

To NASDAQ OMX Copenhagen A/S

21 January 2009

**Nykredit Realkredit A/S publishes prospectus for bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (junior covered bonds) (issued in the period from 22 January 2009 to 21 January 2010)**

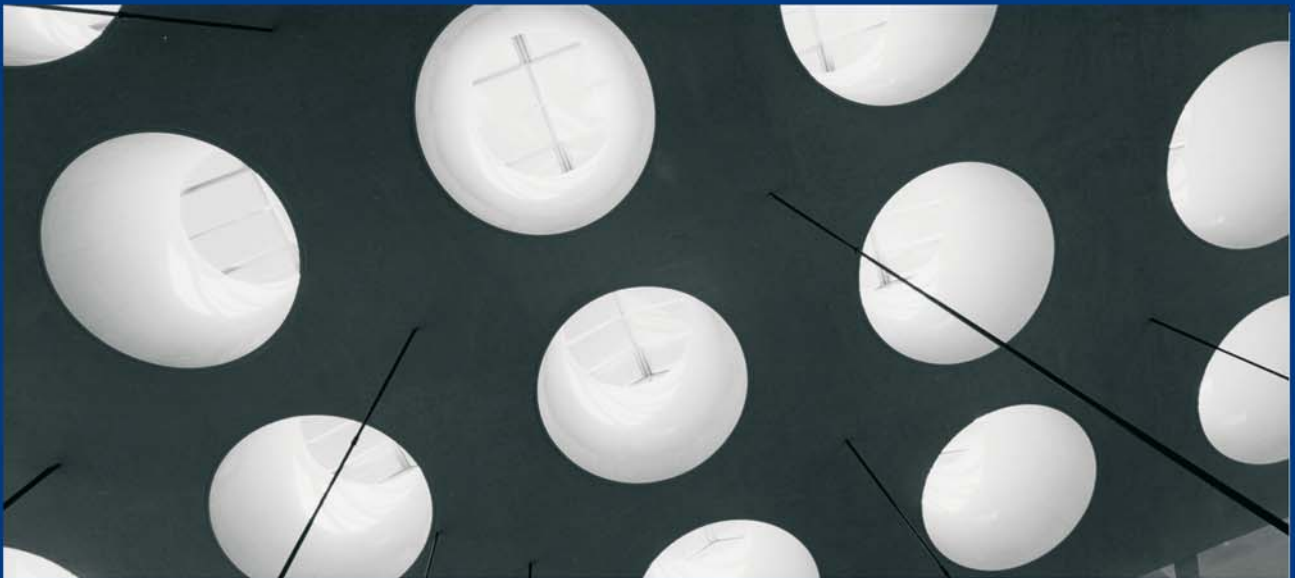
Issuance of junior covered bonds is to be opened out of Nykredit Realkredit A/S's Capital Centre E on 22 January 2009.

In connection with the opening, Nykredit Realkredit A/S publishes prospectus for bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. (junior covered bonds) (issued in the period from 22 January 2009 to 21 January 2010).

The prospectus is available for download at [nykredit.com](http://nykredit.com) and has been attached to this announcement.

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Yours sincerely  
Nykredit Realkredit A/S



**Prospectus for bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (junior covered bonds) (issued in the period from 22 January 2009 to 21 January 2010)**

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# I. Summary

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As from 22 January 2009, Nykredit Realkredit A/S ("Nykredit") will issue bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act under this prospectus. The bonds are issued for the purpose of satisfying requirements of supplementary security (or cover assets) for Nykredit's Capital Centre E issuing covered bonds ("særligt dækkede obligationer", SDOs). The background is the statutory requirements according to which the value of the assets behind Nykredit's issue of SDOs must at any time equal the value of the SDOs issued.

Nykredit is a Danish mortgage bank. A mortgage bank is an enterprise licensed by the Danish Financial Supervisory Authority ("FSA") to grant loans against registered mortgages on real property, unsecured loans to public authorities, loans guaranteed by public authorities or loans against other non-subordinate claims with and guarantees issued by credit institutions based on the issuance of SDOs.

Nykredit issues the bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. The bonds are issued for the purpose of satisfying requirements of supplementary security for Nykredit's Capital Centre E. Bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act confer a secondary preferential right to all assets of Capital Centre E on its holders. The funds deriving from the issuance of the bonds must be placed in the same secure assets as those that may underlie the issuance of SDOs. The funds are subject to the rules governing interest rate and foreign exchange risk of the balance principle corresponding to the rules governing the securities portfolio.

As a Danish mortgage bank, Nykredit is governed by the Danish Financial Business Act and the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. These acts are of material importance to investors' reading of this prospectus.

The said acts regulate key areas of Nykredit's business activities and operations as they lay down guidelines for Nykredit's lending, issuance of SDOs and bonds issued in pursuance of section 33 e of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, liability, capital structure and business area. Further, the acts regulate the balance principle that lays down limits to the risks that Nykredit may assume in relation to its lending activities. Danish mortgage banks are subject to supervision by the Danish Financial Supervisory Authority, which ensures compliance with the two acts.

Investment in bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act is subject to a number of risk factors with which interested investors should familiarise themselves. They include limits to the issued SDOs, the rights as secured creditors conferred on the holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, deferral of payments in case of insolvency or non-compliance with the balance principle, details relating to the funding of the lending of other credit institutions, choice of balance principle regulating the SDOs and risk management (interest rate, foreign exchange, option and liquidity risk).

The funds deriving from the issuance of bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act are subject to risk management in line with the securities portfolio and are therefore regulated by the rules on interest rate and foreign exchange risk applicable thereto, cf the Danish Executive Order on the bond issuance, balance principle and risk management. Nykredit will moreover adhere to additional tests with tighter risk limits.

It should be noted that:

1. This summary should be read as an introduction to the prospectus.
2. Any decision to invest in the securities should be made on the basis of the prospectus in its entirety.
3. If an action involving the information contained in the prospectus is brought before a court of law, the plaintiff investor may be obliged to bear the costs of translating the prospectus before the proceedings commence.

4. The natural or legal persons that have prepared the summary or any translations thereof and requested the approval thereof may incur civil liability, but only provided that it is misleading, incorrect or discrepant when read together with other parts of the prospectus.

The prospectus shall be governed by Danish law and be subject to the jurisdiction of Danish courts.

## II. Risk factors

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The risk factors below and this prospectus in its entirety should be thoroughly read prior to any decision to invest in the bonds offered. The factors are important when assessing the risk relating to the investment. The risk factors listed below are not necessarily exhaustive, just as they are not listed in any specific order of priority.

### 1. LEGAL FRAMEWORK

Nykredit is a Danish mortgage bank.

As credit institutions, mortgage banks are governed by the Danish Financial Business Act and related executive orders with regard to rules on licence, exclusivity, business area, good practice, ownership structure, management, structuring of the business activities, disclosure of confidential information, solvency, investments, liquidity, intercompany rules, consolidation, annual report, audit, application of the profit for the year, mergers and conversions, discontinuation of financial business, crisis management, supervision, duties and joint funding.

Danish mortgage banks are also governed by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and related executive orders. This act lays down rules governing mortgage banks' lending against registered mortgages on real property, unsecured loans to public authorities, loans guaranteed by public authorities or loans granted against other non-subordinate claims with and guarantees issued by credit institutions with respect to security for loans, terms, repayment profiles, LTV limits, disbursements against guarantees, valuation of properties, granting of loans, supplementary security and lending outside Denmark. The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act also provides rules on the issuance of mortgage bonds, covered mortgage bonds ("SDROs"), SDOs and bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, including rules on exclusivity, bond issuance, balance principle and liability. The said act also provides rules on supervision.

