

## IMPORTANT NOTICE

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached Prospectus accessed from this page or otherwise received as a result of such access and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

**Confirmation of Your Representation:** You have been sent the attached Prospectus on the basis that you have confirmed to Citigroup Global Markets Limited, Goldman Sachs International, Nykredit Bank A/S and UBS Limited (together, the “**Joint Lead Managers**” and each, a “**Joint Lead Manager**”), being the sender of the attached, that (i) the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any State of the United States and the District of Columbia (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) and (ii) you consent to delivery by electronic transmission.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Joint Lead Managers nor any person who controls any of them or any director, officer, employee or agent of any Joint Lead Manager nor any person who controls any of them or any affiliate of any of the foregoing accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from any Joint Lead Manager.

You are reminded that the attached Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this Prospectus to any other person.

**Restrictions:** Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Any securities to be issued will not be registered under the Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the Securities Act (“**Regulation S**”)) unless registered under the Securities Act or pursuant to an exemption from such registration.

The following Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. person or to any U.S. address. Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. This Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

PROSPECTUS DATED 26 October 2009

**Nykredit**

**Nykredit Realkredit A/S**

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

**Euro-denominated  
PERPETUAL HYBRID CORE CAPITAL NOTES  
(Kapitalbeviser)**

The euro-denominated Perpetual Hybrid Core Capital Notes (the "Notes") will be issued by Nykredit Realkredit A/S (the "Issuer" or "Nykredit Realkredit"). Interest on the Notes will accrue from (and including) their date of issue (the "Issue Date"), and is payable annually in arrear on the Coupon Payment Date in each year, to be set out in the Pricing Notice, commencing on the Coupon Payment Date in 2010 (each a "Coupon Payment Date") at an initial fixed rate to be published in the Pricing Notice (as defined in "Subscription and Offer of the Notes") which will apply from (and including) the Issue Date to (but excluding) the First Reset Date (as defined in "Terms and Conditions of the Notes – Interest") and from (and including) the First Reset Date, at a rate, to be reset every five years thereafter, based on the then prevailing 5-year Euro Swap Rate plus a Margin which shall be set out in the Pricing Notice, all as described under "Terms and Conditions of the Notes – Interest".

The Notes (*Kapitalbeviser*) will constitute direct, subordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves. The Notes will constitute hybrid core capital (*hybrid kernekapital*) within the meaning of Section 132 of the DFBA (as defined in "Terms and Conditions of the Notes") and will rank *pari passu* with all other present and future hybrid core capital of the Issuer within the meaning of Section 132 of the DFBA. In the event of a distribution of assets in the liquidation or bankruptcy of the Issuer, the Notes will rank senior to the share capital of the Issuer.

The Issuer may, at its option, elect to cancel any Coupon Payment on the Notes for any period of time except where the relevant Coupon Payment Date is a Mandatory Coupon Payment Date (see "Terms and Conditions of the Notes – Coupon Cancellation"). Any such payment will not cumulate and will be cancelled so that it will never become due and payable. Until the Coupon Amounts in respect of all Coupon Payment Dates falling in any six month period after such Coupon Payment Date on all outstanding Notes have been paid in full, the Issuer is subject to certain restrictions in relation to the declaration and payment of dividends and distributions and the redemption and repurchase of capital, see "Terms and Conditions of the Notes – Dividend etc. Suspension". The Issuer must cancel the payment of any Coupon Amount if and to the extent that it does not have Available Free Reserves, or if the Danish FSA requires cancellation of such Coupon. (See "Terms and Conditions of the Notes – Mandatory Coupon Cancellation").

Payments on the Notes will be made without deduction for or on account of taxes of the Kingdom of Denmark to the extent described under the "Terms and Conditions of the Notes – Taxation", unless such withholding or deduction is required by law.

The Notes are perpetual. However, the Notes are redeemable at the option of the Issuer in whole or in part, in principal amounts of €200 million, on the First Reset Date or on any Coupon Payment Date thereafter at their principal amount together with interest accrued from (and including) the preceding Coupon Payment Date. In addition, the Notes are redeemable at the option of the Issuer in whole but not in part at the amount specified in the Conditions upon the occurrence of (i) a Tax Event, which cannot be avoided by the Issuer taking reasonable measures available to it, (ii) an Accounting Event or (iii) a Capital Event, all as more fully described in "Terms and Conditions of the Notes – Redemption, Purchase and Reduction of Amounts of Principal and Unpaid Interest".

This prospectus (the "Prospectus") constitutes a prospectus within the meaning of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "Prospectus Directive"). This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). This Prospectus has been approved by the Commission de Surveillance du Secteur Financier (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for Notes (the "Luxembourg Law"), for the purposes of the Prospectus Directive. The Issuer has also requested the CSSF to provide the competent authorities in the Passporting Jurisdictions (as defined in "Subscription and Offer of the Notes") with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Luxembourg Law. Application has also been made to the Luxembourg Stock Exchange for the Notes to be admitted to the official list of the Luxembourg Stock Exchange (the "Official List") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

The initial fixed rate of interest, the offer price, the aggregate principal amount of the Notes, the yield and the net proceeds of the issue will be set out in the Pricing Notice, which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange on or around the Pricing Date (as defined in "Subscription and Offer of the Notes").

The denomination of the Notes shall be €1,000.

The Notes are expected to be rated A3 by Moody's Investors Service Limited and BBB+ by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.**

*Joint Lead Managers*

**Citi**

**Goldman Sachs International**

**Nykredit Bank A/S**

**UBS Investment Bank**

*Structuring Advisor*

*This Prospectus comprises a prospectus for the purposes of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries and affiliates taken as a whole (the “**Group**”) and the Notes which, according to the particular nature of the Issuer and the Notes is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.*

*The Issuer accepts responsibility for the information contained in this Prospectus. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) other than offers (the “**Permitted Public Offers**”) which are made during the Offer Period, and which are contemplated in this Prospectus in Denmark, Finland, Germany, Norway, the Republic of Ireland, Spain, Sweden, The Netherlands and the United Kingdom once this Prospectus has been approved by the competent authority in Luxembourg and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in Luxembourg, will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus, other than the Permitted Public Offers, may only do so in circumstances in which no obligation arises for the Issuer or any of the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case in relation to such offer. Neither the Issuer nor the Joint Lead Managers have authorised, nor do they authorise, the making of any offer (other than Permitted Public Offers) of Notes in circumstances in which an obligation arises for the Issuer or the Joint Lead Managers to publish or supplement a prospectus for such offer.*

*This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).*

**No person has been authorised to give any information or to make any representation other than as contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the issue of Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.**

**The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act 1933 (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1980 and the regulations thereunder). For a description of certain restrictions on offers and sales of the Notes and on distribution of this Prospectus, see “Subscription and Offer of the Notes”.**

**This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for or purchase, any Notes.**

None of the Joint Lead Managers have separately verified the information contained in this Prospectus. To the fullest extent permitted by law, no Joint Lead Manager makes any representation, express or implied, or accepts any responsibility for the contents of this Prospectus or for any other statement made or purported to be made by a Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Joint Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus or to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

In connection with the issue of the Notes, the Joint Lead Manager(s) (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes, as the case may be, at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. 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 be ended 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 relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “euro”, “EUR” or “€” are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Union (as amended from time to time), “Sterling” and “£” are to the lawful currency of the United Kingdom, “Danish Kroner”, “Kr” and “DKK” are to the lawful currency of the Kingdom of Denmark and “US dollars” and “US\$” are to the lawful currency of the United States of America.

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## SUMMARY OF THE ISSUE

*This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference herein. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (each an "EEA State"), no civil liability will attach to the Issuer in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.*

### Description of the Issuer

Nykredit Realkredit A/S is a mortgage credit institution incorporated with limited liability in Denmark and carries on business under the Danish Financial Business Act (*lov om finansiel virksomhed m.v.*) (the "DFBA") and the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (*Lov om realkreditlån og realkreditudstedelser M.V.*) (the "Danish Mortgage-Credit Act"). The registered office of the Issuer is at Kalvebod Brygge 1-3, DK-1780 Copenhagen V, Denmark. The Issuer (together with its subsidiaries, the "Group") is organised into four main divisions, namely, Customers, Products, Operations and Support.

The Issuer is a wholly-owned subsidiary of Nykredit Holding A/S. The shares of the Issuer are not listed on any exchange.

The management of the Issuer is made up of the Board of Directors and the Executive Board.

*Board of Directors:* Steen E. Christensen (*Chairman*); Hans Bang-Hansen (*Deputy Chairman*); Michael Demnitz; Erling Beck Poulsen; Anders C. Obel; Nina Smith; Jens Erik Udsen; Steffen Kragh; Jens Thomsen; Lisbeth Grimm; Kristian Bengaard; Allan Kristiansen and Susanne Møller Nielsen.

*Executive Board:* Peter Engberg Jensen (*Group Chief Executive*); Karsten Knudsen (*Group Managing Director*); Per Ladegaard (*Group Managing Director*); Niels Tørslev (*Group Managing Director*); Søren Holm (*Group Managing Director*); Kim Duus (*Group Managing Director*) and Bente Overgaard (*Group Managing Director*).

### Use of Proceeds

The net proceeds from the issue of Notes will be applied by the Issuer for general corporate purposes.

### Risk Factors

There are various factors which may affect the ability of the Issuer to fulfil its obligations under the Notes. These include:

- (i) risks relating to the mortgage market and general market conditions in Denmark and, to a lesser extent, in other countries where the Issuer operates, or may operate, in the future;
- (ii) credit risk, including country and settlement risk;
- (iii) market risk and liquidity risk;
- (iv) operational and business risk;
- (v) competition in the mortgage loan business; and
- (vi) the impact of regulatory changes on the Issuer's business.

In addition, there are certain factors which are material for the purpose of assessing the market risks relating to an investment in the Notes. These include:

- (i) the suitability of such an investment by an investor;
- (ii) risks related to the structure of the Notes including that: (a) the claims of Noteholders are subordinated to the claims of Senior Creditors and there is no restriction of the amount of senior liabilities the Issuer may incur; (b) the Issuer may, subject to certain conditions, elect

to cancel, or be required to cancel, any Coupon Payment for any period of time; (c) the shareholders of the Issuer may in certain circumstances and subject to certain conditions reduce and cancel all or part of the outstanding nominal amount of the Notes; and (d) the Notes may be redeemed at the option of the Issuer or upon the occurrence of certain other specified events, affecting the market value of the Notes;

- (iii) Noteholders bear the risk of any withholding tax being imposed on payments of interest or principal in respect of the Notes; and
- (iv) investment laws and regulations may restrict the investment activities of certain potential investors.

### Terms of the Notes

*Status:* The Notes (*Kapitalbeviser*) will constitute direct, subordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves. The Notes will constitute hybrid core capital (*hybrid kernekapital*) within the meaning of Section 132 of the DFBA and will rank *pari passu* with all other present and future hybrid core capital of the Issuer within the meaning of Section 132 of the DFBA. In the event of a distribution of assets in the liquidation or bankruptcy of the Issuer, the Issuer will be required to pay unsubordinated creditors and subordinated creditors of the Issuer holding subordinated debt and all other subordinate loan capital within the meaning of Section 136 of the DFBA in full before it can make any payments on the Notes. The Notes will rank senior to the share capital of the Issuer.

The Notes will not constitute “other securities” (*andre værdipapirer*) within the meaning of Section 1 of the Danish Mortgage-Credit Act.

*Coupon:* Interest on the Notes will accrue from (and including) the Issue Date, and is payable annually in arrear on the Coupon Payment Date in each year, to be set out in the Pricing Notice, commencing on the Coupon Payment Date in 2010 (each a “**Coupon Payment Date**”) at an initial fixed rate to be published in the Pricing Notice which will apply from (and including) the Issue Date to (but excluding) such date in 2015 as shall be set out in the Pricing Notice (the “**First Reset Date**”) and from (and including) the First Reset Date, at a rate, to be reset every five years thereafter, based on the then prevailing 5-year Euro Swap Rate plus a Margin which shall be set out in the Pricing Notice.

*Optional Coupon Cancellation:* On any Coupon Payment Date that is not a Mandatory Coupon Payment Date, the Issuer may, at its option, elect to cancel a payment of a Coupon Amount by giving notice of such election to Noteholders not less than 20 Business Days prior to the relevant Coupon Payment Date. Such cancelled Coupon Amount will be cancelled so that it will never be due and payable. A “Mandatory Coupon Payment Date” is any Coupon Payment Date (to the extent it is not subject to Mandatory Coupon Cancellation, as described below):

- (i) on which the Issuer’s capital base exceeds the capital requirements of the DFBA applicable to the Issuer whether or not such requirements also apply to other similar credit institutions in Denmark (the “**Issuer Capital Requirements**”) and on which the Notes would cease to be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) as hybrid core capital (*hybrid kernekapital*) within the meaning of Section 132 of the DFBA; or
- (ii) on which the Issuer’s capital base exceeds the Issuer Capital Requirements and in respect of which, within the six months prior to such Coupon Payment Date, the Issuer has declared or paid any dividend or made any distribution to the holders of its ordinary shares or made any distribution or other payment on any securities or obligations issued or owed by the Issuer and effectively ranking or expressed to rank *pari passu* with or junior to the Notes (where such distributions are optional), or the Issuer has redeemed, repurchased or otherwise acquired any of its ordinary shares or any junior or parity securities; or
- (iii) on which the Issuer’s capital base exceeds, by 25 per cent. or more, the capital requirements of the DFBA which are generally applicable to credit institutions in Denmark, including the Issuer, or such other laws, regulations, requirements, guidelines and policies then in effect, relating to capital adequacy in the Kingdom of Denmark *provided that* if at any time the Danish Financial Supervisory Authority (the “**Danish FSA**”) has imposed upon the Issuer

Issuer Capital Requirements which are equal to or greater than 125 per cent. of the capital requirements applicable to other similar credit institutions in Denmark, this paragraph (iii) shall apply at any such time when the Issuer's capital base exceeds such Issuer Capital Requirements. The capital requirement is calculated as the higher of: (i) the minimum capital requirement under Basel II transitional rules, and (ii) the minimum capital requirement after Basel II transitional rules. The minimum capital requirement is presently defined in Section 124(2) of the DFBA and does not include the Issuer's internally calculated solvency requirement.

