

Nordea

NORDEA KREDIT REALKREDITAKTIESELSKAB

(incorporated as a limited company in Denmark with business registration (CVR) number 15134275)

BASE PROSPECTUS FOR ISSUANCE OF MORTGAGE BONDS (ROs) AND COVERED MORTGAGE BONDS (SDROs)

Nordea Kredit Realkreditaktieselskab (“**Nordea Kredit**” or the “**Issuer**”) has been licensed as a mortgage institution by the Danish Financial Supervisory Authority pursuant to the Danish Financial Business Act, including a licence to issue mortgage bonds and covered mortgage bonds. Nordea Kredit may issue new mortgage bonds or covered mortgage bonds under this base prospectus (the “**Base Prospectus**”) by way of tap issuance, auctions, pre-issuance or block issuance.

Nordea Kredit has given its consent to Nordea Bank Abp (the “**Bank**”) to use the Base Prospectus as a financial intermediary for subsequent resale or final placement of mortgage bonds and covered mortgage bonds under the Base Prospectus.

Application may be made for mortgage bonds and covered mortgage bonds issued under the Base Prospectus under ISIN codes opened after the date of the Base Prospectus to be admitted to trading and official listing on Nasdaq Copenhagen A/S. All mortgage bonds and covered mortgage bonds issued are registered with VP SECURITIES A/S and are therefore not issued in physical form. Delivery and clearing etc are executed via VP SECURITIES A/S’s systems.

The Base Prospectus has been prepared by Nordea Kredit with a view to having the securities admitted to trading on a regulated market in Denmark and to enable a public offer in Denmark. The Base Prospectus has been prepared as a prospectus in compliance with the Prospectus Directive (as defined below) and the relevant implementing legislation in Denmark for the purpose of providing information about the securities issued. The Base Prospectus is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The securities are not and will not be registered under the US Securities Act of 1933 (the “**US Securities Act**”) and may be subject to US tax law requirements. Subject to certain exceptions, securities may not be offered, sold or distributed within the United States or to US persons (as defined in Regulation S of the US Securities Act). The securities may be offered and sold outside the United States to non-US persons in accordance with Regulation S of the US Securities Act. For a description of certain restrictions on the offer, sale and distribution of securities and on the distribution of the Base Prospectus and other offering material concerning the securities, see section 13 “Subscription, sale, registration and settlement” and section 14 “Selling and dealing restrictions”.

Mortgage bonds issued by Nordea Kredit in general currently have ratings (“long-term covered bond rating”) of Aaa from Moody’s Investors Service Ltd. (“Moody’s”) and AAA from Standard & Poor’s

Credit Market Services Europe Ltd (“S&P”). Covered mortgage bonds issued out of Nordea Kredit’s capital centre 2 have been assigned the same ratings. Moody’s and S&P are established in the European Union and registered in accordance with Regulation (EC) no 1060/2009 as of the date of the Base Prospectus. A list of approved credit rating agencies is available on ESMA’s website (www.esma.europa.eu/page/List-registered-and-certified-CRAs), which was last updated on 13 November 2017. A rating is not a recommendation to buy, sell or own securities and may be suspended, downgraded or withdrawn by the relevant credit rating agency at any time. Further information on Nordea Kredit’s ratings is available in section 13.4 “Credit ratings”.

Investing in securities involves risks. Prospective buyers of securities should make sure that they understand the terms and conditions of the securities as well as the extent of their exposure to risk and that they assess the suitability of the securities as an investment in light of their own circumstances and financial situation. Further information on such risks is available in section 0 “Risk factors”.

THIS BASE PROSPECTUS IS DATED 19 FEBRUARY 2019

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1 Introduction

The Base Prospectus constitutes a base prospectus for the purposes of the Prospectus Directive (as defined below) and has been prepared for the purpose of providing all information about the Issuer and the securities under the Base Prospectus which given the nature of the Issuer and the securities concerned is deemed necessary for investors to be able to make an informed assessment of the Issuer's assets and liabilities, financial position, results performance and prospects as well as the rights attaching to the securities offered.

Under the Base Prospectus securities governed by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act may be issued. The securities comprise mortgage bonds issued in pursuance of section 18 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act ("**ROs**") as well as covered mortgage bonds issued in pursuance of section 33 a of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act ("**SDROs**").

Any reference in the Base Prospectus to "**Bonds**" covers all types of securities issued under the Base Prospectus, that is, ROs and SDROs. An investor holding Bonds is designated "**Bondholder**". Any reference in the Base Prospectus to "mortgage bonds" or "covered mortgage bonds" not in upper case is used to describe the respective type of security in general, that is, the description applies to securities issued under the Base Prospectus and securities in general.