If Danish legislation governing Nykredit's activities is amended, Nykredit reserves the right to revise the prospectus by way of an addendum in order that Nykredit's future issues of bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act comply with legislation in force for the time being and related business opportunities.

### 2. SUPERVISION

Danish mortgage banks are subject to supervision by the FSA, which ensures compliance with the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and (in some areas in cooperation with the Danish Commerce and Companies Agency and the Danish Securities Council) the Danish Financial Business Act as well as rules issued in pursuance thereof.

### 3. BUSINESS AREA

Danish mortgage banks are licensed to carry on mortgage banking, ie, to grant loans against registered mortgages on real property, unsecured loans to public authorities, loans guaranteed by public authorities or loans granted against other non-subordinate claims with and guarantees issued by credit institutions based on the issue of SDOs.

Danish mortgage banks may not carry on any other kind of business than mortgage banking subject to the following exceptions:

- Danish mortgage banks may be licensed by the FSA to carry on business as securities dealers.
- Danish mortgage banks may carry on business relating to mortgage banking. The FSA may decide that the related business activities must be carried on by a separate company.
- Danish mortgage banks may carry on other financial business through subsidiaries.

## 4. MORTGAGE BANKS' ISSUANCE OF BONDS IN PURSUANCE OF SECTION 33 E OF THE DANISH MORTGAGE-CREDIT LOANS AND MORTGAGE-CREDIT BONDS ETC. ACT.

### 4.1 General on bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

The issuance of bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act is a result of mortgage banks' lending as the bonds are issued with a view to raising supplementary security for the individual capital centres of a mortgage bank.

The description of mortgage banks' issuance of bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act therefore commences with lending area, LTV limits and loan types of the mortgage lending funded by the issuance of SDOs.

### 4.2 Types of lending

Mortgage banks are licensed to grant loans against registered mortgages on real property, unsecured loans to public authorities, loans guaranteed by public authorities or other non-subordinate claims with and guarantees issued by credit institutions based on the issue of SDOs.

### 4.3 Rules governing lending against mortgages on real property

Mortgage banks must carry out valuations and grant loans in connection with lending against mortgages on real property funded through the issuance of SDOs pursuant to the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and the Executive Order on the valuation of security and loans granted against mortgages on real property provided as security for the issuance of SDOs and SDOs issued in pursuance thereof.

Loans against mortgages on real property are granted on the basis of the value of the mortgaged property. The purpose of the rules on the valuation and granting of loans is to ensure that loans are granted within the statutory limits.

Generally, lending against mortgages on real property may not exceed the value subject to the statutory maximum loan-to-value ("LTV") ratios. Under certain circumstances, statutory maximum LTV ratios may be exceeded at the time the loans are granted but only if supplementary security is provided for the excess amounts at the same time.

#### Statutory maximum LTV ratios by property category

Owner-occupied dwellings for all-year habitation	80% *
Private housing society dwellings	
Private rental housing properties	
Non-profit rental housing	
Youth housing	
Senior housing, etc	
Properties used for social, cultural and educational purposes **	60%
Holiday homes	
Agricultural and forestry properties, market gardens, etc. **	
Office and retail properties **	
Industrial and trade properties **	
Utilities **	
Other properties – including undeveloped land	40%

\* Some loan types offered for residential property are subject to a lower LTV ratio than 80%, but no supplementary security is required unless the LTV ratio exceeds 80%.

\*\* The LTV ratio may be extended up to 70% against supplementary security, which shall constitute at least 10% of the part of the loan which exceeds the 60% LTV ratio.



#### **4.4 Types of loans granted against mortgages on real property**

The term of a loan granted against a mortgage on real property is subject to a limit of 30 years. However, loans for non-profit rental housing, youth housing and private housing society dwellings are subject to a maximum term of 35 years if lending is granted on the basis of subsidy commitments made in accordance with the Danish act governing non-profit housing and subsidised private housing society dwellings.

Notwithstanding the scope of the security provided, loans granted for owner-occupied dwellings for all-year habitation and holiday homes may not be amortised slower than a 30-year loan amortised over its loan term with repayments constituting a fixed percentage of the principal (annuity loans). Within the term of the loan, this requirement may be derogated from for a period of up to 10 years.

If LTV ratios do not exceed 70% (75% from 1 July 2009), the above requirements relating to maximum term, amortisation and maximum interest-only periods do not apply to loans granted for owner-occupied dwellings for all-year habitation, private housing society dwellings, private rental housing properties, non-profit housing, youth and senior housing, etc., and properties used for social, cultural and educational purposes. The term of these loans may be markedly longer and may even be granted as perpetual.

#### **4.5 Liability**

Borrowers are liable for loans granted against mortgages on real property personally and to the extent of the mortgaged property. Nykredit may waive the requirement of personal liability.

#### **4.6 Bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.**

SDOs are issued out of a capital centre of a mortgage bank. The value of the cover assets behind the SDOs issued must at any time equal at least the value of the SDOs issued, and the mortgage security behind individual loans must at any time comply with the LTV limits thereof.

If the value of the assets no longer equals the value of the SDOs issued – for example as a result of declining market values of the properties mortgaged – the mortgage bank must immediately provide supplementary security to satisfy the requirement, cf section 33 d(1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

To provide supplementary security, mortgage banks may raise loans, cf section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. In Nykredit, loans are raised by issuing bonds. The funds deriving from loans raised for the purpose of providing supplementary security may exclusively be placed in assets eligible under the said act as security for the issuance of SDOs such as mortgages on real property, government bonds and claims on credit institutions.

### **5. FUNDING OF MORTGAGE BANK LENDING BY THE ISSUANCE OF SDOS AND RAISING OF SUPPLEMENTARY SECURITY BY THE ISSUANCE OF BONDS IN PURSUANCE OF SECTION 33 E OF THE DANISH MORTGAGE-CREDIT LOANS AND MORTGAGE-CREDIT BONDS ETC. ACT**

#### **5.1 Legislation**

The rules governing the issuance of SDOs to fund lending against registered mortgages on real property, unsecured loans to public authorities, loans guaranteed by public authorities or loans granted against other non-subordinate claims against and guarantees issued by credit institutions are set out in the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and the Executive Order on the bond issuance, balance principle and risk management (the "Executive Order on bonds") issued in pursuance thereof.

The rules on the issuance of bonds for the purpose of satisfying the supplementary security requirement are laid down in the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and the Executive

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Order on the valuation of security and loans granted against mortgages on real property provided as security for the issuance of SDROs and SDOs issued in pursuance thereof.

## **5.2 Bond issuance**

On 2 October 2007 the FSA authorised Nykredit to issue SDOs, cf section 16 a of the Danish Financial Business Act. Nykredit has therefore also been authorised to issue bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Loans are granted and SDOs are issued in series.

Loans granted against registered mortgages on real property, unsecured loans to public authorities, loans guaranteed by public authorities or loans against other non-subordinate claims against and guarantees issued by credit institutions are financed through SDOs issued on a current basis.

The issuance of SDOs may also take place as pre-issuance for the purpose of fixed-price agreements or as block issues based on projected lending activity, cf the provisions of the Executive Order on bonds.

The issuance of bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act may take place before and after a requirement for supplementary security arises. The resulting funds may, however, exclusively be applied to satisfy the supplementary security requirement.

## **5.3 Nykredit's Capital Centre E**

### **5.3.1 Terms for issuance of SDOs**

The SDOs will be issued in series out of Nykredit's Capital Centre E.

Nykredit's Board of Directors has approved the terms for Nykredit's Capital Centre E.

The assets of Capital Centre E consist of all the mortgages relating to loans granted out of Capital Centre E against registered mortgages on real property and bonds, debt instruments and other debt certificates pertaining to unsecured loans granted to public authorities, loans guaranteed by public authorities, other non-subordinate claims against and guarantees issued by credit institutions, including bank guarantees, one or more master securities issued by Totalkredit A/S (see clause 5.4.1), and the reserve funds of Capital Centre E, etc. For assets deriving from the issuance of bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, please refer to 5.3.2.