*Mandatory Coupon Cancellation:* The Issuer shall cancel the payment of any Coupon Amount in the following circumstances:

- (1) Interest on the Notes will cease to accrue with effect from the date of approval of the Issuer's audited annual financial statements in respect of a fiscal year ("**Relevant Financial Statements**") if, according to the Relevant Financial Statements, the Issuer has no Available Free Reserves (as defined below). In the event that the Coupon Amount due on the Coupon Payment Date immediately following the date of approval of the Relevant Financial Statements will exceed the Available Free Reserves, such Coupon Amount will be reduced to the amount of such Available Free Reserves, or, if at such time there are no Available Free Reserves, to zero. To the extent that the amount of interest accrued from (and including) the immediately preceding Coupon Payment Date to (but excluding) the date of approval of the Relevant Financial Statements exceeds the amount of the Available Free Reserves, such interest shall be cancelled and as a result it shall never become due and payable. Where subsequent audited annual financial statements of the Issuer disclose Available Free Reserves, accrual of interest will recommence, from (and including) the date of approval of such financial statements.

"**Available Free Reserves**" in respect of any fiscal year (as referred to in Section 132, subsection 1, no. 7 of the DFBA) means the amount of profits transferred to (and remaining in) reserves in respect of previous fiscal years and the amount of profit transferred to reserves in respect of the relevant fiscal year and any other reserves available for distribution as dividends in respect of the relevant fiscal year as calculated by reference to the Issuer's most recent audited annual financial statements, prepared in accordance with Danish law, as reduced by any payments already made since the date of such audited annual financial statements by reference to free reserves disclosed therein.

- (2) The Danish FSA may require the Issuer to cancel the payment of all or part of any Coupon Amount due on any Coupon Payment Date.

The Issuer shall give notice to Noteholders of any mandatory cancellation of a Coupon Amount or part thereof in accordance with the Conditions.

*Dividend Restriction:* Unless or until all Coupon Amounts due and payable on all Coupon Payment Dates falling within any six month period after such Coupon Payment Date on all outstanding Notes have been paid in full, the Issuer is subject to certain restrictions in relation to the declaration and payment of dividends and distributions and the redemption and repurchase of capital.

*Redemption:* The Notes are perpetual. However, the Notes are redeemable at the option of the Issuer in whole, or in part in principal amounts of €200 million, on the First Reset Date or on any Coupon Payment Date thereafter at their then outstanding principal amount together with interest accrued from (and including) the preceding Coupon Payment Date. In addition, the Notes are redeemable at the option of the Issuer in whole but not in part at the higher of (i) their then outstanding principal amount and (ii) the Make-Whole Amount, upon the occurrence of (i) a Tax Event, which cannot be avoided by the Issuer taking reasonable measures available to it, (ii) an Accounting Event or (iii) a Capital Event. Redemption is subject, in all cases, to the approval of the Danish FSA.

*Reduction of amounts of principal and unpaid interest:* The shareholders of the Issuer may resolve to reduce and cancel, *pro rata*, all or part of the outstanding principal amount of the Notes (which will include any unpaid interest accrued from (and including) the Coupon Payment Date immediately preceding the Cancellation Date (as defined below) to (but excluding) the Cancellation Date (the "**Arrears of Interest**")) on a *pro rata* basis with all of the Issuer's other outstanding hybrid core capital

(*hybrid kernekapital*) within the meaning on Section 132 of the DFBA, upon the occurrence of all of the following circumstances:

- the equity (*egenkapital*) of the Issuer has been lost;
- the shareholders of the Issuer have effectively resolved in accordance with Danish law that the value of each of the outstanding shares representing the share capital of the Issuer shall be reduced to zero; and
- following the resolution referred to above, either (x) sufficient share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any such reduction, to comply with the relevant solvency requirements of the DFBA; or (y) the Issuer ceases to carry on its business without a loss for its non-subordinated creditors.

The amount of any such reduction shall be subject to the prior approval of the Issuer's elected external auditors and the Danish FSA and shall first be effected, *pro rata*, in respect of any Arrears of Interest thereon and only when there are no such outstanding Arrears of Interest will the outstanding principal amount of the Notes be reduced.

The reduction and cancellation will take effect on the date specified in the relevant resolution (the "**Cancellation Date**"), and the holders of the Notes will thereafter cease to have any claim in respect of amounts so reduced and cancelled.

*Form and Denomination:* The Notes will be issued in bearer form in the denomination of €1,000. The Notes will be represented initially by the Temporary Global Note, without Coupons, which will be deposited with a common depository for Clearstream Banking, *société anonyme* and Euroclear Bank S.A./N.V. on or about the Issue Date. The Temporary Global Note will be exchangeable for interests in the Global Note, without Coupons, on or after a date which is expected to be on or around 15 December 2009 upon certification as to non-US beneficial ownership as required by US Treasury regulations and as described in the Temporary Global Note. Save in limited circumstances, Notes in definitive bearer form with Coupons and a Talon attached on issue will not be issued in exchange for interests in the Global Note.

#### **Tax**

All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Kingdom of Denmark or any authority therein or thereof having the power to tax, unless such withholding or deduction is required by law, in which case such withholding or deduction shall be made.

#### **Ratings**

The Notes are expected to be rated A3 by Moody's Investors Service Limited and BBB+ by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. As defined by Moody's Investors Service Limited, an "A" rating means that the obligations of the Issuer are considered upper-medium grade and are subject to low credit risk and the modifier "3" indicates that the obligations rank at the lower end of that generic rating category and, as defined by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a "BBB" rating means that the obligations of the Issuer exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation and the modifier "+" indicates a higher relative standing within the rating category.

#### **Selling Restrictions**

Certain restrictions apply in relation to sales of the Notes in the United States, the United Kingdom, the Kingdom of Denmark, Switzerland, Hong Kong and Singapore. In addition, the Public Offer Selling Restriction under the Prospectus Directive will apply.

#### **Listing and Admission to Trading**

Application has been made for the Notes to be listed on the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus 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 2007 and 31 December 2008, together, in each case with the audit report thereon, (ii) the unaudited consolidated interim financial statements of the Issuer for the six-month period ended 30 June 2009, (iii) the audited non-consolidated Income Statement and Balance Sheet of the Issuer for the financial year ended 31 December 2008, (iv) the unaudited non-consolidated interim Income Statement and Balance Sheet of the Issuer for the six-month period ended 30 June 2009 and (v) the Issuer's press release titled "Preliminary Q1-Q3 Interim Report – The Nykredit Realkredit Group" dated 20 October 2009, each of which has been previously published or is published simultaneously with this Prospectus and which has been filed with the CSSF. Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained without charge from the registered office of the Issuer and the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The table below sets out the relevant page references for the audited consolidated and non-consolidated annual financial statements for the financial years ended 31 December 2007 and 31 December 2008 as set out in the Issuer's Annual Reports for such periods and the unaudited consolidated and non-consolidated interim financial statements for the six-month period ended 30 June 2009 as set out in "H1 Interim Report – The Nykredit Realkredit Group". Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only.

### **Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2007**

#### **Nykredit Realkredit A/S Annual Report 2007**

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### **Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008**

#### **Nykredit Realkredit A/S Annual Report 2008**

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**Unaudited consolidated financial statements of the Issuer for the six-month period ended 30 June 2009**

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**Audited non-consolidated Income Statement and Balance Sheet of the Issuer for the financial year ended 31 December 2008**

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**Unaudited non-consolidated interim Income Statement and Balance Sheet of the Issuer for the six-month period ended 30 June 2009**

**H1 Interim Report – 1 January 2009-30 June 2009**

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**The press release titled "Preliminary Q1-Q3 Interim Report – The Nykredit Realkredit Group" dated 20 October 2009**

Whole Document

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

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

*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 the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

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

#### **General**

The Issuer considers the management of risk one of its core competencies. Considerable resources are spent on developing procedures and tools to match the best practices in risk management. The Board of Directors lays down the general risk policies and framework, including the general principles for the management and monitoring of risk. The Board of Directors also decides on the largest credit applications. The Executive Board may, in certain situations, according to rules laid down by the Board of Directors, decide on large credit applications. The Executive Board heads a Credit Committee which is responsible for laying down operational policies and for the approval of applications for major credit facilities.

Nykredit identifies and manages the following main categories of risk:

#### *Credit risk, including settlement and country risk*

Credit risk is the risk of losses because counterparties fail to meet all or part of their obligations towards the Issuer. Credit risk includes:

- settlement risk, which is the risk arising in connection with the settlement of payments for notes, derivatives and other trades where payments are remitted before it is possible to ascertain that the offsetting payments have been transferred to one of the Issuer's accounts.
- country risk, which is the risk of losses arising from the economic or political circumstances in a country. Country risk also encompasses the risk of nationalisation, expropriation and debt restructuring.

Credit risk is mitigated by monitoring credit exposures through the Issuer's credit system. Data on the size and utilisation of all types of loan and commitment are registered in the credit system, as is information on the estimated realisation value of any collateral after deduction of the estimated cost of realising such collateral. Limits have been set for customer exposures. The limits are graduated according to the ratings assigned and the collateral provided. Credit exposures are reviewed on an annual basis as a minimum.

#### *Market risk and liquidity risk*

Market risk is the risk of losses because the market value of the Issuer's assets and liabilities will vary with changes in market conditions, for example, changes in interest rates or currency rates.

Currently, the Issuer's loans are primarily match-funded by the issue of covered bonds with the same maturity and interest profile as the underlying loans. The liquidity risk is therefore primarily limited to the risk of the borrowers not paying interest or principal on the loans when due.

The calculation, monitoring and management reporting of market risk take place on a daily basis. In addition, the Issuer conducts intraday control of the risks in individual business areas. Liquidity risk is mitigated by the design of the liquidity policy. The purpose of the policy is to limit liquidity risk by ensuring that the Issuer always holds sufficient liquidity to meet its obligations as they fall due.

### *Operational risk and business risk*

Operational risk is the risk of losses owing to deficient or erroneous internal procedures, human or system errors, or external events. Business risk is the risk of losses emanating from changes in external circumstances or events that harm the Issuer's image or operational earnings.

To mitigate operational risk, the Issuer has determined an overall policy for operational risk that includes a control policy which sets out rules for ongoing monitoring and mitigation of operational risk. The guidelines are incorporated in written business procedures and in reconciliation and control procedures for relevant areas. It is the Issuer's policy that losses due to errors must be kept to a minimum by putting allocated resources to the best possible use and by employing clear and well-documented procedures and IT systems.

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

The mortgage loan business in Denmark is very competitive. Both traditional and new lenders advertise extensively and use targeted marketing and loyalty schemes in an effort to expand their presence in, or to facilitate their entry into, the market and compete for customers. Increased competition may adversely impact the Issuer's position in the market for mortgage business, which could adversely affect the Issuer's financial position and, in turn, its ability to service the Notes.

### **Economic conditions in general**

The Issuer's assets include loans secured by mortgages over properties which are primarily located in Denmark and, to a lesser extent, in other countries where the Issuer operates or will operate in future. To the extent that these countries constitute a material part of the Issuer's business, the value of the assets, and, therefore, the ability of the Issuer to continue to make timely payments on the Notes, could be adversely affected by adverse developments in the relevant economies and/or real estate markets of such countries.

Since the second half of 2007, disruption in the global credit markets, coupled with the re-pricing of credit risk and the deterioration of the housing markets in the United States and elsewhere, has created increasingly difficult conditions in the financial markets. Among the sectors of the global credit markets that are experiencing particular difficulty due to the current crisis are the markets associated with sub-prime mortgage backed securities, asset backed securities, collateralised debt obligations, leveraged finance and complex structured securities. These conditions have resulted in historic volatility, less liquidity or no liquidity, widening of credit spreads and a lack of price transparency in certain markets. Most recently, these conditions have resulted in the failures of a number of financial institutions in the United States and Europe and unprecedented action by governmental authorities, regulators and central banks around the world. It is difficult to predict how long these conditions will exist and how the Issuer's investments and markets will be adversely affected. These conditions may be exacerbated by persisting volatility in the financial sector and the capital markets, or concerns about, or a default by, one or more institutions, which could lead to significant market-wide liquidity problems, losses or defaults by other institutions. Accordingly, these conditions could adversely affect the Issuer's investments, consolidated financial condition or results of operations in future periods.

### **Business risks**

As a result of its mortgage lending activities, the Issuer is exposed to a variety of risks, the most significant of which are credit risk, market risk, operational risk and liquidity risk. Failure to control these risks could result in adverse effects on the Issuer's financial performance and reputation.

Given that the Issuer's loans in its capital centres are secured by mortgages over real property, the credit risk 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 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 financial position and, in turn, its ability to service the Notes.

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 ability to make payments in full or on a timely basis on the Notes.

### ***Impact of regulatory changes***

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. Changes in supervision and regulation, in particular in Denmark, could materially affect the Issuer's business, the products and services offered or the value of its assets. Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

### **Factors which are material for the purpose of assessing the risks associated with Notes**

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

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement to this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the 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 principal or interest is payable in one or more currencies or where the currency for principal or interest payments is different from the potential investor's currency;
- (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 and such instruments 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 help 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.

