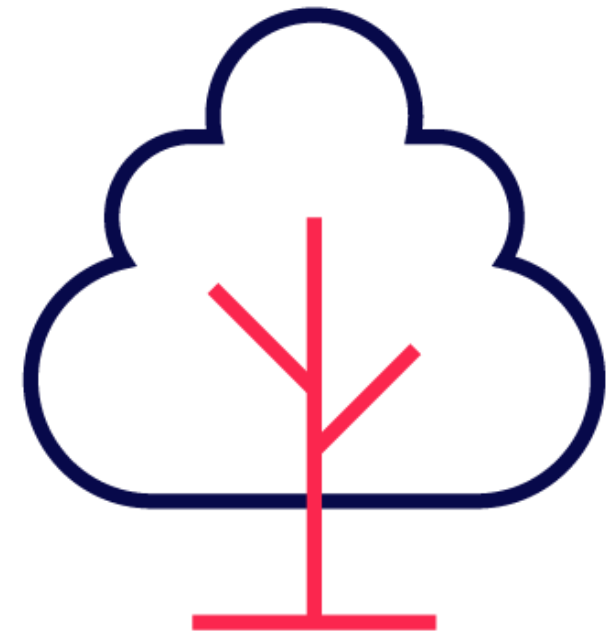
Green covered bonds are subject to the ratings applicable to Nykredit's covered bonds issued out of the relevant capital centre – currently AAA from S&P Global

3

Green covered bonds are secured by the entire collateral base of the relevant capital centre and rank pari passu with other covered bonds issued from the same capital centre

4

Green covered bonds are covered bonds from a regulatory perspective and will not necessarily be compliant with future regulatory definitions of green covered bonds



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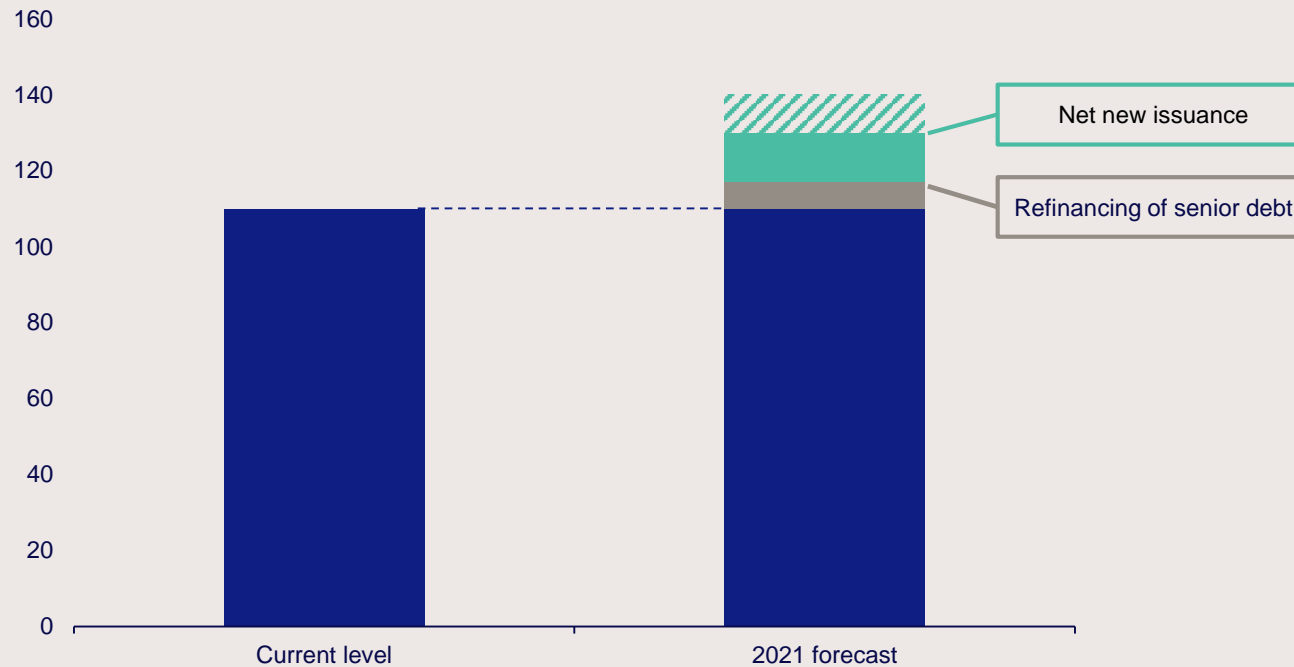
Statutory Non-Preferred Senior takes over from other senior formats