The liabilities of Capital Centre E consist of SDO holders' claims under all the bonds issued out of Capital Centre E and the series reserve fund. On bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, please refer to 5.3.2.

Furthermore, Capital Centre E may include off-balance sheet items, such as derivative financial instruments. The derivative financial instruments may be included only if used to hedge the risk between assets relating to the series and liabilities in the form of SDOs and only if contracts on derivative financial instruments stipulate that the suspension of payments, insolvency or the failure to provide security of the mortgage bank does not constitute an event of default.

### **5.3.2 Bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.**

Further, Capital Centre E may consist of assets and liabilities deriving from loans raised to enable Nykredit to satisfy requirements for supplementary security for instance in connection with lending against mortgages on real property (see clause 4.6).

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Nykredit may raise loans to obtain supplementary security in pursuance of section 33 e (1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. The loans are funded through the issuance of bonds. The loan agreement (prospectus) must specify to which capital centre the loans relate – ie in this case Nykredit's Capital Centre E.

The proceeds from bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act must be placed in particularly secure assets such as mortgages on real property, government bonds and claims against credit institutions, cf section 152 c (1) of the Financial Business Act, and in separate cash accounts, in separate custody accounts dedicated to Capital Centre E or otherwise marked as deriving from the loan in question until the assets are to serve as supplementary security, if necessary.

In pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, a distinction is made between:

- Funds/cover assets not used as supplementary security (funds outside the capital centre), and
- Funds/cover assets used as supplementary security (funds transferred to the capital centre)

Under the Danish Act on Financial Stability as adopted, funds deriving from the issuance of bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act may for a period to an unlimited extent be placed in certain non-subordinate claims against credit institutions where such claims fall within the scope of the Danish Act on Financial Stability.

#### *Handling and placing requirements for funds outside Capital Centre E*

As long as the funds do not serve as supplementary security in the capital centre, the funds/cover assets are in principle placed outside the capital centre. The funds are regulated as follows:

- According to section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the requirement to place funds in particularly secure assets pursuant to section 152 c (1) of the Danish Financial Business Act takes immediate effect.
- Within the framework of the balance principle and the rules on large exposures, it is possible to place all funds as bank deposits until they are applied as supplementary security, cf section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act e contrario. Nykredit's policy stipulates that the term of bank deposits may not exceed 1 year.
- The funds are governed by the same risk management rules of the general balance principle as those that apply to Nykredit's securities portfolio, cf part 2 (see paragraph 6) of the Danish Executive order on bonds.

#### *Handling of and placing requirements for cover assets when transferred to Capital Centre E*

There is no registration or segregation requirement in relation to the cover asset once entered into Capital Centre E.

Any supplementary cover assets included therefore form part of the ordinary cover pool of Capital Centre E. These cover assets have therefore not been reserved to satisfy the claims of the holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Reference is also made to the description of the ranking of creditors of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act (see clause 5.3.4).

The requirement to place funds in particularly secure assets in accordance with section 152 c (1), of the Danish Financial Business Act also applies once the assets have been transferred to Capital Centre E.

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In the final terms, Nykredit may determine that the maturity of the bonds issued may be extended, cf section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. In this case, Nykredit will include the specific conditions for such extension, including the duration, interest rate changes and the circumstances under which a maturity extension may take place in the final terms.

### 5.3.3 Other terms for Capital Centre E

Income in Capital Centre E consists of interest, etc on mortgages, bonds, debt instruments and other claims, upfront fees, other fees and similar income as well as return on other assets in Capital Centre E and off-balance sheet items.

Expenses in Capital Centre E consist of interest on SDOs, interest on bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, administrative expenses etc, losses on and impairment of assets in Capital Centre E, off-balance sheet items and the Capital Centre's proportion of Nykredit's tax.

Nykredit and Capital Centre E are liable for the obligations under the SDOs and bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act in accordance with the rules set out in the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

The funds of Series Reserve Fund E in the form of securities and bank deposits must be lodged in separate cash accounts or in separate custody accounts belonging to Capital Centre E.

The capital base requirement of section 124 of the Danish Financial Business Act applies to Danish mortgage banks at the level of their individual series with series reserve funds and at the level of the mortgage bank in general. Series Reserve Fund E must therefore at any time fulfil the statutory capital base requirement, which has been 8% of the risk-weighted assets of Capital Centre E since its opening.

Nykredit may transfer funds from Series Reserve Fund E to the mortgage bank in general if the series reserve fund exceeds the statutory capital base requirement.

Funds must be transferred to Series Reserve Fund E from the mortgage bank in general if required to satisfy the statutory capital base requirement, unless such transfer prevents the mortgage bank in general from satisfying the capital adequacy requirement.

### 5.3.4 The statutory preferential status of holders of SDOs, certain derivatives counterparties and holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act in Capital Centre E

The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act confers a primary preferential right on the holders of SDOs and certain counterparties of derivative financial instruments in the event of insolvency.

The implication of the preferential right is that the holders of the SDOs issued out of Capital Centre E and the counterparties of the derivative financial instruments hedging the risk are primary secured creditors in respect of the following claims against the funds of Capital Centre E consisting of the mortgages, bonds, debt instruments and other debt certificates issued by Capital Centre E and other assets and funds in Series Reserve Fund E:

- payment of claims under the SDOs and contracts for derivative financial instruments; and
- claims against the interest accrued on the above claims from the issue of the insolvency order.

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The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act confers a secondary preferential right on holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, cf section 27 b of the said Act, as follows:

- Together with certain derivatives counterparties, holders of SDOs have a primary preferential right to all assets in Nykredit's Capital Centre E; and
- The holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act have a secondary preferential right to all assets of Nykredit's Capital Centre E, cf section 27 (1), third sentence, of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

The claims of holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act therefore rank before all other debt (unsecured creditors, subordinate loan capital and hybrid core capital) – save costs relating to the insolvent estate and claims from holders of SDOs – in Capital Centre E and counterparties of financial contracts hedging financial risk in connection with the issuance of the SDOs.

If Nykredit's Capital Centre E does not have sufficient assets to satisfy the claims of the holders of the bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, they may raise a residual claim against the assets available for distribution of the mortgage bank in general (as an unsecured claim).

Where Nykredit does not provide supplementary security, Nykredit's SDOs may lose eligibility as covered bonds ("særligt dækkede obligationer"), cf section 33 d (2) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. The holders of Nykredit's SDOs that are no longer eligible will, however, maintain their primary preferential status, cf section 27 a of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Correspondingly, the holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act remain secondary secured creditors, cf section 27 a (1) second sentence and section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

If an insolvency order is issued for Nykredit, and the funds from the issuance of bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act do not serve as supplementary security yet, the SDO holders in Capital Centre E have a preferential right to these funds, cf section 27 b of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Any excess funds must be disbursed to the holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

The holders of SDOs or bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act may not rely on the issuance of an insolvency order for Nykredit as cause for acceleration, cf section 28 (1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Correspondingly, Nykredit's failure to fulfil its obligation to provide supplementary security does not constitute an event of default either, cf section 28 (2) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. This applies to holders of SDOs as well as holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

In accordance with section 58 l of the Danish Securities Trading etc. Act, supplementary security is as a general rule not subsequently voidable, cf section 33 d (4) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

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In case of suspension of payments, Nykredit must as far as possible continue to make timely payments to SDO holders and counterparties of derivative financial instruments unless the supervisors appointed decide otherwise. In case of insolvency, the trustee shall to the widest extent possible continue or resume performance of Nykredit's obligations towards the bondholders and the counterparties of derivative financial instruments, cf the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Nykredit will defer payments to the holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act if:

- 1) such payments will result in breach of the tests imposed by the balance principle regulation applicable from time to time to the SDOs and certain counterparties of derivative financial instruments of Capital Centre E, or
- 2) the above-mentioned tests imposed by the balance principle regulation have already been breached.