### **Risks related to the structure of the Notes**

#### ***The Notes are subordinated***

The Notes (*Kapitalbeviser*) constitute direct, unsecured and subordinated obligations of the Issuer ranking *pari passu* without preference among themselves. The Notes will constitute hybrid core capital (*Kernekapital*) within the meaning of Section 132 of the DFBA and will rank *pari passu* with all other present and future hybrid core capital of the Issuer within the meaning of Section 132 of the DFBA. In the event of a bankruptcy or a liquidation of the Issuer, it will be required to pay unsubordinated creditors and subordinated creditors of the Issuer holding subordinated debt and all other subordinate loan capital within the meaning of Section 136 of the DFBA in full before it can make any payment on the Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay all or any part of any amounts due under the Notes.

The Issuer will be under no obligation to redeem the Notes at any time and holders of the Notes will have no right to put the Notes or call for their redemption.

***The outstanding principal amount of the Notes may be reduced and cancelled by resolution of the Issuer's shareholders in certain circumstances***

As provided in Condition 5(h), the shareholders of the Issuer, by a resolution passed at a general meeting duly convened in accordance with Danish law, may resolve to reduce and cancel, *pro rata*, all or part of the outstanding principal amount of the Notes (including unpaid interest accrued since the immediately preceding Coupon Payment Date), on a *pro rata* basis with all of the Issuer's other outstanding hybrid core capital (*hybrid kernekapital*) within the meaning of Section 132 of the DFBA, upon the occurrence of all of the following circumstances: (i) the equity (*egenkapital*) of the Issuer having been lost; (ii) the shareholders of the Issuer having effectively resolved in accordance with Danish law that the value of each of the outstanding shares representing the share capital of the Issuer be reduced to zero; and (iii) following the resolution referred to in (ii) above, either (x) sufficient share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any such reduction, to comply with the relevant solvency requirements of the DFBA, or (y) the Issuer ceases to carry on its business without a loss for its non-subordinated creditors.

The amount of any such reduction shall be subject to the prior approval of the Issuer's elected external auditors and the Danish FSA and shall first be effected, *pro rata*, in respect of any interest accrued on the Notes since the immediately preceding Coupon Payment Date. Investors should note that while such reduction is not common, it is a real risk and is not limited to the bankruptcy or liquidation of the Issuer.

***Optional and Mandatory cancellation of interest***

The Issuer may, except in respect of a Mandatory Coupon Payment Date, elect to cancel the payment of any Coupon Amount at any time. Any Coupon Amount not paid as a result of such election will be cancelled and as a result it will never be due and payable.

In addition, interest on the Notes will cease to accrue with effect from the date of approval of the Issuer's audited annual financial statements in respect of a fiscal year ("**Relevant Financial Statements**") if, according to the Relevant Financial Statements, the Issuer has no Available Free Reserves (as defined below). In the event that the Coupon Amount due on the Coupon Payment Date immediately following the date of approval of the Relevant Financial Statements will exceed the Available Free Reserves, such Coupon Amount will be reduced to the amount of such Available Free Reserves, or, if at such time there are no Available Free Reserves, to zero.

"**Available Free Reserves**" in respect of any fiscal year (as referred to in Section 132, subsection 1, no. 7 of the DFBA) means the amount of profits transferred to (and remaining in) reserves in respect of previous fiscal years and the amount of profit transferred to reserves in respect of the relevant fiscal year and any other reserves available for distribution as dividends in respect of the relevant fiscal year as calculated by reference to the Issuer's most recent audited annual financial statements, prepared in accordance with Danish law, as reduced by any payments already made since the date of such audited annual financial statements by reference to free reserves disclosed therein.

The Danish FSA may also require the Issuer to cancel the payment of all or part of any Coupon Amount due on any Coupon Payment Date.

Any optional or mandatory cancellation of a Coupon Amount as described above shall not constitute an Event of Default.

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

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Denmark or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If such withholding or deduction is so required,

the Issuer shall make such deduction or withholding from the payment of principal or interest and investors shall therefore receive a reduced payment.

#### ***Modification and waivers***

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

#### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual or certain other persons resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

#### ***Change of law***

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

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

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

##### ***The secondary market generally***

The Notes may not have an established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. 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 a severely 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 the 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. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest rate risks***

Interest on the Notes is payable at a fixed rate. Investment in fixed rate notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

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

The Notes are expected to be rated A3 by Moody's Investors Service Limited and BBB+ by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Any change in the credit ratings assigned to the Notes may affect the market value of the Notes. Such change may, among other factors, be due to a change in the methodology applied by a rating agency to rating securities with similar structures to the Notes, as opposed to any revaluation of the Issuer's financial strength or other factors such as conditions affecting the financial services industry generally. On 17 June 2009, Moody's published a request for comment entitled "Request for Comment: Moody's Proposed Changes to Bank Subordinated Capital" (the "**Request for Comment**"). The Request for Comment asked market participants for comments on its global rating methodology for bank subordinated capital, including hybrid instruments. In particular, the Request for Comment noted that Moody's is considering, among other things, wider notching based on the riskiness of the hybrid instrument's particular features. On 19 October 2009, Moody's announced that it will release its finalised methodology by the end of November 2009 and that any ratings potentially affected by the changes in methodology would be placed on review shortly thereafter.

Prospective investors should be aware that such change in Moody's methodology may result in the Notes being downgraded, potentially to non-investment grade (if the Notes are issued before the new methodology is applied by Moody's to the Notes) or receiving a lower rating than the A3 rating currently expected from Moody's (if the Notes are issued after the new methodology is applied by Moody's to the Notes). It is also possible that the Notes and other hybrid core capital issued by the Issuer may be awarded different ratings by Moody's upon application of its new methodology for rating bank subordinated capital and that, in such a case, the Notes might be rated lower than such other hybrid core capital.

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

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the 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.

## TERMS AND CONDITIONS OF THE NOTES

The issue of the Euro-denominated Perpetual Hybrid Core Capital Notes (the “**Notes**”) was authorised by a resolution of the Board of Directors of Nykredit Realkredit A/S (the “**Issuer**”) passed on 8 October 2009. A fiscal agency agreement dated the date of issue of the Notes (the “**Fiscal Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, Citibank N.A., London Branch as fiscal agent and the paying agents named in it and the Issuer has executed a Statement of Direct Rights dated the date of issue of the Notes (the “**Statement of Direct Rights**”) for the benefit of Noteholders. For the purpose of calculating the rate of interest payable on the Notes from (and including) the First Reset Date (as defined below), the Issuer has entered into an agreement (the “**Calculation Agency Agreement**”) with Goldman Sachs International. The fiscal agent, the calculation agent and the paying agents for the time being are referred to below respectively as the “**Fiscal Agent**”, the “**Calculation Agent**” and the “**Paying Agents**” (which expression shall include the Fiscal Agent). The Fiscal Agency Agreement includes the form of the Notes and the coupons (the “**Coupons**”) and talons for further Coupons (the “**Talons**”) relating to them. Copies of the Fiscal Agency Agreement and the Statement of Direct Rights are available for inspection during normal business hours at the specified offices of the Paying Agents. The holders of the Notes (the “**Noteholders**”) and the holders of the coupons (the “**Couponholders**”) (whether or not attached to the relevant Notes) are deemed to have notice of all the provisions of the Fiscal Agency Agreement and Statement of Direct Rights applicable to them.

### 1 Form, Denomination and Title

- (a) **Form and denomination:** The Notes are serially numbered and in bearer form in the denomination of EUR1,000.
- (b) **Title:** Title to the Notes and Coupons passes by delivery. The holder of any Note or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

### 2 Status

The Notes (*Kapitalbeviser*) will constitute direct, subordinated and unsecured obligations of the Issuer and will rank *pari passu* and without any preference among themselves. The Notes will constitute hybrid core capital (*hybrid kernekapital*) within the meaning of Section 132 of the Danish Financial Business Act (the “**DFBA**”) and will rank *pari passu* with all other present and future hybrid core capital of the Issuer within the meaning of Section 132 of the DFBA. In the event of a distribution of assets in the liquidation or bankruptcy of the Issuer they will rank senior to the share capital of the Issuer. They will not constitute “other securities” (*andre værdipapirer*) within the meaning of Section 1 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc, Act (*lov om realkreditlån og realkreditobligationer m.v.*).

*Section 132 of the DFBA sets out the specific requirements with which securities must comply in order to be classified as hybrid core capital (hybrid kernekapital) for the purposes of the DFBA. Pursuant to the DFBA, hybrid core capital is eligible to be treated by the Issuer to meet up to a certain threshold (specified in the DFBA) of its core capital base, with the relevant threshold amount determined by reference to certain characteristics of the relevant securities. Under current Danish law, the Notes may be classified as hybrid core capital (hybrid kernekapital) and therefore the principal amount of the Notes may be treated by the Issuer as meeting up to 35 per cent. of its core capital requirements.*

### 3 Interest

- (a) **Coupon Payment Dates:** The Notes bear interest from (and including) their date of issue (the “**Issue Date**”) at the rate determined in accordance with Condition 3(b) from time to time (the “**Coupon Rate**”) payable (subject to Condition 4) annually in arrear on the Coupon Payment Date to be set out in the Pricing Notice, in each year (each a “**Coupon Payment Date**”). The period beginning on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period beginning on (and

including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date is called a “**Coupon Period**”. The amount of interest payable on each Note for the Coupon Period (the “**Coupon Amount**”) shall be determined by applying the relevant Coupon Rate to the principal amount of one Note, multiplying such product by the number of days in the relevant period, from (and including) the date from which interest begins to accrue to (but excluding) the date on which it falls due, divided by the number of days in the Coupon Period in which the relevant period falls (including the first such day but excluding the last) and rounding the resulting figure to the nearest euro 0.01 (euro 0.005 being rounded up).

(b) **Coupon Rates:**

- (i) The Coupon Rate in respect of the period (the “**First Fixed Period**”) from (and including) the Issue Date to (but excluding) such date falling in 2015 as will be set out in the Pricing Notice (the “**First Reset Date**”) will be as specified in the Pricing Notice. The Coupon Amount per Note in respect of each Coupon Period falling in the First Fixed Period will be as specified in the Pricing Notice.

*The Coupon Rate applicable in respect of the First Fixed Period will be determined based on the linearly interpolated Euro Swap Rate (as defined below) of the maturity matching the period from the Issue Date until the First Reset Date plus the Margin (to be set out in the Pricing Notice).*

- (ii) The Coupon Rate will be reset on the First Reset Date and every fifth anniversary thereafter (each a “**Reset Date**”) on the basis of the aggregate of the Reset Margin (as defined below) and the Euro Swap Rate (as defined below) for such Reset Period (as defined below) (rounded to four decimal places, with 0.00005 being rounded down), as determined by the Calculation Agent on the relevant Coupon Determination Date (as defined below).

“**Euro Swap Rate**” means, in respect of a Reset Period, the rate for the Reset Date falling on the first day of such Reset Date of the annual swap rate for euro swap transactions maturing on the last day of the Reset Period, expressed as a percentage, which appears on the Reuters Screen ISDAFIX2 Page under the heading “EURIBOR BASIS – EUR” and above the caption “11:00AM FRANKFURT” as of 11:00 a.m. (Frankfurt time) on the Coupon Determination Date. If such rate does not appear on the Reuters Screen ISDAFIX2 Page, the Euro Swap Rate for the Reset Date will be a percentage determined on the basis of the mid-market annual swap rate quotations provided by the Reference Banks (as defined below) at approximately 11:00 a.m. (Frankfurt time) on the Coupon Determination Date. For this purpose the mid-market annual swap rate 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 with a term equal to the Reset Period commencing on the Reset Date and in a Representative Amount (as defined below) with an acknowledged dealer of good credit in the swap market which has a floating leg based on the EURIBOR for six-month euro deposits (calculated on an Actual/360 day count basis) as at 11.00 a.m. (Brussels time) on the Coupon Determination Date. The Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations, 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).

“**Reference Banks**” means five leading swap dealers in the interbank market for euro swap transactions with an equivalent maturity to the Reset Period selected by the Issuer in consultation with the Calculation Agent.

“**Representative Amount**” means an amount that is representative for a single transaction in the relevant market at the relevant time.

**“Reset Margin”** means the Reset Margin as set out in the Pricing Notice and will be calculated as the spread between the Coupon Rate applicable to the First Fixed Period and the prevailing swap rate for a comparable maturity.

**“Reset Period”** means the period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date.

**“Reuters Screen ISDAFIX2 Page”** means the display page on the Reuters Money 3000 Service designated as the “ISDAFIX2” page or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Calculation Agent, for the purpose of displaying the annual swap rates for euro swap transactions with an equivalent maturity to the Reset Period.

- (c) **Determination of the Reset Coupon Rate:** The Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels time) on the second Business Day prior to each Reset Date (the **“Coupon Determination Date”**), determine the Coupon Rate which shall apply to the Reset Period commencing on such Reset Date. The determination of the applicable Coupon Rate by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.
- (d) **Publication of Coupon Rate and Coupon Amount:** The Calculation Agent will cause the applicable Coupon Rate and the corresponding Coupon Amount to be notified to the Fiscal Agent, each of the Paying Agents and any Stock Exchange on which the Notes are for the time being listed and to be notified to Noteholders as soon as possible after their determination but in no event later than the second business day thereafter.
- (e) **Reference Banks and Calculation Agent:** The Issuer will procure that, so long as any Note is outstanding, there shall at all times be the number of Reference Banks provided above (where the Coupon Rate is to be calculated by reference to them) and a Calculation Agent for the purposes of the Notes. If any such bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent, as the case may be, or if the Calculation Agent fails duly to establish the Coupon Rate or to calculate the corresponding Coupon Amount, the Issuer shall appoint some other leading bank engaged in the Euro-zone interbank market (acting through its principal London office) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.
- (f) **Coupon Payments:** Each Note will cease to bear interest from any date fixed for redemption pursuant to Conditions 5(b), 5(c) or 7 unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition (both before and after judgment) 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 seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Noteholders under these Conditions).
- (g) **Notifications etc. to be binding:** All notifications, opinions, determinations, certifications, conditions, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3 by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Issuer, the Calculation Agent, the Paying Agents and on all Noteholders and Couponholders and (in the absence of the aforesaid) no liability to the Noteholders, the Couponholders or the Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties or discretions.