New instrument

- The new law on bail-inable liabilities will increase Nykredit's need for bail-inable liabilities to a total of 8% of liabilities
- Current level of bail-inable liabilities is approx. DKK 100bn and is estimated to increase to 120-130bn by end 2021
- Current stock of senior unsecured and Senior Secured Bonds/JCB of approx. DKK 12bn to be refinanced into bail-inable debt
- Nykredit has changed issuance format from Senior Resolution Notes to Senior Non-Preferred
- The Non-Preferred Senior funding plan for 2019 is DKK 7.5 to 15bn (equal to EUR 1 to 2bn)

Nykredit expects to increase the level of bail-inable debt

Nykredit Group ramp up of bail-inable liabilities, DKKbn



Strong CET1 ratio and issuance of Senior Non-Preferred debt

Capital development in 2018

- REA up 2% driven by market risk and operational risk
- Dividend of DKK 2.8bn equal to 50% pay-out
- CET1 ratio amounts to 20.4%
- CET1 significantly above capital policy of 15.5 – 16.5% CET1
 - In line with target of maintaining buffer for Basel IV impact
 - Basel buffer amounts to approx. 450 bps. CET1 equal to estimated impact of Basel IV accord

Funding plans

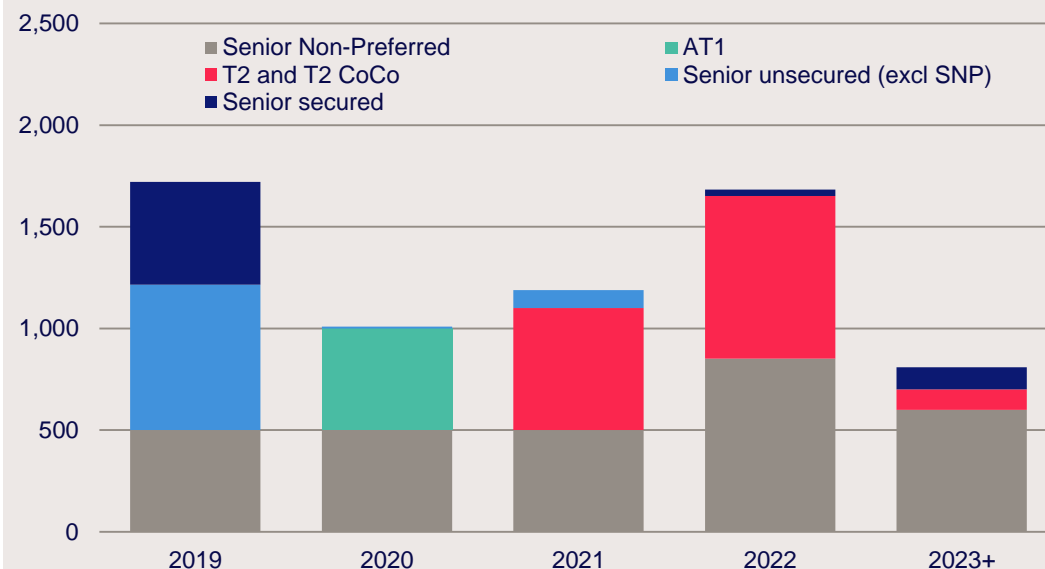
- Law implemented in 2018 requires Nykredit to increase the amount of bail-inable liabilities from currently DKK 100bn to 120-130bn by end-2021
- Part of the increase will be covered by refinancing senior debt types with Senior Non-Preferred debt
- Approx. DKK 13bn (EUR 1.7bn) of senior debt matures in 2019
- We expect to issue DKK 7-15bn of Senior Non-Preferred debt in 2019
 - DKK 4.3bn issued as of 25 March 2019
- Quarterly refinancing auctions of covered bonds
- Daily tap-issuance of covered bonds