If Nykredit remedies the breach within one week, payments will not be deferred. Nykredit will resume payments to the holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act as from the time when the above-mentioned tests imposed by the balance principle regulation are no longer breached.

Payments to the holders of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act will furthermore be deferred if:

- 3) Nykredit has suspended its payments or an insolvency order has been issued against Nykredit in accordance with the Danish Insolvency Act.

#### **5.4 Funding of the lending of other credit institutions by issuance of SDOs**

SDOs issued out of Nykredit's Capital Centre E may serve to fund lending granted by other credit institutions. Two models may be used for such funding: 1) intercompany funding of loans granted by credit institutions forming part of the Nykredit Group; or 2) joint funding of loans originally granted by credit institutions whether forming part of the Nykredit Group or not.

##### **5.4.1 Intercompany funding**

SDOs issued out of Nykredit's Capital Centre E may serve as intercompany funding of loans granted by Totalkredit (Totalkredit's Capital Centres E and F) or other mortgage banks forming part of the Nykredit Group.

The funding of loans granted out of Totalkredit's Capital Centre E will comply with the terms and conditions set out in the FSA authorisation dated 14 September 2007 granted on the basis of the provisions of section 152 c (3) of the Danish Financial Business Act.

In addition, under section 33 b of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, Nykredit may fund lending out of Totalkredit's Capital Centre F in accordance with section 152 c (1), (vi)-(vii) of the Danish Financial Business Act.

As security for the funding, Totalkredit's Capital Centres E and F issue master securities. The master securities satisfy the requirements in respect of SDOs in Capital Centre E and mortgage bonds in Capital Centre F.

Nykredit is the only primary secured creditor in respect of the assets of Totalkredit's Capital Centres E and F in the form of mortgages, bonds, debt instruments, other debt certificates and reserve funds.

Totalkredit's Capital Centre E may also raise loans in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act in connection with the issuance of bonds under a

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separate prospectus. The holders of bonds issued by Totalkredit in pursuance thereof are secondary secured creditors in respect of the assets in Totalkredit's Capital Centre E, whereas Nykredit is a primary secured creditor.

Totalkredit's Capital Centres E and F may also raise hybrid core capital or subordinate loan capital in order to supplement the reserve funds. However, such capital ranks after Nykredit's claim in accordance with the master security of Totalkredit's Capital Centres E and F and after holders of bonds issued by Totalkredit in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Totalkredit is obliged to monitor mortgaged assets and to provide supplementary security on a current basis, which is done in cooperation with Nykredit.

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

#### 5.4.2 Joint funding

SDOs issued out of Nykredit's Capital Centre E may be applied for joint funding of lending originally granted by other credit institutions against mortgages on real property subject to FSA approval.

The original lender shall transfer the title to the loans and mortgages to Nykredit. The joint funding is regulated by sections 16 b to 16 g and section 120 b of the Danish Financial Business Act.

Nykredit's Capital Centre E may acquire the loans and mortgages provided by other credit institutions whether forming part of the Nykredit Group or not within the legal framework for joint funding through the issuance of SDOs.

If the credit institution originally granting the loan is expected to be unable to honour its payment obligations on behalf of the borrower to Nykredit at some time point in time, Nykredit will immediately notify the borrower that payments in full discharge must be made not to the original lender, but directly to Nykredit in future.

Further, through the issuance of SDOs via intercompany funding (see clause 5.4.1), Nykredit's Capital Centre E may fund lending by credit institutions forming part of the Nykredit Group – including Totalkredit – which following authorisation by the FSA may acquire loans and security granted by other credit institutions within the legal scope of joint funding.

Totalkredit or other credit institutions forming part of the Nykredit Group which may engage in intercompany funding are in charge of the relations with the original lender on behalf of Nykredit.

Nykredit's Board of Directors may resolve to apply for FSA authorisation to issue SDOs out of Nykredit's Capital Centre E for the joint funding of loans granted by other credit institutions against mortgages on real property.

## **6. BALANCE PRINCIPLE, ETC**

### **6.1 Balance principle**

#### 6.1.1 General

The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and the Executive Order on bonds issued in pursuance thereof require that mortgage banks observe a balance principle and a set of risk management rules in connection with the issuance of mortgage bonds, SDRs or SDOs as defined in the said Executive Order.

The Executive Order on bonds provides limits to the scope of differences allowed between the payments from borrowers (interest and principal payments) against mortgages on real property, unsecured loans to public authorities or loans granted against public authority guarantees, other investments in eligible assets (eg other non-subordinate claims against and guarantees issued by credit institutions), derivative financial instruments to hedge cash flow differences and investments pursuant to section 4(5) of the Executive Order on bonds on the one hand, and payments to the holders of the issued mortgage bonds, SDROs, SDOs (interest and redemptions), other securities issued by mortgage banks conferring a preferential right on the holder and financial derivative instruments to hedge cash flow differences on the other hand.

The Executive Order on bonds sets forth loss limits to the interest rate, foreign exchange, option and liquidity risks that follow from cash flow differences in the balance sheet. The Executive Order also contains a number of other provisions limiting financial risk.

For mortgage banks, the balance principle is applicable at the level of the individual capital centres and the mortgage bank in general.

The balance principle and risk management are based on the following two main points:

1. The statutory requirement for placing the proceeds in eligible assets in connection with the issuance by mortgage banks of mortgage bonds, SDROs or SDOs and other securities issued by mortgage banks which confer a preferential right on the holder.
2. Interest rate, foreign exchange and option risk is allowed only to a limited extent.

However, owing to various technical aspects of the lending activities of a mortgage bank, a number of investments are not subject to the statutory limit to other non-subordinate claims against and guarantees issued by credit institutions in connection with the issuance of SDOs:

- Investment of funds in connection with the disbursement of new loans, refinancing or prepayment of existing loans which will lead to an outstanding amount of bonds for which the credit institution has not yet obtained a mortgage on real property (disbursements and refinancing) or awaits redemption of outstanding bonds (refinancing and prepayment);
- Registration guarantees for registered mortgages with only one endorsement which specifies existing loans which must be prepaid with the proceeds of the new loan;
- Guarantees for losses which do not constitute an actual claim against the credit institution providing the guarantee; and
- Own bonds issued out of the same capital centre (only applicable under the general balance principle).

Pursuant to the Executive Order on bonds, mortgage banks may choose between two types of balance principle for each capital centre regardless of whether they issue mortgage bonds, SDROs or SDOs:

1. The general balance principle
2. The specific balance principle.

6.1.2 Balance principle for Nykredit's Capital Centre E, including for bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

Issuance of SDOs out of Capital Centre E complies with the general balance principle.

The funds deriving from the issuance of bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act are subject to the same rules of risk management as the securities portfolio and are therefore regulated by the rules on interest rate and



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foreign exchange risk applicable thereto. In consequence, interest rate and foreign exchange risk may not exceed 8% and 10% of the capital base of Capital Centre E, respectively, cf sections 13 and 15 of the Danish Executive Order on bonds.

However, for bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, Nykredit will also adhere to the following separate tests and tighter risk limits:

- (1) Net interest rate risk +/-100bp may not exceed 1% of the bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act and
- (2) No foreign exchange risk (any foreign exchange exposures are hedged).

## **6.2 Risk limits and management under the general balance principle**

Management of interest rate risk, foreign exchange risk and option risk is regulated through stress tests and loss limits. In addition, other structural provisions limit liquidity risk.