#### **4 Coupon Cancellation**

- (a) **Optional Coupon Cancellation:** On each Coupon Payment Date which is not a Mandatory Coupon Payment Date, the Issuer may elect to cancel any Coupon Amount due on such date, by giving notice of such election to the Noteholders not less than 20 Business Days prior to the relevant Coupon Payment Date. Any Coupon Amount not made as a result of

such election will not cumulate and will be cancelled so that it will never be due and payable.

**“Mandatory Coupon Payment Date”** means any Coupon Payment Date (to the extent it is not a Mandatory Coupon Cancellation Date as defined in Condition 4(b)):

- (1) on which the Issuer’s capital base exceeds the capital requirements of the DFBA applicable to the Issuer whether or not such requirements also apply to other similar credit institutions in Denmark (the **“Issuer Capital Requirements”**) and on which the Notes would cease to be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) as hybrid core capital (*hybrid kernekapital*) within the meaning of Section 132 of the DFBA; or
- (2) on which the Issuer’s capital base exceeds the Issuer Capital Requirements and in respect of which, within the six months prior to such Coupon Payment Date, the Issuer has declared or paid any dividend or made any distribution to the holders of its ordinary shares or made any distribution or other payment on common or discretionary securities or obligations issued or owed by the Issuer and effectively ranking or expressed to rank *pari passu* with or junior to the Notes, or the Issuer has redeemed, repurchased or otherwise acquired any of its ordinary shares or any junior or parity securities; or
- (3) on which the Issuer’s capital base exceeds, by 25 per cent. or more, the capital requirements of the DFBA which are then generally applicable to credit institutions in Denmark, including the Issuer, or such other laws, regulations, requirements, guidelines and policies then in effect, relating to capital adequacy in the Kingdom of Denmark *provided that* if at any time the Danish Financial Supervisory Authority (**“Danish FSA”**) has imposed upon the Issuer Issuer Capital Requirements which are equal to or greater than 125 per cent. of the capital requirements applicable to other similar credit institutions in Denmark, this paragraph (3) shall apply at any such time when the Issuer’s capital base exceeds such Issuer Capital Requirements.

Any cancellation of interest pursuant to this Condition 4(a) shall not constitute an Event of Default.

*The capital requirement is calculated as the higher of: (i) the minimum capital requirement under Basel II transitional rules, and (ii) the minimum capital requirement after Basel II transitional rules. The minimum capital requirement is presently defined in Section 124(2) of the DFBA and does not include the Issuer’s internally calculated solvency requirement. The rights of the Danish FSA to impose Issuer Capital Requirements is presently defined in Section 124(5).*

(b) **Mandatory Coupon Cancellation:**

Any Coupon Payment Date on which a Coupon Amount is required to be cancelled pursuant to Condition 4(b)(1) or 4(b)(2) below, is referred to as a **“Mandatory Coupon Cancellation Date”**

- (1) *No Available Free Reserves:* Interest on the Notes will cease to accrue with effect from the date of approval of the Issuer’s audited annual financial statements in respect of a fiscal year (**“Relevant Financial Statements”**) if, according to the Relevant Financial Statements, the Issuer has no Available Free Reserves (as defined below). In the event that the Coupon Amount due on the Coupon Payment Date immediately following the date of approval of the Relevant Financial Statements will exceed the Available Free Reserves, such Coupon Amount will be reduced to the amount of such Available Free Reserves, or, if at such time there are no Available Free Reserves, to zero.

To the extent that the amount of interest accrued from (and including) the immediately preceding Coupon Payment Date to (but excluding) the date of approval of the Relevant Financial Statements exceeds the amount of the Available Free Reserves, such interest shall be cancelled and shall not cumulate. Where interest has ceased to accrue in respect of any Coupon Period, or consecutive Coupon Periods, and subsequent audited annual financial statements of the Issuer disclose Available Free

Reserves, accrual of interest will recommence, provided however, that the amount of the first Coupon Amount due after the date of approval of such audited annual financial statements will be limited to the amount accrued from (and including) the date of approval of such audited annual financial statements to (but excluding) the immediately following Coupon Payment Date.

For the purposes of this Condition, “**Available Free Reserves**” in respect of any fiscal year (as referred to in Section 132, subsection 1, no. 7 of the DFBA means the amount of profits transferred to (and remaining in) reserves in respect of previous fiscal years and the amount of profit transferred to reserves in respect of the relevant fiscal year and any other reserves available for distribution as dividends in respect of the relevant fiscal year as calculated by reference to the Issuer’s most recent audited annual financial statements, prepared in accordance with Danish law, as reduced by any payments already made since the date of such audited annual financial statements by reference to free reserves disclosed therein.

- (2) **Danish FSA Mandatory Cancellation:** The Danish FSA may require the Issuer to cancel the payment of all or part of any Coupon Amount due on any Coupon Payment Date as a result of the Issuer’s financial and solvency situation.

In the event that less than the full amount of any Coupon Amount is due to be made on any Coupon Amount Date in accordance with these Conditions, the amount to be paid to any Noteholder will represent a *pro rata* share of the full amount available for payment, calculated by the Issuer by reference to the principal amount of the Notes held by such Noteholder as a proportion of the total outstanding nominal amount of Notes plus the outstanding nominal amount of any capital instruments outstanding which effectively rank *pari passu* with the Notes. Any Coupon Amount or part thereof which has not been made in accordance with these provisions will be cancelled and will not fall due at any time thereafter. The Issuer shall give notice in accordance with Condition 13 of any cancellation of a Coupon Amount or part thereof.

Any cancellation of interest pursuant to this Condition 4(b) shall not constitute an Event of Default.

- (c) **Dividend etc. Suspension:** The Issuer shall not declare, pay or make any dividend or other distribution on any class of its ordinary share capital nor shall the Issuer redeem, repurchase or otherwise acquire (i) any of its ordinary share capital; (ii) any securities ranking or expressed to rank *pari passu* with the Notes; or (iii) any obligations of the Issuer expressed to rank junior to the Notes, until Coupon Amounts due and payable on all Coupon Payment Dates falling in any six month calendar period after such Coupon Payment Date on all outstanding Notes have been paid in full (or an amount equal to the same has been duly set aside or provided for in full for the benefit of the Noteholders). Notwithstanding the restriction set out in this Condition 4(c), the Issuer may take such actions (x) in connection with transactions effected by or for the account of customers of the Issuer in connection with distribution, trading or market making in respect of those securities; (y) in connection with the satisfaction by the Issuer of its obligations under any existing or future employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Issuer or any of its Subsidiaries (as defined below); or (z) otherwise as required by law.

“**Subsidiaries**” has the meaning given to it in Section 2 of the Danish Companies Act.

## 5 Redemption, Purchase and Reduction of Amounts of Principal and Unpaid Interest

- (a) **No Final Redemption:** The Notes are perpetual and therefore have no maturity date.
- (b) **Issuer Call Option:** Subject as provided in Condition 5(g) the Issuer may, by giving not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 13 and to the Fiscal Agent, which notice shall be irrevocable, elect to redeem all or part, in principal amounts of €200 million, of the Notes on the First Reset Date or on any Coupon Payment Date thereafter at their then outstanding principal amount.

(c) **Redemption following a Tax Event, Capital Event or Accounting Event:**

- (1) *Tax Event:* The Issuer may, at its option (but subject as provided in Condition 5(g)) and having given no less than 30 nor more than 60 days' notice in accordance with Condition 13 (which notice shall be irrevocable), redeem all (but not some only) of the Notes at any time prior to the First Reset Date, if, as a result of (i) any amendment to or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of the Kingdom of Denmark, or any political subdivision thereof or any authority or agency therein or thereof having power to tax, affecting taxation or (ii) any amendment to, or change in, the official position or the interpretation of any such laws, treaties, or regulations, by any legislative body, court, governmental authority or regulatory body, which amendment or change occurs on or after the date of the Pricing Notice, the Issuer determines that there is more than an insubstantial risk that: (x) the Issuer is, or will be, subject to more than a *de minimis* amount of taxes, duties, assessments or other governmental charges of whatever nature or civil liabilities with respect to the Notes ("**Additional Tax Amount**"), or (y) the Issuer's treatment of items of expense with respect to the Notes as deductible interest expense for Danish tax purposes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental changes, which, in either case, cannot be avoided by the Issuer taking reasonable measures available to it.
- (2) *Capital Event:* The Issuer may, subject as provided in Condition 5(g) and having given no less than 30 nor more than 60 days' notice in accordance with Condition 13 (which notice shall be irrevocable), redeem all (but not some only) of the Notes at any time, prior to the First Reset Date, if the Issuer is advised by the Danish FSA that the total outstanding principal amount of the Notes is not eligible for inclusion as hybrid core capital (*hybrid kernekapital*) of the Issuer (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital).
- (3) *Accounting Event:* The Issuer may, subject as provided in Condition 5(g) and having given no less than 30 nor more than 60 days' notice in accordance with Condition 13 (which notice shall be irrevocable), redeem all (but not some only) of the Notes at any time prior to the First Reset Date, if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered an opinion to the Fiscal Agent, stating that as a result of a change in accounting principles the obligations of the Issuer in respect of the Notes may not or may no longer be recorded as "liability" in the annual consolidated financial statements of the Issuer pursuant to the International Financial Reporting Standards ("**IFRS**") or any other accounting standards that may replace IFRS for the purposes of preparing the annual consolidated financial statements of the Issuer.
- (4) *Redemption Amount:* Where the Notes are redeemed prior to the First Reset Date upon the occurrence of a Tax Event, Capital Event or Accounting Event (the due date of redemption in respect of which shall be the "**Special Event Redemption Date**"), the redemption amount per Note due on the relevant Special Event Redemption Date shall be equal to an amount equal to the greater of (i) 100 per cent. of the then outstanding principal amount of such Note and (ii) the Make Whole Amount (as defined below), and will include any unpaid interest accrued with respect to such Note from (and including) the Coupon Payment Date immediately preceding the Special Event Redemption Date, to, (but excluding) the Special Event Redemption Date (which, for the avoidance of doubt, shall exclude interest which has been cancelled in accordance with Condition 4(a) or 4(b)). All Notes which are redeemed pursuant to a Tax Event, Capital Event or Accounting Event will forthwith be cancelled and accordingly may not be reissued or resold.
- (5) *Definitions:* For the purposes of this Condition 5(c):  
"**Adjusted Yield**" means the gross redemption yield on the relevant Comparable Security plus the applicable Special Margin;

**“Comparable Security”** means the comparable security set out in the Pricing Notice;

**“Make Whole Amount”** means an amount equal to (i) the present value of the outstanding principal amount of the Notes discounted from the next Reset Date to the Special Event Redemption Date, plus (ii) the aggregate of the present values of scheduled annual interest payments from the Special Event Redemption Date to and including the next Reset Date. The present values calculated in (i) and (ii) of this paragraph shall be calculated by discounting the relevant amounts to the Special Event Redemption Date on an annual basis at the Adjusted Yield; and

**“Special Margin”** means the special margin set out in the Pricing Notice.

*Under the DFBA, the Danish FSA may not give approval for the redemption of the Notes earlier than the date falling five years after the Issue Date. Therefore, in the absence of a change in the DFBA, the Issuer would not be in a position to redeem the Notes within five years of the Issue Date. Even after such time, approval for such redemption remains at the discretion of the Danish FSA. See Condition 5(g) below.*

Before the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (where applicable in the case of a Tax Event) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amount as a result of such change or amendment described in Condition 5(c)(1).

- (d) **Notice of redemption and drawings:** All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition. In the case of a partial redemption pursuant to Condition 5(b) the notice shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.
- (e) **Purchases:** Subject as provided in Condition 5(g), the Issuer and any Subsidiary of the Issuer may, at any time, purchase Notes in the open market or otherwise at any price (provided that, if they should be cancelled pursuant to Condition 5(f), they are purchased together with all unexchanged Talons relating thereto). The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Noteholder to vote at any meetings of Noteholders and shall not be deemed to be outstanding for the purposes of determining a quorum at any meeting of Noteholders or for the purposes of Condition 11(a).
- (f) **Cancellation:** Except as provided in subsection 7 of Section 132 of the DFBA, all Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unexchanged Talons to the Fiscal Agent and, if so surrendered, shall, together with all Notes deemed by the Issuer, be cancelled forthwith (together with all unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (g) **Conditions to Redemption and Purchase:** The Issuer will not redeem any Notes pursuant to Conditions 5(b) or 5(c), nor purchase (and will procure that no Subsidiary will purchase) any Notes pursuant to Condition 5(e), nor agree to any modification of these Conditions without first consulting with, and obtaining the prior written approval of, the Danish FSA, except as provided in subsection 7 of Section 132 of the DFBA.
- (h) **Reduction of amounts of principal and unpaid interest:** The shareholders of the Issuer, by a resolution passed at a general meeting duly convened in accordance with Danish law, may resolve to reduce and cancel, *pro rata*, all or part of the outstanding principal amount of the Notes (which will include any unpaid interest accrued with respect to the Notes from

(and including) the Coupon Payment Date immediately preceding the Cancellation Date (as defined below) to (but excluding) the Cancellation Date (but which, for the avoidance of doubt, shall exclude any interest which has been cancelled in accordance with Condition 4(a) or 4(b) (the “**Arrears of Interest**”)) on a *pro rata* basis with all of the Issuer’s other outstanding hybrid core capital (*hybrid kernekapital*) within the meaning on Section 132 of the DFBA, upon the occurrence of all of the following circumstances:

- (i) the equity (*egenkapital*) of the Issuer has been lost;
- (ii) the shareholders of the Issuer have effectively resolved in accordance with Danish law that the value of each of the outstanding shares representing the share capital of the Issuer shall be reduced to zero; and
- (iii) following the resolution referred to in paragraph (ii) above, either (x) sufficient share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any such reduction, to comply with the relevant solvency requirements of the DFBA; or (y) the Issuer ceases to carry on its business without a loss for its non-subordinated creditors.