* For capital instruments first call date. Source: Nykredit company reports

Group facts

Nykredit Group	Q4/2018	Q1/2019
Risk Exposure Amount (REA)	343.6bn	353.9bn
CET1	72.4bn	72.3bn
CET1 ratio	21.0%	20.4%
Total capital ratio	23.5%	22.7%
Leverage ratio	4.8%	4.8%
Pillar I	8.0	8.0
Pillar II	2.0	2.1
Solvency requirements	10.0	10.1

Nykredit Group maturity* profile, EURm



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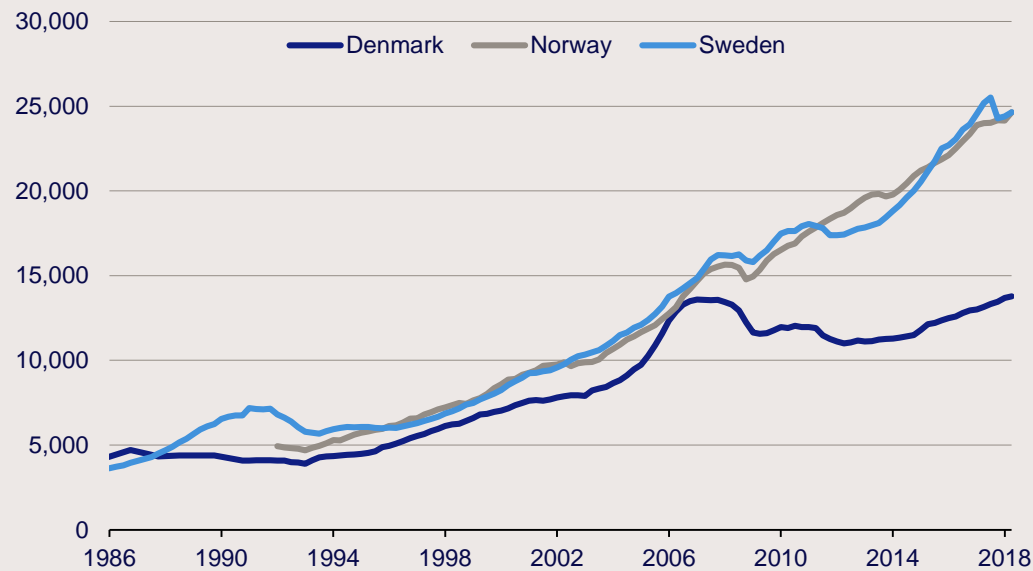
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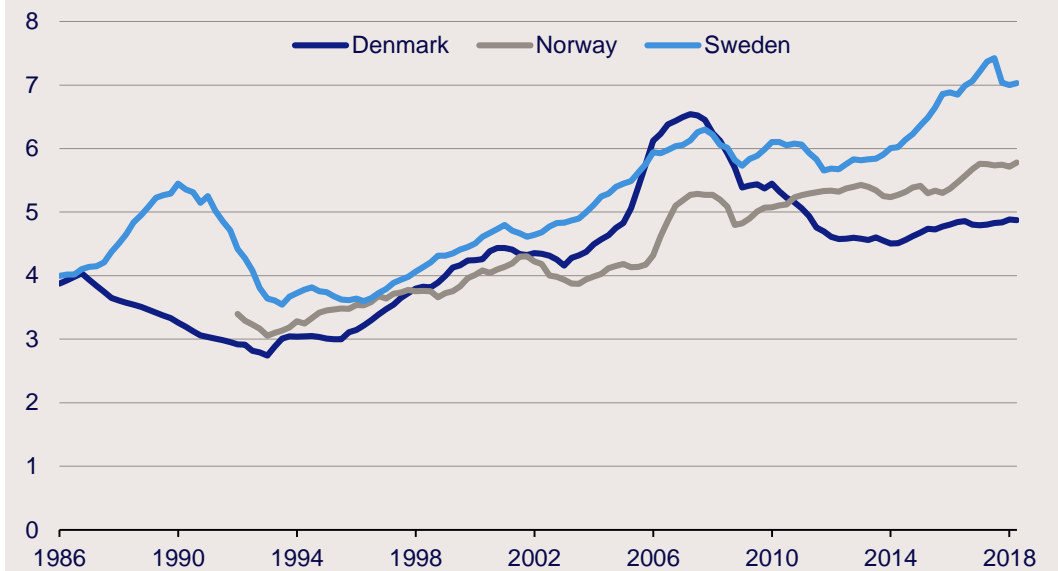
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Danish housing market in a Scandinavian context