### *Interest rate risk:*

Interest rate risk is determined for each currency as the largest decrease in the present value of the cash flow differences based on an assumed yield curve development in two sets of stress tests – a small and a large stress – in six different scenarios in accordance with section 7 (2) and (4) of the Executive Order on bonds.

The interest rate exposure of a mortgage bank may not exceed an amount equal to 1% of the capital adequacy requirement + 2% of additional capital in the capital centre according to the small stress test, and 5% of the capital adequacy requirement + 10% of additional capital in the capital centre according to the large stress test.

The interest rate exposure in each currency is added up, and netting of interest rate exposures between the different currencies is generally not allowed – however, interest rate exposures in Danish kroner and euro may be netted by up to 50% of the interest rate exposure in the currency with the numerically lower interest rate exposure.

### *Foreign exchange risk:*

Foreign exchange risk is determined as the largest decrease in the present value of the cash flow differences based on an assumed exchange rate development in four different scenarios according to section 9 (2) of the Executive Order on bonds.

The foreign exchange exposure of a mortgage bank must not exceed an amount equal to 10% of the capital adequacy requirement + 10% of additional capital in the capital centre determined with respect to euro and 1% of the capital adequacy requirement + 1% of additional capital in the capital centre determined with respect to other currencies.

### *Option risk:*

Option risk is determined for each currency as the largest decrease in the present value of the cash flow differences based on an assumed volatility curve development in two different scenarios according to section 10 (3) of the Executive Order on bonds.

The option exposure of a mortgage bank may not exceed an amount equal to 0.5% of the capital requirement + 1% of additional capital in the capital centre.

The option exposure in each currency is added up, and netting of option exposures between the different currencies is generally not allowed – however, option exposures in Danish kroner and euro may be netted by up to 50% of the option exposure in the currency with the numerically lower option exposure.

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*Liquidity risk:*

Interest received must exceed interest paid within a period of 12 consecutive months. Interest payments include any overcollateralisation in the capital centre and investments provided that they have been placed in secure and liquid securities, claims against central governments and central banks in zone A countries or deposits with credit institutions in zone A countries.

The present value of future amounts receivable must at any time exceed the present value of future payments.

**6.3 Comments on Nykredit's compliance with the balance principle**

Despite the risk limits of the balance principle, Nykredit has in practice structured its lending business in such a way that the mortgage bank does not assume significant financial risk with respect to lending and underlying funding activities.

It should be noted that the balance principle regulates the actual issuance of mortgage bonds, SDROs, SDOs and other securities issued by mortgage banks conferring a preferential right on the holder. The actual bond issuance does not appear directly from the key figures and financial ratios in the annual and interim reports presented in accordance with IFRS. This is due to the fact that, under IAS 39, "issued bonds" under liabilities and equity must be reduced by any holdings Nykredit may have of its own issued mortgage bonds, SDROs, SDOs and other securities issued by mortgage banks conferring a preferential right on the holder.

Correspondingly, investment of funds in secure liquid securities in accordance with the Executive Order on bonds will not appear directly under assets. This is due to the fact that, under IFRS, any holdings of own issued mortgage bonds, SDROs, SDOs and other securities issued by mortgage banks conferring a preferential right on the holder must be eliminated under "issued bonds" under liabilities and equity.

**7. OTHER RISK**

Nykredit's Board of Directors is responsible for defining limits to and monitoring the Group's risk and for laying down overall policies and instructions, including exposure limits. Risk exposures and activities are reported to the Board of Directors on a current basis.

**8. MARKET RISK**

The market value of bonds offered and issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act may change concurrently with fluctuations in interest rates as well as supply and demand.

# III. Information about Nykredit

*This registration document is based on appendix IV of Commission Regulation no 809/2004.*

## 1. PERSONS RESPONSIBLE

1.1 This prospectus has been prepared by Nykredit.

### Board of Directors:

Steen E. Christensen (Chairman, Attorney)	Hans Bang-Hansen (Deputy Chairman, Farmer)	K. E. Borup (Deputy Chairman, Managing Director)
Michael Demsitz (CEO)	John Finderup (Attorney)	Nina Smith (Pro-Rector)
Jens Erik Udsen (Managing Director)	Steffen Kragh (CEO)	Jens Thomsen (Managing Director)
Kristian Bengaard (Senior Consultant)	Anette R. Fisher (Political Secretary)	Allan Kristiansen (Vice President)
Leif Vinther (Chairman of Staff Association)	Lisbeth Grimm (Treasurer)	

### 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)	Bente Overgaard (Group Managing Director)

1.2 We represent that we have done everything possible to ensure that the information contained in this prospectus is consistent with the facts, and that to the best of our knowledge and belief nothing has been omitted which is likely to affect its contents.

## 2. NYKREDIT'S AUDITORS

2.1 Nykredit's external auditor is:

Deloitte Statsautoriseret Revisionsaktieselskab  
Weidekampsgade 6  
DK-2300 Copenhagen S

Nykredit's external auditor is a member of the Institute of State Authorised Public Accounts.

2.2 Nykredit has not changed auditors in the financial years 2006 and 2007.

## 3. SELECTED FINANCIAL INFORMATION

3.1 Reference is made to the audited and published Annual Reports for 2006 and 2007 of Nykredit and the Nykredit Realkredit Group available at Nykredit's website [nykredit.com](http://nykredit.com).

3.2 Reference is made to the Q1-Q3 Interim Report 2008, available at Nykredit's website [nykredit.com](http://nykredit.com), which has not been audited.

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**4. RISK FACTORS**

Please refer to "Risk factors" above.

**5. INFORMATION ABOUT NYKREDIT****5.1 Nykredit's history and development**

5.1.1 Nykredit's registered company name is Nykredit Realkredit A/S.

Nykredit's secondary names are:

Realkreditaktieselskabet Nykredit (Nykredit Realkredit A/S)

IRF Industrifinansiering A/S (Nykredit Realkredit A/S)

IRF Industrikredit A/S (Nykredit Realkredit A/S)

Industrikredit A/S (Nykredit Realkredit A/S)

IRF Erhvervsfinansiering A/S (Nykredit Realkredit A/S)

Nykredit Industri A/S (Nykredit Realkredit A/S)

Nykredit A/S (Nykredit Realkredit A/S)

5.1.2 Nykredit's registered office is situated at Kalvebod Brygge 1-3, DK-1780 Copenhagen V.

Nykredit is registered in the Central Business Register (CVR) under CVR number 12719280.

5.1.3 From 1851 a number of mortgage associations were established in Denmark of which 16 merged in 1972 into Forenede Kreditforeninger and Jyllands Kreditforening, respectively. Nykredit was founded in 1985 by the merger of Forenede Kreditforeninger and Jyllands Kreditforening.

In 1991 Nykredit was converted into a public limited company (which was founded on 16 January 1989).

Since October 2006 Nykredit has been the sole owner of the company Totalkredit A/S, which carries on mortgage banking.

5.1.4 Nykredit is organised and registered as a Danish public limited company. The rules governing Danish public limited companies are laid down in the Danish Public Companies Act.

Nykredit's headquarters and registered office: Kalvebod Brygge 1-3, DK-1780 Copenhagen V, tel (+45) 44 55 10 00.

As a Danish financial company, Nykredit is governed by the Danish Financial Business Act.

As a Danish mortgage bank, Nykredit is governed by the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act.

5.1.5 The stock exchange announcement dated 16 January 2009 to which reference is made contains Nykredit's earnings forecast for the year 2008. The stock exchange announcement is available at [nykredit.com](http://nykredit.com). See also clause 13.7.