The amount of any such reduction shall be subject to the prior approval of the Issuer’s elected external auditors and the Danish FSA and shall first be effected, *pro rata*, in respect of any Arrears of Interest thereon and only when there are no such outstanding Arrears of Interest will the outstanding principal amount of the Notes be reduced.

The reduction and cancellation will take effect on the date specified in the relevant resolution approving any such reduction and cancellation of the outstanding principal amount of the Notes and any Arrears of Interest thereon (the “**Cancellation Date**”), and the holders of the Notes will thereafter cease to have any claim in respect of amounts so reduced and cancelled. The Issuer will give notice in accordance with Condition 13 of any such reduction and cancellation immediately following the passing of such resolution. To the extent that only part of the outstanding principal amount of the Notes or Arrears of Interest thereon has been so reduced, interest will continue to accrue in accordance with the terms of the Notes on the then outstanding nominal amount of the Notes.

Non-payment of principal in accordance with this Condition 5(h) shall not constitute an Event of Default.

## 6 Payments

- (a) **Method of Payment:** Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes (as the case may be) at the specified office of any Paying Agent by transfer to a euro account maintained by the payee with, a bank in a city in which banks have access to the TARGET System. Payments of interest due in respect of any Note other than on presentation shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

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

- (b) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (c) **Surrender of unmatured Coupons:** Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined below) for the relevant payment of principal.

For the purpose of this Condition, “**Relevant Date**” means, in respect of any Note or Coupon, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is given to Noteholders by the Fiscal Agent that, upon further presentation of such Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

- (d) **Talons:** On or after the Coupon Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (e) **Payments on Business Days:** A Note or Coupon may only be presented for payment on a day which is a Business Day in the place of presentation (and, in the case of payment by transfer to a euro account, a day on which the TARGET System is operating). No further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under this Condition 6 falling after the due date. In these Conditions “**Business Day**” means a day on which commercial banks and foreign exchange markets are open in the relevant city.
- (f) **Paying Agents:** The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Fiscal Agent, (ii) Paying Agents having specified offices in at least two major European cities and (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

## 7 Events of Default

Any one or more of the following events shall constitute an Event of Default in respect of the Notes:

- (a) **Non-Payment:** subject to the provisions of Condition 4 and 5(h), there is a failure to make payment of any principal or interest in respect of the Notes within seven days of the relevant due date; or
- (b) **Bankruptcy, etc.:** an order is made or an effective resolution is passed for the bankruptcy or liquidation of the Issuer.

If an Event of Default shall have occurred and be continuing, any Noteholder may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit (other than filing a petition for bankruptcy) to enforce any obligation or other provision binding on the Issuer under the Notes provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except that, if an order is made or an effective resolution is passed for the bankruptcy or liquidation of the Issuer, then the Notes shall become immediately due and payable at their principal amount then outstanding together with interest (if any) accrued from (and including) the Coupon Payment Date immediately preceding the date of such order or resolution, as the case may be, to (but excluding) such date.

## 8 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 the Kingdom of Denmark or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, in which case such withholding or deduction shall be made.

## 9 Prescription

Claims against the Issuer for payment in respect of the Notes or Coupons (which for this purpose shall not include Talons) shall be subject to limitation under the Danish Limitation Act (*Lov om forældelse af fordringer*) 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.

## 10 Replacement of Notes

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of the then prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## 11 Meetings of Noteholders and Modification

- (a) **Meetings of Noteholders:** The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the terms of redemption of the Notes or any date for payment of interest on the Notes, (ii) to reduce or cancel the nominal amount payable on redemption of the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or amount of interest or the basis for calculating interest in respect of the Notes, (iv) to vary any method of, or basis for, calculating the redemption amount under Condition 5(c)(4), (v) to vary the currency of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

For the avoidance of doubt, no modification of these Conditions shall be made without the written consent of the Issuer.

- (b) **Modification of Fiscal Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

## 12 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to

the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

### **13 Notices**

Notices to Noteholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) and (so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) published either on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a leading newspaper having general circulation in Luxembourg (which is expected to be *the Luxemburger Wort*) or, if such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

### **14 Governing Law**

- (a) **Governing Law:** The Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, Danish law.
- (b) **Jurisdiction:** The courts of the Kingdom of Denmark shall have exclusive jurisdiction to hear and determine any suit, action or proceedings (“**Proceedings**”) and to settle any disputes which may arise out of or in connection with the Notes and, for such purposes, the Issuer irrevocably submits to the jurisdiction of such courts.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

The Temporary Global Note and the Global Note contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

### **1 Exchange**

The Temporary Global Note is exchangeable in whole or in part for interests in the Global Note on or after a date which is expected to be on or around 15 December 2009, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. The Global Note is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the Definitive Notes described below if (i) the Global Note is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if principal in respect of any Notes is not paid when due and payable. Thereupon, the holder may give notice to the Fiscal Agent of its intention to exchange the Global Note for Definitive Notes on or after the Exchange Date (as defined below) specified in the notice.

If principal in respect of any Notes is not paid when due and payable the holder of the Global Note may, by notice to the Fiscal Agent (which may but need not be the default notice referred to in “– Default” below), require the exchange of a specified principal amount of the Global Note (which may be equal to or (provided that, if the Global Note is held by or on behalf of a clearing system, that clearing system agrees) less than the outstanding principal amount of Notes represented thereby) for Definitive Notes on or after the Exchange Date specified in such notice.

On or after the Exchange Date the holder of the Global Note may surrender the Global Note to, or to the order of, the Fiscal Agent. In exchange for the Global Note, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes (having attached to them all Coupons and one Talon in respect of interest which has not already been paid on the Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Fiscal Agency Agreement. On exchange of the Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Notes.

“**Exchange Date**” means a day falling not less than 60 days or, in the case of exchange pursuant to (i) above, 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

### **2 Payments**

No payment will be made on the Temporary Global Note unless exchange for an interest in the Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by the Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of the Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 6(f)(iii) will apply to the Definitive Notes only.

### **3 Notices**

So long as the Notes are represented by the Global Notes and the Global Note is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions except that, so long as the Notes are listed on the Luxembourg Stock Exchange’s regulated market and the rules of that Exchange so require, notices shall also be

published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

#### **4 Prescription**

Claims against the Issuer in respect of principal, premium and interest on the Notes while the Notes are represented by the Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal and premium) and 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.

#### **5 Meetings**

The holder of the Global Note shall (unless the Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €1,000 in principal amount of Notes.

#### **6 Purchase and Cancellation**

Cancellation of any Note required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Note.

#### **7 Default**

The Global Note provides that the holder may cause the Global Note or a portion of it to become due and payable in the circumstances described in Condition 7 by stating in the notice to the Fiscal Agent the principal amount of Notes which is being declared due and payable. If principal in respect of any Note is not paid when due and payable, the holder of the Global Note may elect that the Global Note becomes void as to a specified portion and that the persons entitled to such portion, as accountholders with a clearing system, acquire direct enforcement rights against the Issuer pursuant to the Statement of Direct Rights. Any optional or mandatory cancellation of interest pursuant to Condition 4 shall not constitute an Event of Default.

#### **8 Call Option**

No drawing of Notes will be required under Condition 5(d) in the event that the Issuer exercises its call option in Condition 5(b) while the Notes are represented by the Global Note in respect of less than the aggregate principal amount of Notes outstanding. In such event, the rights of accountholders with Euroclear or Clearstream, Luxembourg, will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg at the time of such exercise.

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes, the amount of which will be specified in the Pricing Notice, will be applied by the Issuer for general corporate purposes.

## DESCRIPTION OF THE ISSUER

The following description of the Issuer is based on the unaudited consolidated interim financial statements for the six-month period ended 30 June 2009. Investors' attention is also drawn to the Issuer's press release titled "Preliminary Q1-Q3 Interim Report – The Nykredit Realkredit Group" dated 20 October 2009 incorporated by reference herein. The unaudited consolidated interim financial statements in the respect of the nine-month period ended 30 September 2009 are expected to be published on or around 5 November 2009.

### 1 BACKGROUND

The Danish mortgage credit system is among the oldest in the world and dates back to the great fire of Copenhagen in 1797.

Mortgage associations were established so that members of these associations were able to reduce their borrowing costs by combining their resources and funding members' loans through the issuance of mortgage bonds secured on real property.

The creation of mortgage associations provided a cheap and effective lending system in Denmark, and today the Danish mortgage credit sector contributes significantly to the Danish economy.

Nykredit Realkredit A/S ("**Nykredit**" or the "**Issuer**") is registered in Denmark with CVR no. 12719280. Nykredit was founded as a mortgage association 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, whereby mortgage loans were provided to commercial and retail customers through external distribution channels. In 1989 the mortgage credit sector in Denmark was deregulated which meant that banks were allowed to establish mortgage banks (*realkreditinstitutter*) and mortgage associations were allowed to convert into limited companies.

As a result of the deregulation of the mortgage credit sector, Nykredit began to develop 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 limited company – a mortgage bank – with a holding company structure. As part of the conversion, Nykredit transferred its assets and liabilities through its holding company Nykredit Holding A/S to the mortgage bank Nykredit A/S (renamed Nykredit Realkredit A/S in 2002) which continued the mortgage activities of the former mortgage association. Foreningen Nykredit (the Nykredit Association), the members of which were the mortgage borrowers of the mortgage association, became the sole owner of Nykredit Holding A/S at the time of conversion. In 1992 Nykredit Realkredit A/S merged with IRF Industrifinansiering providing Industriens Realkreditfond (the Industrial Mortgage Fund of Denmark) with a stake in Nykredit Holding A/S.

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

In 2002 and 2003 Nykredit entered into a number of strategic partnerships with Jyske Bank, Amagerbanken and Spar Nord Bank for the distribution of Nykredit's mortgage loans with the aim of strengthening distribution to retail customers. At the same time, Nykredit acquired strategic shareholdings of up to 10 per cent. in these banks.

To further strengthen its distribution capacity to retail customers, Nykredit acquired the mortgage bank Totalkredit A/S ("**Totalkredit**") in November 2003. Totalkredit operates solely as a mortgage bank, providing mortgage loans to retail customers through a distribution network of approximately 100 local and regional banks. Together, these local and regional banks own the company, PRAS A/S, which, following Nykredit's acquisition of Totalkredit, has become a shareholder in Nykredit Holding A/S.

In October 2008, Nykredit bought Forstædernes Bank A/S. In May 2009, it was decided to fully integrate Forstædernes Bank A/S into the Nykredit Group as part of the group strategy towards 2013. Forstædernes Bank is expected to be fully integrated by 1 April 2010.

The Nykredit Group is the second largest lender in Denmark with a market share of total domestic retail lending of 32 per cent. as at 31 December 2007 according to the Danish Association of Mortgage Banks.

In Denmark, mortgage banks and banks account for almost all lending. As at 31 December 2008, mortgage banks accounted for total lending in Denmark of DKK 2,187 billion (EUR 293.5 billion), while banks accounted for total lending of DKK 1,752 billion (EUR 235.2 billion).

The Danish mortgage banking sector consists of seven mortgage banks, with the Nykredit Group (including Totalkredit) and Realkredit Danmark (part of the Danske Bank Group) accounting for more than 70 per cent. of the mortgage bank lending market between them. Nordea Kredit, BRFkredit and DLR Kredit account for most of the remainder.

## 2 OWNERSHIP AND LEGAL STRUCTURE

Nykredit is wholly owned by Nykredit Holding A/S, the only activity of which is the ownership of Nykredit. The Nykredit Association (*Foreningen Nykredit*) is the largest shareholder in Nykredit Holding A/S. The business activities of the Nykredit Group are carried out by Nykredit, which operates its mortgage business and other activities directly and also through its subsidiaries Totalkredit, Nykredit Bank, Forstædernes Bank A/S, Nykredit Forsikring A/S ("**Nykredit Forsikring**"), Nykredit Mægler A/S and Nykredit Ejendomme A/S.

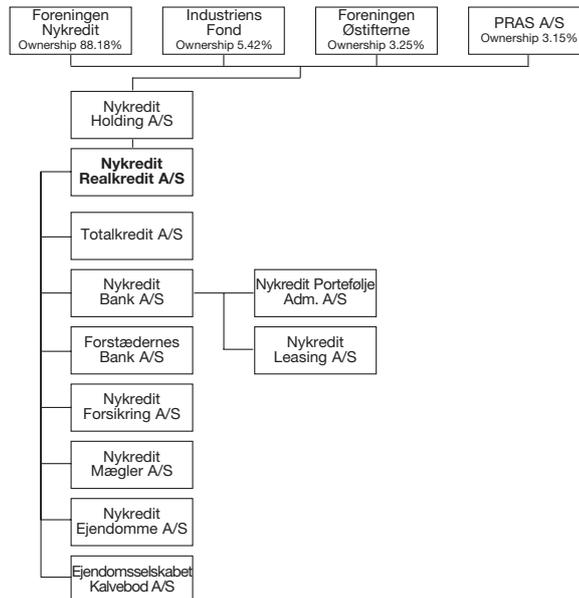
In September 2007, the Nykredit Group launched a three year dividend plan involving expected distributions of dividends of DKK 500 million annually by Nykredit to Nykredit Holding A/S, and then to the shareholders of Nykredit Holding A/S in respect of the financial years ended 31 December 2007, 2008 and 2009, provided that no material financial circumstances prevent such distribution in these years.