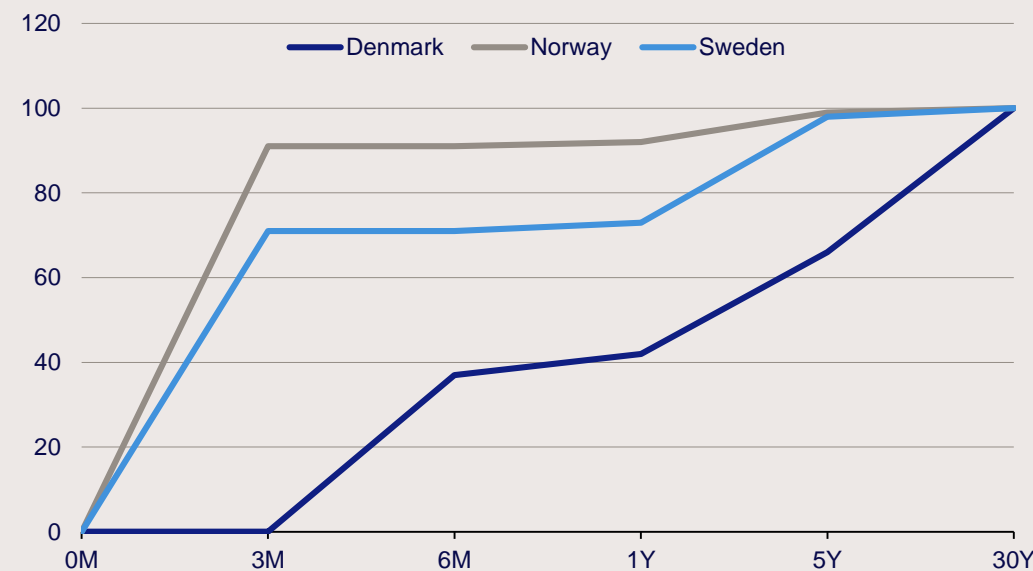
House prices in Scandinavia (sq. meter, local currency)



Price to income differ significantly



Interest sensitivity high in Norway and Sweden



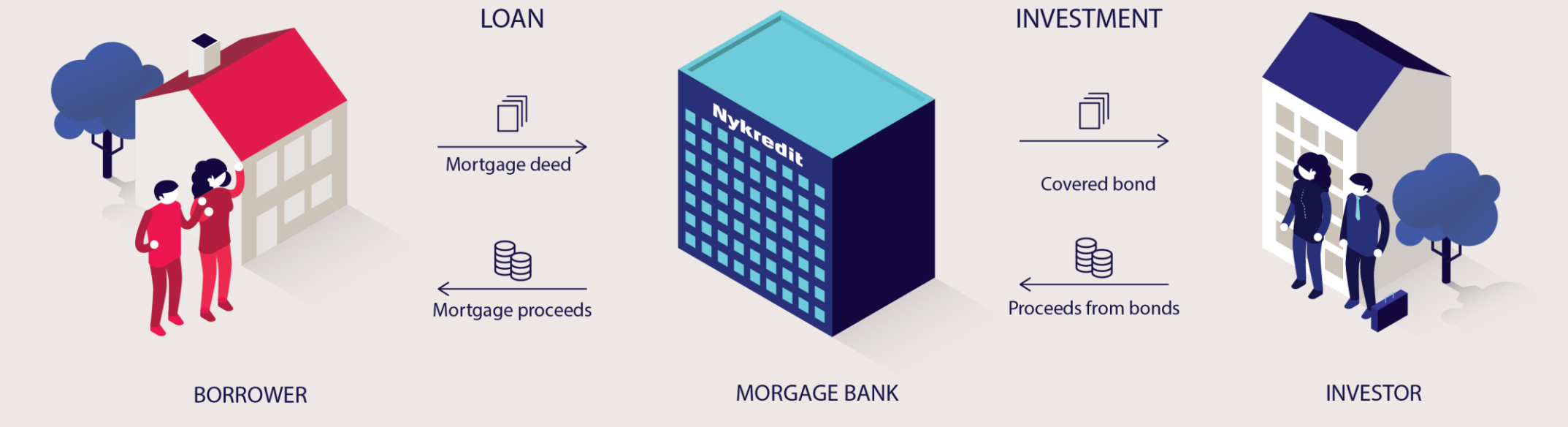
Different risk profiles across Scandinavia