**5.2 Investments**

5.2.1 In accordance with the recommended tender offer dated 15 September 2008 to the shareholders of Forstædernes Bank A/S and following satisfaction of all conditions thereof, Nykredit has decided to complete the tender offer and acquire the shares for which the shareholders of Forstædernes Bank A/S have given their acceptance in connection with the tender offer. The shares have been in Nykredit's possession from 23 October 2008, on which date the shares were settled. Nykredit will as soon as possible initiate a compulsory redemption of the remaining

shares in Forstædernes Bank A/S – totalling 1.9% at 24 October 2008. Shares in Forstædernes Bank A/S which have not been transferred to Nykredit by 2 April 2009 at the latest will be registered in the name of Nykredit in Forstædernes Bank A/S's register of shareholders pursuant to section 20 c of the Danish Public Companies Act.

For more details about the completion of the recommended tender offer, reference is made to stock exchange announcement dated 14 October 2008. The stock exchange announcement is available at [nykredit.com](http://nykredit.com).

5.2.2 Nykredit is under no obligation – apart from the investment set out in 5.2.1 – to make significant investments in future.

5.2.3 This clause has been omitted as Nykredit has not incurred any obligations under clause 5.2.2.

## **6. BUSINESS OVERVIEW**

### **6.1 Principal activities**

6.1.1 Nykredit carries on mortgage banking activities as defined in sections 8 and 16 a of the Danish Financial Business Act.

Nykredit grants loans against mortgages on real property, etc, to retail customers, commercial customers and agricultural customers.

Nykredit's product range and funding of loans granted must at any time comply with the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Nykredit develops its products on an ongoing basis within the statutory framework.

For a more detailed review of the statutory framework governing Nykredit's business activities and products, please refer to "Risk factors" above.

6.1.2 Nykredit's activities and products must fall within the framework laid down in the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. Please refer to the most recently published Annual Report for new, important products and business areas.

### **6.2 Principal markets**

Nykredit's primary market is the Danish market for lending against mortgages on real property. Nykredit provides loans to retail, commercial and agricultural customers.

This prospectus does not include any statements about Nykredit's competitive situation.

## **7. ORGANISATIONAL STRUCTURE**

### **7.1 Organisational structure**

Nykredit is wholly owned by Nykredit Holding A/S. Foreningen Nykredit (the Nykredit Association) is the largest shareholder of Nykredit Holding A/S.

The Nykredit Holding Group's business activities are undertaken by Nykredit and Nykredit's subsidiaries.

Nykredit carries on mortgage banking activities. Nykredit is also licensed by the FSA to carry on business as a securities dealer.

Nykredit's subsidiary Totalkredit carries on mortgage banking activities.

Nykredit carries on other financial business through its subsidiaries Nykredit Bank A/S (and subsidiaries), Forstædernes Bank A/S and Nykredit Forsikring A/S. Nykredit has a branch in Poland.

Nykredit carries on business relating to mortgage banking through its subsidiary Nykredit Mægler A/S.

Nykredit's subsidiaries are wholly owned. As of 24 October 2008, Nykredit did not own more than 98.1% of the shares in Forstædernes Bank A/S. Forstædernes Bank A/S will be wholly owned when the planned compulsory redemption of the remaining shares has been completed. Shares in Forstædernes Bank A/S which have not been transferred to Nykredit by 2 April 2009 at the latest will be registered in the name of Nykredit in Forstædernes Bank A/S's register of shareholders pursuant to section 20 c of the Danish Public Companies Act.

For further details on the group structure, please refer to the latest published Annual Reports for 2007 of Nykredit and the Nykredit Realkredit Group. As a subsidiary of Nykredit Realkredit A/S, Forstædernes Bank A/S appears on a par with Nykredit Bank A/S in the organisational chart.

## 7.2 Business outline

Nykredit's business activities are independent of other Group entities. See also the published Annual Reports for 2007 of Nykredit and the Nykredit Realkredit Group.

Reference is made to the Q1-Q3 Interim Report 2008, which has not been audited.

## 8. TREND INFORMATION

- 8.1 The stock exchange announcement dated 16 January 2009 to which reference is made contains Nykredit's earnings forecast for the year 2008. The stock exchange announcement is available at [nykredit.com](http://nykredit.com). See also clause 13.7.
- 8.2 Except from the above in clause 8.1, Nykredit is not aware of any trends, uncertainties, claims, obligations or events which may reasonably be expected to significantly affect the future outlook for Nykredit for the current financial year.

## 9. PROFIT FORECASTS OR ESTIMATES

No separate profit forecast has been included in this prospectus.

## 10. BOARD OF DIRECTORS AND EXECUTIVE BOARD

### 10.1 Composition

*Board of Directors*

**Steen E. Christensen, Attorney,  
Chairman**

Chairman of A/S Motortramp and Persolit Holding A/S

Deputy Chairman of Norgren A/S

Director of Plesner Advokatfirma, 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

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

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First Deputy Mayor, Municipality of Horsens, and Chairman of the employment committee,  
Municipality of Horsens

Chairman and Managing Director, Arnen Holding ApS and LNT Invest ApS

Chairman, Håstrupgård ApS

Deputy Chairman of Horsens Havn

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

**K. E. Borup, Managing Director,  
Deputy Chairman**

Chairman of Mekoprint A/S, Nordjyske Holding A/S and three subsidiaries, Sanistål A/S, Aalborg  
Stiftstidende A/S and AaSF Holding A/S

Deputy Chairman of Fertin Pharma A/S and Gumlink A/S

Director of Bagger-Sørensen & Co A/S, Skagerak Holding A/S and subsidiary, Skagerak 2000 A/S  
and Vendsyssel Tidende A/S

**Michael Demsitz, CEO**

CEO of Boligselskabet Danmark

Director of Boligselskabernes Landsforening and Boligbutikken for Hovedstaden

**John Finderup, Attorney**

Chairman of Foreningen Østifterne

Norwegian Consul

**Nina Smith, Pro-Rector**

Pro-Rector of Aarhus Universitet

Director of Niras Gruppen A/S, PFA Holding A/S and PFA Pension Forsikringsaktieselskab

**Jens Erik Udsen, Managing Director**

Managing Director of Nesdu A/S

Chairman of Grundejernes ejendomsselskab 1972 ApS and Grundejernes Investeringsfond

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

**Steffen Kragh, CEO**

CEO of Egmont Fonden and Egmont International Holding A/S

Chairman of a number of companies of the Egmont Group

**Jens Thomsen, Managing Director**

Managing Director of Stiftelsen Sorø Akademi and manager of Ejendomsselskabet Absalon A/S

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

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

**Kristian Bengaard, Senior Consultant**

Member of the Executive Council of Finansforbundet

**Anette R. Fischer, Political Secretary**

**Allan Kristiansen, Vice President**

**Leif Vinther, Chairman of Staff Association**

**Lisbeth Grimm, Treasurer**

The office address of the members of the Board of Directors is:

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

*Executive Board*

**Peter Engberg Jensen, Group Chief Executive**

Director of OMX Exchanges OY and Stockholmsbörsen AB

**Karsten Knudsen, Group Managing Director**

Director of Dansk Pantebrevsbørs A/S

**Per Ladegaard, Group Managing Director**

Deputy Chairman of JN Data A/S

Director of BEC (Bankernes EDB Central), Finanssektorens Uddannelsescenter and IT-Universitetet

**Niels Tørslev, Group Managing Director**

Director of Terra BoligKreditt AS and Værdipapircentralen A/S

**Søren Holm, Group Managing Director**

Director of JN Data A/S

**Bente Overgaard, Group Managing Director**

The office address of the members of the Executive Board is:

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



**10.2 Conflicts of interest**

There are no potential conflicts of interest between the positions held by the persons listed under 10.1 in Nykredit and their activities outside Nykredit.