As part of the dividend plan, an extraordinary dividend of DKK 500 million was paid by Nykredit to its shareholder Nykredit Holding A/S in November 2007 and a second dividend payment of DKK 500 million was made in April 2008. No dividend was paid in respect of the 2008 financial year. No dividend was paid prior to 2007.

As at the date of this Prospectus, the shareholding in Nykredit Holding A/S is as follows:

| <u>Shareholders of Nykredit Holding A/S</u>                                   | <u>Percentage of ordinary shares (%)</u> |
|---|--|
| <i>Foreningen Nykredit</i> (the Nykredit Association) . . . . .               | 88.18                                    |
| <i>Industriens Realkreditfond</i> (Industrial Mortgage Fund of Denmark) . . . | 5.42                                     |
| <i>Foreningen Østifterne</i> (The Østifterne Association) . . . . .           | 3.25                                     |
| <i>PRAS A/S</i> . . . . .   | 3.15                                     |

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



The Nykredit Group had total assets of DKK 1,242 billion as at 30 June 2009. The Group's shareholders' equity was DKK 52.5 billion as at 30 June 2009, and its profit was DKK 1,634 million for the six month period ended 30 June 2009. As at 30 June 2009 the Nykredit Group had an average of 4,618 staff on a full-time equivalent basis.

### 3 NYKREDIT LICENSED BUSINESS AREAS

Nykredit Realkredit A/S is licensed to carry on:

- mortgage banking by granting loans funded by ROs, SDROs or SDOs; and
- business as a securities dealer related to the mortgage banking activities.

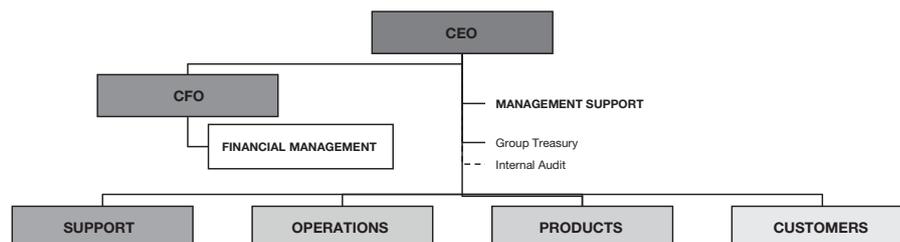
Nykredit Realkredit A/S carries on other financial business through its subsidiaries:

- mortgage banking (Totalkredit);
- banking (retail and investment banking) (Nykredit Bank and Forstædernes Bank A/S);
- insurance (Nykredit Forsikring);
- commercial and retail estate agency (Nykredit Mægler A/S);
- ownership and administration of office properties occupied by Nykredit (Nykredit Ejendomme A/S); and
- ownership and administration of commercial property (Ejendomsselskabet Kalvebod A/S).

### 4 NYKREDIT GROUP BUSINESS ACTIVITIES

The Nykredit Group is organised into four group units – Customers, Products, Operations and Support. The activities of the group units are coordinated across group entities, as set out in the diagram below.

#### Group Executive Board - responsibilities



#### 4.1 Customers

The mortgage banking activities remain the Group's core business. Group mortgage lending at fair value totalled DKK 943 billion as at 30 June 2009.

Bank lending, excluding reverse transactions, totalled DKK 66 billion as at 30 June 2009. Nykredit Forsikring recorded premium income of DKK 639 million for the six month period ended 30 June 2009.

Nykredit and Totalkredit's largest business activity is lending for housing purposes. As at 30 June 2009 lending for owner-occupied dwellings totalled 62.0 per cent. of Nykredit's bond debt outstanding from domestic lending, equal to DKK 591 billion. In this Prospectus, bond debt refers only to mortgage bonds (*realkreditobligationer* or ROs), covered mortgage bonds (*særligt dækkede realkreditobligationer* or SDROs) and covered bonds (*særligt dækkede obligationer* or SDOs) and includes bonds issued directly out of Totalkredit. Lending for rental dwellings totalled 15.7 per cent. of the bond debt outstanding, equal to DKK 150 billion. In total, lending for housing purposes totalled 77.7 per cent. of the bond debt outstanding as at 30 June 2009 (as set out below):

| <b>Nykredit's bond debt outstanding from domestic lending, as at 30 June 2009</b> | <b>Percentage (%)</b> |
|---|-----------------------|
| Owner occupied dwellings . . . . .  | 62.0                  |
| Private rental housing . . . . .  | 8.8                   |
| Trade and industry . . . . .  | 2.7                   |
| Office and retail . . . . .   | 8.3                   |
| Agriculture . . . . .   | 10.0                  |
| Subsidied housing . . . . .   | 6.9                   |
| Other . . . . .   | 1.4                   |

##### 4.1.1 RETAIL CUSTOMERS

The Group's multi-channel strategy means that retail customers are served through approximately 50 retail centres, approximately 100 partnership banks, approximately 90 insurance agents, approximately 330 estate agencies (the Nybolig and Estate agency chains) and the Group's website. With the acquisition of Forstædernes Bank in November 2008, approximately 20 retail and commercial centres have been added to the distribution channel.

Under the "Nykredit" brand, retail customers are offered bank, mortgage, insurance, investment and pension products. Retail Customers also caters for the Group's customers with part-time farming businesses.

Under the "Totalkredit" brand, retail customers are offered mortgage loans by Danish local and regional banks.

The partnership banks provide Totalkredit mortgage loans to retail customers in accordance with a partnership agreement. The agreement is based on a specific right of set-off, which means that Totalkredit may enforce the right of set-off against the partnership bank in case of recognised losses on the loan granted against the partnership bank's right to commission from Totalkredit.

The amounts under the right of set-off are calculated in connection with the issue of the loan offer as the part of the loan in cash exceeding 60 per cent. of the cash mortgageable value of the property. The partnership bank receives commission, payable throughout the loan term, for the loan and for the obligations that follow from the distribution of responsibilities between Totalkredit and the partnership bank. Totalkredit may subsequently offset any losses recognised on the loan granted against the current commission payments from Totalkredit to the partnership bank on future commission payment dates until all losses recognised have been covered.

Since the acquisition of Totalkredit in 2003, Nykredit's cooperation with Danish local and regional banks has expanded into other product areas. The Totalkredit partnership still accounts for the majority of the activities.

#### 4.1.2 COMMERCIAL CUSTOMERS

Commercial Customers comprises activities aimed at all types of businesses including the agricultural and rental housing segments. Products are distributed through 26 commercial centres offering all of the Group's products within financial services including long-term finance, banking products, leasing, investment and insurance solutions.

The following table shows the Group's share of the domestic commercial lending market, as at 30 June 2009, across each lending segment:

The Commercial Customers area of Nykredit covers the following lending segments:

| Lending segment                | Share of Nykredit's<br>bond debt outstanding<br>as at 30 June 2009 (%) |
|--------------------------------|--|
| Subsidised housing . . . . .   | 6.9  |
| Private rental . . . . .       | 8.8  |
| Office and retail . . . . .    | 8.3  |
| Industrial and trade . . . . . | 2.7  |
| Agricultural. . . . .          | 6.9  |
| Other . . . . .                | 1.4  |

#### 4.2 Products

Products is responsible for group product strategy, product development, implementation and administration as well as product-specific training and advisory services. In addition to this, the group unit ensures that customer-oriented units have access to the required advisory tools.

##### 4.2.1 International Activities

Nykredit offers Danish private residential mortgages for properties in France and Spain. The customer base consists of Danish citizens and Swedish or Norwegian citizens residing in France or Spain.

In order to offer customers local services and advice, Nykredit opened a representative office in Cannes, in the south of France, at the beginning of 2004 and a similar representative office was opened in Marbella, in the south of Spain, in June 2004.

As at 31 December 2008, lending at the French and Spanish branches totalled DKK 2.4 billion and DKK 1.8 billion, respectively.

Nykredit also offers private residential mortgages in Poland via partnerships with Polish banks and other brokers. Lending through the Polish branch totalled approximately DKK 1.9 billion as at 31 December 2008. A decision was made in November 2008 to close down new lending through the Polish branch.

In cooperation with Sydbank, Nykredit started offering Danish private residential mortgages for properties in northern Germany to Sydbank's German and Danish customers in 2007.

Nykredit offers Danish mortgages for properties abroad owned by Danish and selected international corporate customers. Geographically, Nykredit offers property finance in England, Norway, Sweden, Germany and Finland.

#### 4.3 Operations

Operations is responsible for group production and administration functions, IT operations and development, customer service and digital channels.

#### 4.4 Support

Support is responsible for group HR functions and facility management.

### 5 CAPITAL STRUCTURE

The table below shows Nykredit's capital structure and capital adequacy ratio.

| DKK million  | 2006          | 2007          | as at 30 June   |                 | 2009          |
|--|---------------|---------------|-----------------|-----------------|---------------|
|  | Basel 1       | Basel 1       | 2007<br>Basel 2 | 2008<br>Basel 2 | Basel 2       |
| Total core capital . . . . .                             | 51,785        | 54,200        | 54,200          | 50,480          | 50,036        |
| Hybrid capital . . . . .                                 | 3,730         | 3,622         | 3,622           | 3,548           | 4,183         |
| Total core capital including<br>hybrid capital . . . . . | 55,515        | 57,822        | 57,822          | 54,028          | 54,219        |
| Supplementary capital . . . . .                          | 5,264         | 4,037         | 4,037           | 3,723           | 4,771         |
| Deductions . . . . .                                     | (5,497)       | (6,519)       | (7,859)         | (4,660)         | (5,067)       |
| <b>Capital base . . . . .</b>                            | <b>55,282</b> | <b>55,340</b> | <b>54,000</b>   | <b>53,091</b>   | <b>53,923</b> |
| Capital adequacy ratio in terms of                       |               |               |                 |                 |               |
| – capital base . . . . .                                 | 11.8%         | 10.3%         | 17.9%           | 17.2%           | 16.7%         |
| – core capital . . . . .                                 | 11.0%         | 9.7%          | 17.2%           | 16.4%           | 15.5%         |

As at 31 December 2008, Nykredit's share capital was DKK 1,182,215,700, divided into shares of DKK 100. Nykredit has only one class of shares, and all shares confer the same rights on shareholders.

Nykredit has no conditional or authorised but unissued share capital.

Nykredit has no profit sharing certificates in issue.

## 6 RATING

Nykredit Realkredit and the majority of the Nykredit Group's mortgage bonds have been rated by international rating agencies (as detailed below):

### Ratings of the Nykredit Group

| Rating  | Moody's Investors<br>Service | Standard &<br>Poor's |
|---|------------------------------|----------------------|
| <b>Nykredit Realkredit A/S</b>                  |                              |                      |
| Capital Centre E (covered bonds, SDO) . . . . . | Aaa                          | AAA                  |
| Capital Centre D (mortgage bonds, RO) . . . . . | Aaa                          | AAA                  |
| Capital Centre C (mortgage bonds, RO) . . . . . | Aa1                          | AAA                  |
| Junior Covered Bonds . . . . .                  | Aa2*                         | –                    |
| General (mortgage bonds, RO) . . . . .          | Aa1                          | AAA                  |
| Short term, unsecured . . . . .                 | P-1                          | A-1                  |
| Long term, unsecured . . . . .                  | A1                           | A+                   |
| Subordinated loan capital (Tier II) . . . . .   | A2                           | –                    |
| Hybrid core capital (Tier 1) . . . . .          | A3                           | BBB+                 |
| <b>Totalkredit A/S</b>                          |                              |                      |
| Capital Centre C (mortgage bonds, RO) . . . . . | Aaa                          | AAA                  |

\* As at the date of this Prospectus, this rating is on review for downgrade. All other ratings in the table above are stable.

A security rating may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

## 7 RISK MANAGEMENT

The Board of Directors of Nykredit is responsible for defining limits to and monitoring Group risk as well as laying down overall instructions. Risk exposures and activities are reported to the Board of Directors on a current basis.

The Board of Directors has assigned the day-to-day responsibility to the Group's Executive Board which is in charge of putting into operation overall instructions. The continuous monitoring and managing of risk are the responsibility of committees, each chaired by a member of the Group Executive Board.

The principal committees of Nykredit are the Risk Committee, the Asset/Liability Committee (ALCO), the Credits Committee and the Treasury Committee.

The Risk Committee is charged with assessing all Group risk and the Group's capital adequacy requirements as well as implementing the capital policy. Furthermore, the Risk Committee approves measurement methods for all types of risk and reports risk to the boards of directors of the Group companies.

The Asset/Liability Committee is responsible for the overall asset/liability and liquidity management.

The Credits Committee and the Treasury Committee are responsible for managing Group credit risk and market risk, respectively. Both committees approve or endorse all major risk exposures within the limits provided by the Board of Directors to the Executive Board.

Nykredit distinguishes between the following general types of risk:

- *Credit risk* reflects the risk of loss following the non-performance of counterparties.
- *Market risk* reflects the risk of loss of market value as a result of movements in financial markets (for example, interest rate, foreign exchange, equity price, volatility risk).
- *Liquidity risk* reflects the risk of loss as a result of insufficient cash to cover current payment obligations.
- *Operational risk* reflects the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

#### 7.1 **Credit risk**

The Board of Directors lays down the overall framework of credit granting and is presented, on a current basis, with the Group's largest credit applications for approval or briefing.