- Denmark experienced a house price bubble and a sharp correction in the mid-2000s
- Sweden and Norway have seen virtually constant nominal house price growth since the early 1990s
- Price to income ratios in Sweden and Norway are at record high levels and macro prudential measures have been implemented
- Swedish and Norwegian house prices have started to decline
- Significant interest rate risk in Norway and Sweden – Danish homeowners protected by popular fixed rate mortgage loans

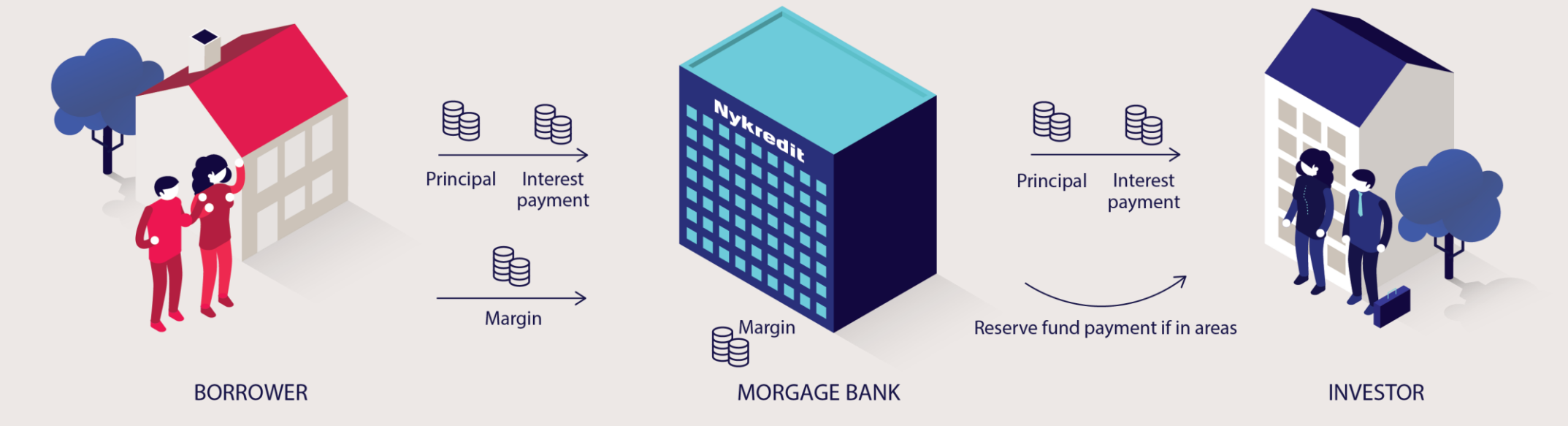
Source: MacroBond, Nykredit Markets

The principles of the Danish mortgage model

Mortgage origination



Payments



The balance principle

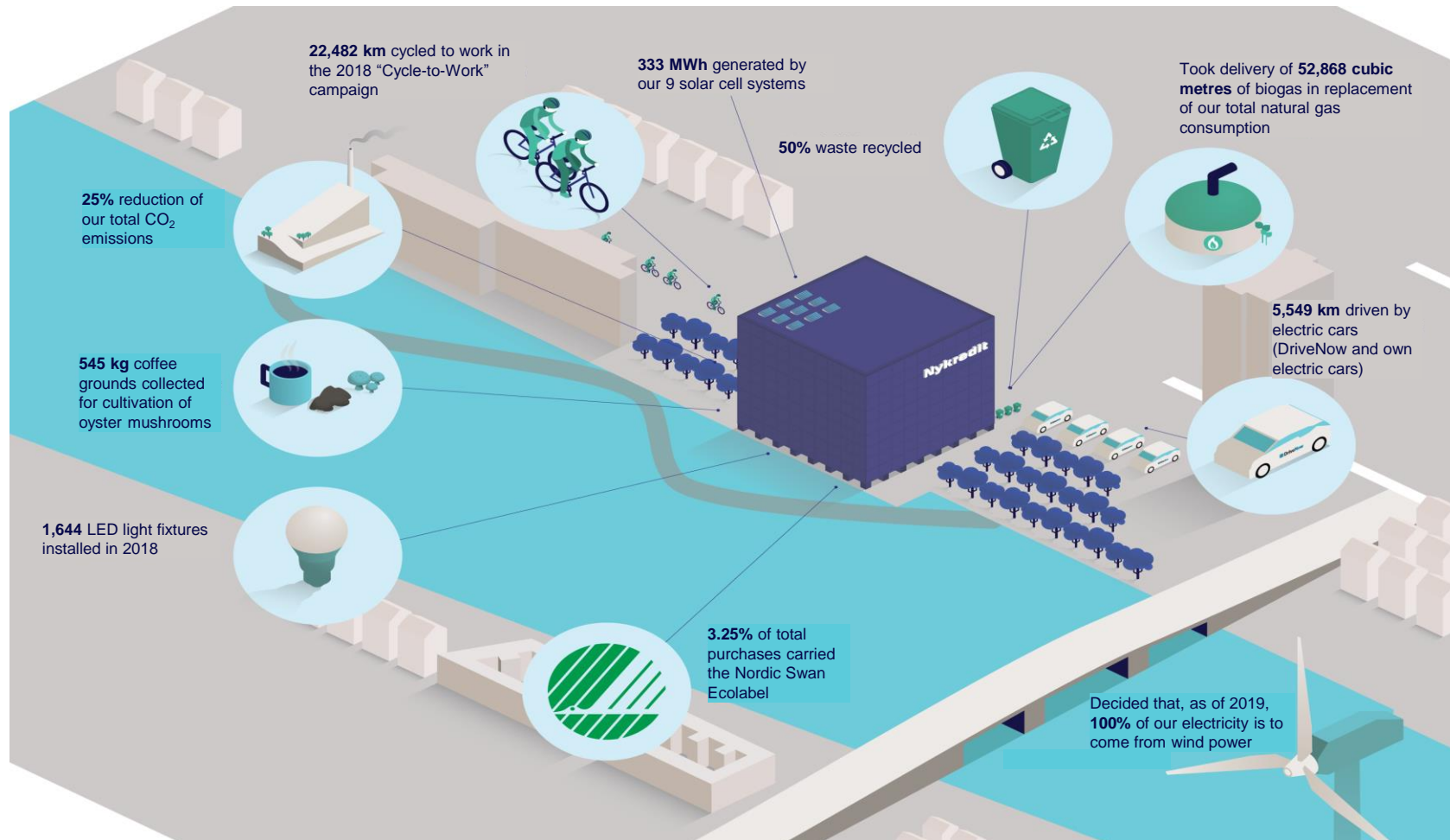
- Cash flow on the loan = cash flow on bonds issued to fund the loan
 - Eliminates all financial risks for the issuer
 - All payments from borrowers are passed on as bond payments of equal size
- Tap issuance
 - Bonds issued daily to fund new loans
 - Daily bond buybacks to match early redemptions of loans
 - Issuer active as market maker, seller and buyer every day
 - No pipeline risk for the lender as all new lending is funded daily
- Product transparency and standardisation
 - All loan features embedded in the bonds
- Very large gross bond flows
 - Nykredit issued DKK 358bn of covered bonds in 2018, hereof 203bn through daily tap issues and 155bn through refinancing auctions



Leading by example

- Nykredit aims to reduce our own environmental footprint, in particular our carbon emissions
- Nykredit has reduced carbon emissions by 25% in 2018 and by 65% since 2012. We have set new ambitious targets for 2025

Results in 2018



New targets in Nykredit

- Total MWh consumption to be reduced by 25% by end of 2025
- CO₂ emission per staff member to be reduced by 5% annually until 2025
- Maximum of 20% of waste will be incinerated in 2023
- Waste per staff member to be reduced by 100kg in 2023
- Nykredit's electricity consumption will, from 2019, be solely based on wind power
- The wind power will originate from two windmills located in Northern Jutland





Nykredit

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