**11. BOARD PRACTICES**

11.1 Nykredit has not set up an audit committee.

11.2 There is no Danish scheme providing special corporate governance requirements for non-listed companies.

**12. MAJOR SHAREHOLDERS**

12.1 Nykredit's Parent Company Nykredit Holding A/S is the sole shareholder of Nykredit. See also clause 7.1 (organisational structure) above.

The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the Danish Public Companies Act and the Danish Financial Business Act together lay down rules for countering a major shareholder's abuse of its dominant position.

Nykredit has not taken special measures with a view to preventing Nykredit Holding A/S from abusing its control of Nykredit.

12.2 Nykredit is not aware of any agreements that may lead to third-parties obtaining control of Nykredit.

**13. FINANCIAL INFORMATION CONCERNING NYKREDIT'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**

**13.1 Historical financial information**

Reference is made to the two latest audited and approved Annual Reports for 2006 and 2007 of Nykredit and the Nykredit Realkredit Group, cf cross reference table, page 28. Annual Reports are audited and approved each February.

Nykredit's audited and approved Annual Reports are available at Nykredit's website [nykredit.com](http://nykredit.com).

The Annual Reports of Nykredit and the Nykredit Realkredit Group are prepared in accordance with IAS 34 Interim Financial Reporting as approved by the EU. The application of IAS 34 implies compliance with the recognition and measurement principles of the international accounting standards (IFRS). Further, the financial statements have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. issued by the FSA, including the Executive Order on the application of IFRS by financial companies.

**13.2 Financial statements**

See clause 13.1.

**13.3 Auditing of historical annual financial information**

13.3.1 Nykredit confirms that the Annual Reports of the Company are audited and refers to the auditors' report from both the internal and external auditors in the most recently published Annual Report, see clause 13.1.

13.3.2 This prospectus does not refer to audited information other than that contained in the Annual Reports.

13.3.3 As for historical financial information, reference is exclusively made to Nykredit's published Annual Reports available on Nykredit's website [nykredit.com](http://nykredit.com).

#### **13.4 Age of the latest financial information**

13.4.1 The last audited annual report covers the period from 1 January 2007 to 31 December 2007. As Nykredit publishes an audited annual report every February, the most recently audited financial information will never be more than 14 months old.

#### **13.5 Interim and other financial information**

13.5.1 Nykredit prepares and publishes interim reports. Interim reports are not audited and are available to the public at Nykredit's website [nykredit.com](http://nykredit.com).

13.5.2 The most recently published financial report is the Q1-Q3 Interim Report 2008, which was published on 6 November 2008. The Interim Report has not been audited.

#### **13.6 Legal and arbitration proceedings**

At the time of this bond issue, Nykredit is not involved in any governmental, legal or arbitration proceedings that may affect Nykredit's ability to meet its obligations under the bonds nor is Nykredit aware of any such proceedings being contemplated.

On 30 June 2005 the Danish National Tax Tribunal held in favour of Nykredit that Nykredit should not be liable to tax on profits from the disposal of shares held for trading purposes in the financial years 1999, 2000 and 2001. The Danish Ministry of Taxation subsequently brought the case before the ordinary Danish courts. The Danish Ministry of Taxation claims that part of Nykredit's portfolio of shares was acquired in connection with the trading activities, and therefore Nykredit's gains and losses on the sale of shares as from 1999 are to be declared in Nykredit's income statement. As the Danish Ministry of Taxation changed its claim, Nykredit no longer foresees an additional expense relative to the tax charge already made in the Annual Report for 2006. Nykredit has asked the Danish courts to find in its favour and expects the courts to do so. If the court finds for Nykredit, deferred tax of DKK 189m will be recognised as income.

#### **13.7 Significant change in Nykredit's financial or trading position**

The stock exchange announcement dated 16 January 2009 to which reference is made contains Nykredit's earnings forecast for the year 2008. The figures stated in the stock exchange announcement are preliminary and are subject to change until the presentation of the Preliminary Announcement of Financial Statements and the Annual Report on 5 February 2009. It appears from the stock exchange announcement:

The Nykredit Realkredit Group's results for 2008 show continued growth in customer business and low mortgage losses but they were affected by the extraordinary development in financial markets involving bank collapses, plunging equity prices and massive yield spread widening as well as the acquisition of Forstædernes Bank".

The stock exchange announcement is available at [nykredit.com](http://nykredit.com).

### **14. ADDITIONAL INFORMATION**

#### **14.1 Share capital**

14.1.1 Nykredit's share capital amounts to DKK 1,182,215,700 divided into shares of DKK 100 and multiples thereof. The share capital is fully paid up. The shares are registered in the names of the holders and have been entered in the company's register of shareholders. No share certificates have been issued. The shares cannot be assigned to the bearer and are non-negotiable. The shares have not been divided into classes.

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**14.2 Memorandum of Association and Articles of Association**

14.2.1 Nykredit is registered with the Central Business Register (CVR) under CVR number 12 71 92 80 and is registered with the Danish Commerce and Companies Agency.

According to article 3 (2) of Nykredit's Articles of Association, the objects of the Company are to carry on mortgage banking, ie activities allowed under current Danish legislation governing mortgage banks, and to carry on other financial business, including banking and insurance business, through subsidiaries.

**15. MATERIAL CONTRACTS**

Nykredit has not entered into any material contracts outside the framework of its normal business area which impose obligations or rights on an entity of the Nykredit Holding Group which affect Nykredit's ability to meet its obligations to the bondholders.

**16. THIRD-PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

16.1 This prospectus contains no statements or reports from external experts.

16.2 This prospectus contains no information from third parties.

**17. DOCUMENTS ON DISPLAY**

Nykredit hereby confirms that the Company's Articles of Association and historical financial information for 2006 and 2007 will be available to the public throughout the life of this prospectus.

Nykredit's Articles of Association and historical financial information may be obtained by contacting Nykredit's headquarters, Kalvebod Brygge 1-3, DK-1780 Copenhagen V.

Historical financial information is available at Nykredit's website [Nykredit.com](http://Nykredit.com).

# IV. Bond information

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*This securities note is based on appendix V of Commission Regulation no 809/2004.*

## **1. PERSONS RESPONSIBLE**

- 1.1 See clause 1.1. under "Information about Nykredit".
- 1.2 See clause 1.2. under "Information about Nykredit".

## **2. RISK FACTORS**

- 2.1 Please refer to "Risk factors" above.

## **3. KEY INFORMATION**

### **3.1 Interest of natural and legal persons involved in the issue/offer**

Nykredit has no notice of any natural or legal persons that may have any interests or conflicts of interest material to the issuance of bonds under this prospectus.

### **3.2 Reasons for the offer and use of proceeds**

The proceeds from the issuance will be applied to acquire supplementary security for the purpose of satisfying the requirement that the value of the cover assets behind the SDOs issued must at any time equal at least the value of the SDOs issued. Bonds may be issued under this prospectus before a requirement for supplementary security arises with a view to building reserves. The funds deriving from such issue are placed in government bonds and claims against credit institutions.

## **4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ADMITTED TO TRADING**

- 4.1 Nykredit issues bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act under this prospectus. Bonds may be issued under this prospectus for up to 12 months from the publication date of the prospectus. For a more detailed description of the bonds and ISINs offered, please refer to the final terms.
- 4.2 The issuance of bonds in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act is regulated by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. For a more detailed review of the statutory framework, please refer to clause 5 under "Risk factors".
- 4.3 Information about admission to trading, negotiability and registration appears from the final terms.  
  