Within the framework laid down by the Board of Directors, the Group Executive Board is responsible for the policies governing the individual business areas and Treasury. On behalf of the Group Executive Board, the Credits Committee considers large credit applications on a current basis.

Group Credits is responsible for managing and monitoring credit risk in accordance with the guidelines laid down by the Board of Directors and the Group Executive Board. The Credits Committee undertakes all reporting on individual exposures. The Risk Committee is responsible for approving credit risk models and reporting credit risk at portfolio level.

Nykredit's local centres are authorised to decide on most credit applications in line with the Group's aim to make most decisions locally. As a result of the expansion of the Group's product range and the combination of certain business areas, the authority of the local centres was expanded in 2007.

Credit applications exceeding the authority assigned to the centres are processed at central level 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 must grant or approve loans or credit facilities which, if granted, will bring Nykredit's total exposure to any one customer over DKK 200 million and, subsequently, when the exposure increases by multiples of DKK 100 million.

When processing credit applications, the local centres perform an assessment of the individual customer. The assessment is based on a customer rating computed by Nykredit's credit models. The customer rating is supplemented by an assessment of the customer's financial circumstances and 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 are prescribed by Group Credits.

When establishing limits to derivative financial products, Nykredit will often require contracts providing the Group with a netting option. The contractual framework will typically be based on market standards such as ISDA or ISMA agreements.

Mortgage exposures over DKK 15 million and bank exposures over DKK 3 million are reviewed at least once a year as part of the monitoring of credit exposures based on updated financial and customer data. In addition, all exposures showing signs of risk are reviewed.

Nykredit has obtained the approval of the Danish FSA to apply a statistical model in the valuation of properties with no physical inspection. The model has now been fully implemented and is applied to new or supplementary mortgaging of detached and non-detached houses that meet the specific requirements for mortgageable value and risk classification. Valuations are approved by the relevant local centre and supervised centrally.

Furthermore, Nykredit uses a statistical model for the ongoing monitoring of market values of properties funded by SDOs and mortgage bonds. The model is applied to detached and non-detached houses, holiday houses and owner-occupied flats that satisfy specific requirements for the mortgageable value, risk classification and time since the last valuation. The statistical valuations are performed centrally and supplemented by local valuations. As prescribed by law, the ongoing monitoring of market values is conducted at least once a year in respect of commercial properties and at least every three years in respect of detached houses, holiday homes and owner-occupied dwellings.

A substantial part of the Group's residential mortgage lending is arranged by Danish local and regional banks. In these cases, the bank performs the initial assessment of the customer and valuation of the property. The sale of loans is based on an agreement between the Nykredit Group and the partnership banks.

The loan-arranging banks provide Totalkredit and Nykredit mortgage loans in accordance with a partnership agreement. As of 2007 the form of agreement provided that the loan-arranging banks could either provide a guarantee or grant a right of set-off. As from April 2008 the agreement is based only on the specific right of set-off, which means that Totalkredit may enforce the right of set-off against the loan-arranging bank in case of recognised losses on the loan granted.

The amounts under the right of set-off are calculated in connection with the issue of the loan offer as the part of the loan in cash exceeding 60 per cent. of the cash mortgageable value of the property. The loan-arranging bank receives commission, payable throughout the loan term, for the loan and for the obligations that follow from the distribution of responsibilities of Totalkredit and the loan-arranging bank. Totalkredit may subsequently offset any losses recognised on the loan granted against the current commission payments from Totalkredit to the loan-arranging bank on future commission payment dates until all losses recognised have been covered.

#### **7.1.1 Credit Risk Models**

Nykredit uses internal models in the determination of credit risk. The determination of credit risk is based on three key parameters: Probability of Default (PD), Loss Given Default (LGD) and Exposure Value (EV).

The models used to determine PD and LGD are built on historical data allowing for periods with low as well as high business activity. PDs are therefore estimated by weighting current data against data from the early 1990s. Current data carry a 40 per cent. weighting, while data from the early 1990s carry a 60 per cent. weighting. The LGD level for mortgage products is determined on the basis of loss data exclusively relating to the recession in 1991-1993.

The PDs of retail customers and small enterprises are determined on the basis of a customer's credit score and payment behaviour. Credit scoring is a statistical calculation of a customer's creditworthiness based on a customer's financial circumstances and other factors. Credit scoring models have been applied at Nykredit Bank since 1998 and at Nykredit since 2000.

With respect to other customer groups, statistical models have been developed based on conditional probabilities estimating PDs that factor in business-specific circumstances such as accounting figures, arrears and impairment as well as industry-specific conditions and the macroeconomic climate.

External ratings are used to a very limited extent in respect of a few types of counterparties for which no statistical models can be developed due to the absence of default data. External ratings are converted into PDs.

The PDs of individual customers are converted into ratings from 0 to 10, 10 being the highest rating. A customer rating is an important element of the credit policy and customer assessment.

LGD is calculated for each customer exposure.

The LGDs of the majority of the Group's exposures are determined using internal approaches based on loss and default data. The calculations factor in any security such as mortgages on real property, 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 on real property offers good protection against losses. The following table shows the proportions of the Group's mortgage lending by loan segment:

The table below shows the Group's mortgage lending by loan segments, as at 30 June 2009

| <b>Loan segment</b>  | <b>DKK Billion</b> | <b>Distribution (%)</b> |
|--|--------------------|-------------------------|
| Owner-occupied dwellings, Set-off agreement with banks.              | 416.88             | 43.7                    |
| Owner-occupied dwellings, No guarantee or set-off agreement. . . . . | 174.35             | 18.3                    |
| Private rental housing, Public authority guarantees. . . . .         | 0.22               | 0.0                     |
| Private rental housing, No guarantee. . . . .                        | 84.19              | 8.8                     |
| Trade and industry, No guarantee . . . . .                           | 25.52              | 2.7                     |
| Office and retail, Public authority guarantees . . . . .             | 0.07               | 0.0                     |
| Office and retail, No guarantee. . . . .                             | 78.74              | 8.3                     |
| Agriculture, Public authority and bank guarantees . . . . .          | 0.39               | 0.0                     |
| Agriculture, No guarantee. . . . .                                   | 95.33              | 10.0                    |
| Non-profit housing, Public authority guarantees . . . . .            | 50.22              | 5.3                     |
| Non-profit housing, No guarantee . . . . .                           | 15.33              | 1.6                     |
| Other, Public authority guarantees. . . . .                          | 0.15               | 0.0                     |
| Other, No guarantee. . . . .   | 12.76              | 1.3                     |
| <b>Total mortgage lending . . . . .</b>                              | <b>954.14</b>      | <b>100.0</b>            |

## 7.2 **Market risk**

The Nykredit Group's business activities involve a number of different market risks.

The greater part of the Nykredit Group's loan portfolio is match-funded mortgage loans. Mortgage lending is subject to the balance principle, which defines risk limits to all types of market risk.

By far the greater part of the Group's market risk derives from the investment portfolios. Furthermore, the activities of Markets & Asset Management involve market risk.

The limits relating to market risk in the Nykredit Group, including Value-at-Risk, interest rate, equity price, foreign exchange and volatility risk, are subject to approval by the Board of Directors of Nykredit. Through the Treasury Committee and 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 Group.

### 7.2.1 **Market Risk on Mortgage Lending**

All Nykredit's mortgage lending complies with the balance principle. The legislative framework behind the balance principle is the Danish Financial Business Act, the Mortgage-Credit Act, and the Danish Executive Order on bond issuance, balance principle and risk management.

These acts specify risk limits applicable to all types of market risk. The Group's market and liquidity risk in connection with the issuance of bonds is much lower than the limits provided by legislation. Loans funded by mortgage bonds or Danish covered bonds are granted according to uniform principles of market and liquidity risk.

More than 99 per cent. of the Group's mortgage loans are match-funded and have the following characteristics:

- On the granting of a loan, Nykredit issues the bonds or other securities that fund the loan on a daily basis.
- Underlying each loan is matched funding sold in the bond market and the derivatives market.
- The loan rate equals the yield-to-maturity of the bonds or other securities sold.
- The majority of 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.
- When loans are prepaid, the matching outstanding funding is reduced. Borrowers cover Nykredit's costs incidental to prepayments.
- The due dates of payment of interest and principal on the loans are fixed so that Nykredit receives the funds on or before the date when the payments to bondholders fall due, provided payments from borrowers are made on a timely basis.
- Nykredit's earnings margin consists of a separate administration margin which is calculated on the basis of the debt outstanding and may be changed if market conditions change, for instance in loss-making periods.

In practice, these characteristics minimise Nykredit's interest rate risk, liquidity risk and refinancing risk from its mortgage lending and its underlying funding.

Insignificant interest rate exposures may arise, however, because of prepayments by customers as well as minor practical differences between the granting and prepayment of loans and the associated sale or buyback of the underlying bonds.

Furthermore, in certain cases Nykredit may allow prepayment of mortgage loans by way of bonds other than the underlying bonds of the loan concerned where these are traded at a premium in the market. This is because the investors holding these bonds do not want to sell them at a price that reflects the market yield of the bonds (lock-in effects). In such cases, Nykredit has fixed a prepayment price on the loan, which reflects Nykredit's costs of hedging the risk relating to the cash flows concerned.

### **7.2.2 Value-at-Risk**

Nykredit applies Value-at-Risk in the day-to-day management of market risk and the determination of capital requirements and capital adequacy.

For the purpose of the day-to-day business risk management, the Nykredit Group calculates Value-at-Risk at a confidence level of 99 per cent. and a time horizon of one day.

Value-at-Risk is calculated for both the trading book and the banking book for the purpose of internal calculations. For the purpose of the determination of capital requirements, Nykredit only calculates Value-at-Risk for the trading book, while Nykredit Bank prepares calculations for both the trading book and the banking book excluding equities.

The Group's total Value-at-Risk was DKK 203 million at 30 June 2009. This meant that, according to Nykredit's model, the Group would risk losing a maximum of DKK 203 million at a 99 per cent. probability in one day in consequence of market fluctuations.

### 7.2.3 Financing Risk

Nykredit and Totalkredit are not sensitive to price changes in connection with the refinancing of adjustable-rate mortgage loans.

In Nykredit and Totalkredit, adjustable-rate mortgage loans are refinanced through the issuance of new bonds. At refinancing, customers obtain a loan rate that mirrors the yield-to-maturity of the bonds sold. Consequently, the Nykredit Group does not incur any interest rate risk in connection with the refinancing of adjustable-rate mortgage loans.

Furthermore the bonds are eligible for money market operations with the Danish Central Bank and in some cases with other central banks.

The overall liquidity risk of the Group is assessed by the Asset/Liability Committee, while the daily liquidity management is performed by the individual Group companies.

Nykredit and Totalkredit fund their mortgage lending by daily issuance of mortgage bonds and SDOs. As a result of the match funding of Group mortgage lending, the Group incurs only limited liquidity risk in connection with the funding of mortgage loans.

### 7.3 Liquidity risk

Mortgage borrowers make their mortgage payments no later than the day before the coupon date of the bonds. Liquidity risk is therefore only incurred on late payments. This liquidity risk is hedged by the Group using its bond portfolio as collateral with the Danish Central Bank and the establishment of intra-day credit facilities with the largest Danish banks participating in the settlement of mortgage payments.

Liquidity risk associated with mortgage lending thus consists of the risk that customers and counterparties default on their obligations and the general risk relating to the Danish settlements system.

### 7.4 Operational risk

The day-to-day management of operational risk in the Group is a natural part of the business operations. The business areas are responsible for the day-to-day management of operational risk. Operational risk management activities are coordinated centrally to ensure consistency and optimisation across the Group. The Group strives always to limit operational risk, taking into consideration the related costs.

The Group systematically records and classifies loss-making operational events to create an overview of loss experience.

Business contingency plans ensure constant and secure operations in case of a shutdown of the IT supply or other emergencies.

Operational risk factors associated with the Group's core activities – mortgage activities – are limited by nature as they are based on a high degree of standardisation.

## 8 MANAGEMENT

### **Board of Directors**

All members of the Board of Directors are also Directors of Nykredit Holding A/S.

**Steen E. Christensen**, *Attorney, Chairman*  
Partner and Director of Plesner Advokatfirma.

Chairman of A/S Motortramp, Persolit Holding A/S and Ejendomsselskabet Amaliegade 49 A/S.

Deputy Chairman of Norgren A/S.

Director of Skandinavisk Tobakskompagni A/S, Danish Nitrogen Import A/S, Ny-Nitrogen A/S, Persolit Entreprenørfirma A/S, Margrethelund Gods A/S, Rosendal Gods A/S, Skov-Sam Holding ApS and Skov-Sam Holding II ApS and subsidiaries.

Legal secretary of Foreningen Danske Godser og Herregårde (Godsejerforeningen).

**Hans Bang-Hansen, Farmer, Deputy Chairman**

First Deputy Mayor, Municipality of Horsens.

Chairman and Managing Director of Arnen Holding ApS and LNT Invest ApS.

Chairman of the employment committee, Municipality of Horsens and Håstrupgård ApS.

Deputy Chairman of Horsens Havn A/S.

Director of Horsens Folkeblad A/S, Hunsballe Frø A/S, Midttrafik, Sprogcenter Horsens and Horsens Produktionshøjskole.

**Michael Demnitz, Managing Director**

Managing Director of Boligselskabet Danmark.

Director of Boligselskabernes Landsforening and Boligbutikken for Hovedstaden.

**Erling Beck Poulsen, Farmer**

Chairman of Agrovakia A/S.

Director of Foreningen Østifterne F.m.b.A., Vandborg Karosserifabrik A/S, Kølhede Invest A/S, Lemvig Biogasanlæg A.m.b.A. and Lemvig Kraftvarme A/S.

