

Translations

To the Copenhagen Stock Exchange
and the press

16 August 2007

Nykredit and Totalkredit launch 30-year interest-only loans and opt to issue SDOs

Nykredit and Totalkredit

- launch interest-only periods of up to 30 years for all loan types
- commence issuance of Særligt Dækkede Obligationer (new covered bonds – SDOs) in the newly established Capital Centre E in Q4/2007
- refinance ARMs (“Tilpasningslån” and “Boliglån”) funded by SDOs in December
- opt to apply the general balance principle to all capital centres and maintain conservative approach to market risk
- close existing open issues in Capital Centre D at end-2007.

30-year interest-only period

Under the new Danish legislation, mortgage banks have gained access to offering private residential mortgages with interest-only periods extending beyond the former 10-year maximum. Nykredit and Totalkredit will use the new rules to develop loans with 30-year interest-only periods.

Floating-rate loans, capped or uncapped, and fixed-rate loans, all with 30-year interest-only periods will be introduced gradually up to Q1/2008.

The mortgages for the new loans subject to refinancing (ARMs and loans with short-term interest rate caps) are already being redrafted so as to allow for the possibility of Nykredit and Totalkredit extending the interest-only period beyond 10 years at a later date.

To obtain an interest-only period longer than 10 years, the LTV ratio must not exceed 70% (75% after 1 July 2009).

SDO issuance out of new Capital Centre E

From autumn 2007, Nykredit will start issuing SDOs out of the newly established Capital Centre E in Nykredit Realkredit A/S for the funding of loans granted by Nykredit and Totalkredit.

Nykredit has opted to issue SDOs. Nykredit and Totalkredit’s joint funding solution only accommodates SDO issues.

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The bonds issued in connection with the interest rate adjustment of ARMs in December will be SDOs. For this purpose, a block issue will be made out of Capital Centre E.

Nykredit and Totalkredit will also issue SDOs out of Capital Centre E to fund fixed-rate loans and floating-rate loans, capped or uncapped.

The SDOs issued out of Capital Centre E are expected to be rated on a level with the existing rating.

The general balance principle

The new Danish Executive Order on the issuance of bonds offers SDO issuers a choice of two balance principles. Nykredit has decided to apply the general balance principle.

The choice of the general balance principle will apply to the entire portfolio, ie Nykredit and Totalkredit's Capital Centre E as well as Nykredit and Totalkredit's other capital centres and the institution in general.

Nykredit maintains a conservative market risk approach to lending and bond issuance. Nykredit's lending activities will be structured so as to avoid any significant market risk in relation to lending and issuance.

Transition schedule

The bonds currently open in Capital Centre D will be closed for issuance by end-2007. In consequence, the Nykredit Group's mortgage bonds issued before 1 January 2008 will maintain their status as covered bonds as well as the 10% risk weighting that applies to credit institutions.

The launch of SDO issues and new interest-only products is subject to Nykredit being granted a licence by the Danish Financial Supervisory Authority for the issuance of SDOs and its approval of the intercompany joint SDO funding set-up.

Specific details on the closing of open mortgage bonds and issuance of SDOs will be announced later.

Yours sincerely

Nykredit Realkredit A/S

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