If the bonds are registered with VP Securities Services or another securities depository, it will appear from the final terms.
- 4.4 The currency applied appears from the final terms.
- 4.5 Bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act confer a statutory secondary preferential right to all assets of Nykredit's Capital Centre E on its holders. For a more detailed description of this preferential status and suspension of payments to bondholders in case of insolvency, see clause 5.3.4 under "Risk factors". Furthermore, see the information on liability in the final terms.
- 4.6 The final terms describe bondholders' rights, including restrictions thereof.
- 4.7 The nominal interest rate and interest payment provisions appear from the final terms.

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- 4.8 The due date, loan settlement provisions and ordinary repayment and prepayment terms appear from the final terms.
  - 4.9 The yield-to-maturity of the bonds under the prospectus depends on the coupon rate, the maturity as well as the bid/ask prices related to the trading in the bonds. The yields-to-maturity of currency-indexed bonds also depend on the relationship between the relevant currencies.
  - 4.10 Representation of the bondholders is not possible.
  - 4.11 Under this prospectus, bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act are issued in accordance with the authorisation contained in the final terms.
  - 4.12 The expected issuance period of the bonds appears from the final terms.
  - 4.13 The negotiability of the bonds appears from the final terms.
  - 4.14 Information on tax appears from the final terms.

## **5. TERMS AND CONDITIONS OF THE OFFER**

### **5.1 Conditions, offer statistics, expected timetable and action required to apply for the offer**

- 5.1.1 The conditions on which the bonds are issued appear from the final terms.
- 5.1.2 The outstanding amount of bonds issued under this prospectus varies with Nykredit's lending. The outstanding amount may be seen from Nykredit's website [nykredit.com](http://nykredit.com).
- 5.1.3 The offer period of the individual ISINs appears from the final terms.
- 5.1.4 Nykredit has not fixed any limits to the number of bonds subscribed for by individual investors. A possibility of reducing the number of bonds subscribed for and the method of repayment of any excess amounts paid by investors will appear from the final terms.
- 5.1.5 The minimum investment equals the denomination of the bonds issued in pursuance of section 33 e of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act. The denomination of the bonds appears from the final terms. The maximum investment equals the outstanding amount of bonds.
- 5.1.6 The method of and deadline for payment and delivery of the bonds are agreed between Nykredit and the buyer of the bonds.
- 5.1.7 Trades in bonds admitted for listing on a regulated market are published in accordance with the rules issued pursuant to the Danish Securities Trading Act.

Trades in bonds admitted for listing on NASDAQ OMX, Copenhagen are reported pursuant to the reporting rules of the exchange. Prices and amounts outstanding are displayed on a current basis on the website of NASDAQ OMX, Copenhagen, [omxnordicexchange.com](http://omxnordicexchange.com).

- 5.1.8 There are no subscription rights attached to the bonds issued under this prospectus.

### **5.2 Plan of distribution and allotment**

- 5.2.1 No investors have any pre-emption rights to purchase bonds issued under this prospectus.

The bonds may be offered:

- as private placements;
- for sale in the market; and
- by auction on NASDAQ OMX, Copenhagen.

Only members of NASDAQ OMX, Copenhagen may participate in auctions held via the systems of NASDAQ OMX, Copenhagen in connection with the refinancing of loans. Other investors may participate by making bids through a member of NASDAQ OMX, Copenhagen.

5.2.2 In connection with ordinary issues and block issues, the bonds are sold on a current basis in the bond market.

In connection with auctions via the auction system of NASDAQ OMX, Copenhagen, bonds issued under this prospectus are allotted pursuant to the rules of the exchange. The bonds are allotted after a period determined by NASDAQ OMX, Copenhagen and the credit institutions.

### **5.3 Pricing**

5.3.1 The prices are fixed on market terms on the basis of bids/offers, cf clause 5.2.

### **5.4 Placing and underwriting**

5.4.1 As issuer, Nykredit is responsible for the coordination of the total issue.

5.4.2 Nykredit has not entered into any agreement with payment handlers and depositories for bonds registered with VP Securities Services.

5.4.3 Nykredit has not entered into any underwriting agreement or agreement under which a third party undertakes to place bonds issued under this prospectus.

5.4.4 Nykredit has not entered into any undertaking agreement, cf clause 5.4.3.

## **6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

6.1 The final terms include information about the admission to trading of bonds issued under this prospectus in regulated markets.

6.2 The bonds issued by Nykredit are not expected to be admitted to trading on any regulated or similar markets other than those appearing from the final terms.

6.3 An agreement on market making in the bonds issued under this prospectus may be concluded between Nykredit and one or more banks, under which the bank(s) will be obliged to quote bid and offer prices for a number of bonds issued under this prospectus at an agreed maximum spread on NASDAQ OMX, Copenhagen or another regulated market. Any such agreement appears from the final terms.

## **7. ADDITIONAL INFORMATION**

7.1 Nykredit has not used any advisers in connection with the preparation of this prospectus.

7.2 Nykredit's auditors have exclusively audited the Annual Reports to which this prospectus refers.

7.3 The prospectus contains no statements or reports from experts.

7.4 The prospectus contains no information from third parties.

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- 7.5 Bonds issued under this prospectus will be assigned a Aa2 credit rating by Moody's Investors Service. Bonds rated Aa are judged to be of high quality and are subject to very low credit risk. Modifier 2 indicates a mid-range ranking.

## V. Signing on behalf of Nykredit's Management

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Copenhagen, 20 January 2009

This prospectus (including the declarations contained herein) is hereby signed on behalf of Nykredit's Management by special authority from Nykredit's Board of Directors:

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Peter Engberg Jensen  
Group Chief Executive

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Søren Holm  
Group Managing Director



## VI. List of final terms applying to this prospectus

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Currently, no final terms apply to this prospectus.

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**Appendix A: LIST OF DOCUMENTS REFERRED TO IN THE PROSPECTUS**

- Annual Report for 2006 of Nykredit and the Nykredit Realkredit Group
  - Annual Report for 2007 of Nykredit and the Nykredit Realkredit Group
  - H1 Interim Report 2008 of Nykredit and the Nykredit Realkredit Group
  - Q1-Q3 Interim Report 2008 of Nykredit and the Nykredit Realkredit Group
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- Stock exchange announcement dated 16 January 2009 concerning earnings forecast for the year 2008

**Appendix B: CROSS REFERENCE TABLE FOR DOCUMENTS INCLUDED IN THIS PROSPECTUS**

<b>Reference in prospectus</b>	<b>Type of information</b>	<b>Reference</b>
Clause 3.1 page 15	Financial information	Annual Report 2006 (Financial Statements), p 46 ff, and Annual Report 2007 (Financial Statements), p 52 ff
Clause 3.2 page 15	Financial information	Q1-Q3 Interim Report 2008 (Income statement and Balance sheet, etc), p 13 ff
Clause 6.1.2 page 16	Management's Review	Annual Report 2007 (Management's Review), p 5 ff
Clause 9.1 page 17	Management's Review	Annual Report 2007 (Management's Review), p 5 ff, and Q1-Q3 Interim Report 2008 (Management's Review), p 3 ff
Clause 13.1 page 20 ff	Financial information	Annual Report 2006 in its entirety: Management's Review, p 5 ff Management Statement and Audit Reports, p 43 ff Financial Statements, p 46 ff Other Information, p 106 ff  Annual Report 2007 in its entirety: Management's Review, p 5 ff Management Statement and Audit Reports, p 49 ff Financial Statements, p 52 ff Other Information, p 113 ff
Clause 13.2 page 20 ff	Financial information	Annual Report 2007, cf above
Clause 13.3 page 20 ff	Financial information	Annual Report 2007, cf above
Clause 13.4 page 20 ff	Financial information	Annual Report 2007, cf above
Clause 13.5 page 20 ff	Financial information	Annual Report 2007, cf above

Nykredit's financial information referred to in this prospectus is available at [nykredit.com](http://nykredit.com).