**Anders C. Obel**

Chief Executive Officer of C.W. Obel A/S

Chairman of C.W. Obel Ejendomme A/S, Projekt A/S and Semco Maritime A/S.

Director of Danfoss-Semco A/S, Power-Flex ApS, C.W. Obel, Skandinavisk Holding A/S, SGD-Bera A/S, Scandinavian Tobacco Group A/S, Fonden Det Obelske Jubilæumskollegium, Thomas Harttung A/S, Fritz Hansen A/S, Slowmoney A/S and Erhvervsinvest Management A/S.

**Nina Smith, Professor at the School of Economics and Management Aarhus University.**

Chairman of NIRAS Gruppen A/S.

Deputy Chairman of Favrskov High school.

Director of Aarhus Festival and Danish Economic Councils.

**Jens Erik Udsen, Managing Director**

Managing Director of Nesdu A/S.

Chairman of Grundejernes ejendomsselskab af 1972 ApS and Grundejernes Investeringsfond.

Director of Jeudan A/S, Nesdu A/S and Renhold A/S.

**Steffen Kragh, Managing Director, Deputy Chairman**

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

Chairman of a number of subsidiaries of the Egmont Group.

**Jens Thomsen, Managing Director**

Managing Director of Stiftelsen Sorø Akademi.

Manager of Ejendomsselskabet Absalon A/S.

Chairman of A/S Københavns Plantageselskab and Stensbygaard Aktieselskabet af 18. maj 1956.

Director of James Meyers Mindefond, Plantningselskabet Steen Blicher A/S and Vestsjællands Kunstmuseum.

**Lisbeth Grimm, Treasurer**

**Kristian Bengaard, Senior Consultant**

Member of the Executive Council of the Danish Financial Services Union.

**Allan Kristiansen**, *Vice President*

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

**Susanne Møller Nielsen**, *Housing Adviser*

The address of each member of the Board of Directors is:

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

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

### ***Executive Board***

**Peter Engberg Jensen**, *Group Chief Executive*

**Karsten Knudsen**, *Group Managing Director*

Director of Dampskibsselskabet Norden A/S.

**Per Ladegaard**, *Group Managing Director*

Chairman of e-nettet Holding A/S and its subsidiaries.

Deputy chairman of JN Data A/S.

Director of BEC (Bankernes EDB Central) and Finanssektorens Uddannelsescenter.

Owner of Bramkærgård.

**Niels Tørslev**, *Group Managing Director*

Director of VP Securities A/S.

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

Director of JN Data A/S

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

**Bente Overgaard**, *Group Managing Director*

The address of each member of the Executive Board is:

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

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

## **9 LITIGATION**

On 30 June 2005, the Danish National Tax Tribunal held that the Issuer should not be liable to tax on profits from the disposal of shares held for trading purposes in the 1999, 2000 and 2001 financial years. The Danish Ministry of Taxation subsequently brought the case before the ordinary courts, claiming that part of the Issuer's portfolio of shares was acquired in connection with trading activities and that, accordingly, the Issuer's gains and losses on the sale of shares as from 1999 should be included in the Issuer's statement of income. As the Danish Ministry of Taxation changed its claim, the Issuer no longer foresees an additional expense relative to the tax charge already made in its 2006 Annual Report. The Issuer has moved for dismissal of the Ministry's claim. If the court finds in favour of the Issuer, deferred tax of DKK 148 million will be recognised as income.

## TAXATION

### DANISH TAXATION

*The following is a summary description of the taxation in Denmark of the Notes according to the Danish tax laws in force at the date hereof and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Potential investors are under all circumstances strongly recommended to contact their own tax advisor to clarify the individual consequences of their investment in, holding of and disposal of the Notes. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Notes.*

#### **Taxation at source**

Under existing Danish tax laws no general withholding tax or coupon tax will apply to payments of interest or principal or other amounts due on the Notes, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to in consolidated Act no. 272 of 3 April 2009 as amended. This will not have any impact on holders of Notes who are not “affiliated” with the Issuer, i.e. they control or are controlled by the Issuer.

#### **Resident holders of Notes**

Under existing Danish tax laws, private individuals, including persons who are engaged in financial trade, and companies, funds and similar entities, who are domiciled in Denmark for tax purposes, are (save for certain exceptions) liable to pay tax on capital gains from the redemption or sale of the Notes and on payments of interest under the Notes.

As of the income year 2010, gains and losses on Notes issued to corporate entities will generally be taxed in accordance with a mark-to-market principle (“*lagerprincippet*”), i.e. on an unrealised basis, whereas gains and losses on Notes issued to individuals will continue to be taxed on a realised basis as the main rule.

#### **Non-resident holders of Notes**

Under existing Danish tax laws, payments of interest or principal amounts to any non-resident holders of Notes are not subject to taxation in Denmark, no withholding tax will be payable with respect to such payments and any capital gain realised upon the sale, exchange or retirement of a Note will not be subject to taxation in Denmark, other than in certain cases on payments in respect of controlled debt in relation to the Issuer as referred to under “Taxation at source” above.

This tax treatment applies solely to holders 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 permanent establishment.

### LUXEMBOURG

*The following is a basic summary of the taxation in Luxembourg of the Notes according to the Luxembourg tax laws in force at the date hereof and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Potential investors are under all circumstances strongly recommended to contact their own tax advisor to clarify the individual consequences of their investment in, holding of and disposal of the Notes. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Notes.*

## **Withholding tax**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders, as the case may be, and to certain entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders, as the case may be, and to certain entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

### *Luxembourg non-resident individuals*

Under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (“**EU**”), a Luxembourg-based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain “residual entities” within the meaning of Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not UCITS recognised in accordance with the Council Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC).

The withholding tax rate is 20 per cent., increasing to 35 per cent. as from 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

### *Luxembourg resident individuals*

As of 1 January 2006, interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EC or for the exchange of information regime) are subject to a 10 per cent. withholding tax.

Pursuant to the Luxembourg law of 23 December 2005, as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

## **EUROPEAN UNION SAVINGS TAX**

### ***EU Directive on the taxation of Savings Income***

Under the Savings Directive on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual or certain other persons resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise – Belgium will opt for the exchange of information regime with effect as from 1 January 2010) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU

countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

However, investors should note that the European Commission announced proposals to amend the Savings Directive. If implemented, the proposed amendments would, inter alia, extend the scope of the Savings Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

## SUBSCRIPTION AND OFFER OF THE NOTES

### SUMMARY OF THE SUBSCRIPTION AGREEMENT

#### General

Citigroup Global Markets Limited, Goldman Sachs International, Nykredit Bank A/S and UBS Limited (together, the “**Joint Lead Managers**” and each a “**Joint Lead Manager**”) have, pursuant to a Subscription Agreement dated on or about the date hereof, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions and the execution of a pricing agreement between the Issuer and the Joint Lead Managers (the “**Pricing Agreement**”), to subscribe the Notes at a price to be agreed between the Issuer and the Joint Lead Managers, which price will be set out in the Pricing Agreement and will be published in the Pricing Notice (defined below). The Issuer has agreed to pay to the Joint Lead Managers and private banking intermediaries a combined management and underwriting commission and selling retrocession that in total will not exceed 1.5 per cent. of the aggregate principal amount of the Notes. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The yield of the Notes on an annualised basis, for the period from the Issue Date to the First Call Date will be set out in the Pricing Notice. The yield will be calculated on the basis of the issue price. It is not an indication of future yield.

### OFFER OF THE NOTES

#### *Offer Period*

The Notes will be offered to investors by the Joint Lead Managers during an offer period which will commence on or around the date of this Prospectus and will remain open until 28 October 2009 (or such later date as the Issuer shall permit) (the “**Offer Period**”). Should the Issuer and the Joint Lead Managers agree any shortening or extension of the Offer Period, whether as a result of changing market conditions or otherwise, such change will be published in, or in the same manner as, the Pricing Notice. On the basis of investor orders, the issue price, the rate of interest, the aggregate principal amount of the Notes to be issued, the yield and the expenses of the issue will be determined on the pricing date, which is expected to be on or about 28 October 2009 (or such later date as the Issuer shall permit) (the “**Pricing Date**”). The results of the offer will be included in a notification which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) on or after the Pricing Date and at least two business days prior to the Issue Date (the “**Pricing Notice**”). Offers submitted after the end of the Offer Period (amended, if applicable, as set out above) will not be accepted.

#### *Notification of Prospectus approval*

Following the publication of this Prospectus, the Notes may be sold to investors in compliance with the public offer restrictions in all countries in the European Union. In addition, a public offer of the Notes may be made in Denmark, Luxembourg, the United Kingdom, the Republic of Ireland, Finland, Norway, Sweden, Germany, Spain and The Netherlands (the “**Passporting Jurisdictions**”) following the effectiveness of the notification of this Prospectus by the CSSF in accordance with Article 18 of the Prospectus Directive.

#### *Conditions and technical details of the offer*

There are no conditions to which the offer is subject. Any offer to purchase Notes will be made to investors through, and investors may submit their offers to buy Notes using, the Bloomberg information system or any other commonly used information systems. Subscription rights for the Notes will not be issued. Therefore, there are no procedures for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.

### ***Confirmation in relation to orders and allotments***

Any investor who has submitted an order in relation to the Notes and whose order is accepted, will receive a confirmation by electronic mail, fax or through commonly used information systems relating to the respective allotment of Notes. Each of the Joint Lead Managers and the Issuer reserves the right (in its sole discretion) not to accept any order in relation to the Notes. Such non-acceptance will be notified in the manner set out above. Before an investor receives a confirmation from the Joint Lead Managers that its purchase order for the Notes has or has not been accepted, the investor may reduce or withdraw its purchase order. There is no minimum or maximum amount of Notes to be purchased. Investors may place offers to purchase Notes in any amount.

The Issue Date is expected to be 4 November 2009, however, the Issuer reserves the right to postpone the Issue Date to such later date as the Issuer shall permit. If postponed, notification of the new Issue Date will be published in, or in the same manner as, the Pricing Notice. Delivery and payment of the Notes will be made on the Issue Date.

### ***Charges and costs relating to the Offer***

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence, including any charges their own depository banks may charge them for purchasing or holding securities.

### ***Method of determination of the Issue Price and the Rate of Interest***

The Notes will be issued at an issue price of 100 per cent. of their principal amount. Any investor intending to acquire any Notes from a bank, financial intermediary or other entity (other than a Joint Lead Manager in its capacity as such) will do so in accordance with any terms and other arrangements in place between the seller and such investor, including as to price, allocations and settlement arrangements. The Issuer will not be a party to such arrangements with investors, and, accordingly, investors must obtain such information from the relevant seller.

## **SELLING RESTRICTIONS**

### ***General***

Each Joint Lead Manager has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any other offering material relating to the Notes.

### ***United States***

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and 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 Closing Date (as defined in the Subscription Agreement) within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

#### ***Public Offer Selling Restriction under the Prospectus Directive***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in this Prospectus in the Passporting Jurisdictions from the time this Prospectus has been approved by the competent authority in Luxembourg and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in the Passporting Jurisdictions, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Lead Managers; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

#### ***United Kingdom***

Each Joint Lead Manager has represented and agreed that:

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

#### ***Switzerland***

The Notes will not be listed in Switzerland and, therefore, neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange AG.

## **Hong Kong**

No Joint Lead Manager (i) has offered or sold or may offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; or (ii) has issued or had in its possession for the purposes of issue, or may 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 the 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 Securities and Futures Ordinance and any rules made under that Ordinance.

**WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about the contents of this document, you should obtain independent professional advice.**

## **Singapore**

Each Joint Lead Manager has acknowledged that this document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (“SFA”). Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such 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 document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) 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 by a relevant person which is:

- (a) 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
- (b) 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,

shares, debentures and units of shares and debentures 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 except:

- (1) to an institutional investor (for corporations under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

## GENERAL INFORMATION

- (1) Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.
- (2) The Issuer has obtained all necessary consents, approvals and authorisations in the Kingdom of Denmark and Luxembourg in connection with the issue of, and performance of its obligations pursuant to, the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer and passed on 8 October 2009.
- (3) Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer or of the Group since 30 June 2009 and no material adverse change in the prospects of the Issuer or of the Group since 31 December 2008 that are material to the Issuer's ability to meet its obligations to holders of the Notes.
- (4) Except as disclosed on page 43 of this Prospectus, the Issuer is not nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group that are material to the Issuer's ability to meet its obligations to holders of the Notes.
- (5) Each Note, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (6) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code is 034791864, the International Securities Identification Number (ISIN) is XS0347918640.  
The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.
- (7) No material contracts have been entered into other than in the ordinary course of its business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders in respect of the Notes being issued.
- (8) Where information in this Prospectus 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.
- (9) For the period of 12 months starting on the date on which this Prospectus is made available to the public, copies and, where appropriate, English translations of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the offices of each Paying Agent:
  - (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Notes, the Coupons and the Talons);
  - (ii) the Pricing Agreement;
  - (iii) the Articles of Association of the Issuer;
  - (iv) the audited annual consolidated financial statements of the Issuer for the financial years ended 31 December 2007 and 2008, respectively and the unaudited consolidated interim financial statements of the Issuer for the six month period ended 30 June 2009;
  - (v) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus; and
  - (vi) the Pricing Notice.

This Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

- (10) Deloitte Statsautoriseret Revisionsaktieselskab of Weidekampsgade 6, DK-2300 Copenhagen S, Denmark, State Authorised Public Accountants and member of Foreningen af Statsautoriserede Revisorer, have audited the consolidated financial statements of the Issuer, without qualification, in accordance with International Financial Reporting Standards as adopted by the European Union for the financial years ended 31 December 2007 and 2008, respectively.

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# Nykredit