Any reference in the Base Prospectus to "**Final Terms**" means the final terms that read in conjunction with the Base Prospectus and the information incorporated by reference are applicable to an ISIN code of securities issued under the Base Prospectus.

The Base Prospectus is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. Any offer of securities in a member state other than Denmark in the European Economic Area (the "**EEA**") that has implemented the Prospectus Directive (each a "**Relevant Member State**") will be made pursuant to an exception under the Prospectus Directive as implemented in the Relevant Member State from the requirement to publish a prospectus for the offer of securities. Accordingly, any person making or intending to make an offer of the Bonds in the Relevant Member State may do so only in circumstances in which no obligation arises for the Issuer 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. The Issuer has not approved or otherwise authorised any offer of Bonds under circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such an offer.

The "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EC), and includes any relevant implementing measures in such Relevant Member State.

If a financial intermediary uses the Base Prospectus to make an offer of Bonds, the financial intermediary is obliged to inform investors of the terms and conditions of the offer at the time the offer is made. Financial intermediaries using the Base Prospectus are further obliged to state on their websites that they use the Base Prospectus in accordance with the consent and the conditions attached thereto.

No persons have been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issuance or sale of Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

The distribution of the Base Prospectus or a sale made in this connection must under no circumstances create any indication that there has not been any changes in the situation of the Issuer since the date of the Base Prospectus or the date on which the Base Prospectus was last amended (by supplements, if any), or that there has been no adverse change in the financial position of the Issuer since the date of

the Base Prospectus or the date on which the Base Prospectus was last amended (by supplements, if any), or that any other information provided in connection with the Base Prospectus is correct at any time subsequent to the date on which the information is provided.

The distribution of the Base Prospectus and the offer or sale of the Bonds in certain jurisdictions may be restricted by law. The Issuer presumes that persons who come into possession of this Base Prospectus will obtain information on and observe all such restrictions. The Bonds under the Base Prospectus are not and will not be registered pursuant to the US Securities Act or with any securities regulatory authority of any federal state or other jurisdiction of the United States and the Bonds may be subject to US tax law requirements. Subject to certain exceptions, the Bonds must not be offered, sold or distributed within the United States or to, or for the account or benefit of “US persons” (as defined in Regulation S of the US Securities Act). For a description of certain restrictions on the offer or sale of the securities concerned and the distribution of the Base Prospectus, see section 13 “Subscription, sale, registration and settlement” and section 14 “Selling and dealing restrictions”.

The Bonds will be offered and sold outside the United States to non-US persons (“non-US persons”) pursuant to Regulation S of the US Securities Act. However, the Bonds may be sold in the United States to qualified institutional buyers (“QIBs”) in accordance with Rule 144A. Prospective buyers are hereby notified that sellers of the Bonds are relying on the exemptions from the provisions of section 5 of the US Securities Act provided by Rule 144A. For a description of these and certain other restrictions on the offer, sale and transfers of the securities concerned and on the distribution of the Base Prospectus, see section 13 “Subscription, sale, registration and settlement” and section 14 “Selling and dealing restrictions”.

2 Responsibility statement

2.1 Nordea Kredit's responsibility

The Base Prospectus has been prepared by Nordea Kredit Realkreditaktieselskab, Helgeshøj Alle 33, 2630 Taastrup, Denmark, which is responsible for the Base Prospectus in accordance with applicable Danish legislation.

2.2 Persons responsible

Board of Directors:

Nicklas Ilebrand
(Chairman)

Mads Skovlund Pedersen
(Vice Chairman)

Kim Skov Jensen
(Member of the Board of Directors)

Jørgen Holm Jensen
(Member of the Board of Directors)

Torben Laustsen
(Member of the Board of Directors)

Anne Rømer
(Member of the Board of Directors)

Anita Nedergaard
(Member of the Board of Directors)

Who have authorised two members of the Executive Management to jointly sign the Base Prospectus.

Executive Management:

Claus H. Greve
(Chief Executive Officer)

Kamilla Hammerich Skytte
(Deputy Chief Executive Officer)

2.3 Declaration

The persons responsible for the information of the Base Prospectus hereby declare that they have made every effort to ensure that, to the best of their knowledge, the information contained in the Base Prospectus is in accordance with the facts and that the information does not omit anything likely to affect the import of such information.

Taastrup, 19 February 2019

According to authorisation granted by the Board of Directors of Nordea Kredit

Claus H. Greve
(Chief Executive Officer)

Kamilla Hammerich Skytte
(Deputy Chief Executive Officer)

3 Summary

This summary should be read solely as an introduction to the Base Prospectus, and any decision to invest in the Bonds should be based on the Base Prospectus as a whole.

The summary is constructed on the basis of a number of disclosure requirements known as “Elements”. The Elements are numbered in sections A-E.

This summary contains all the Elements required for this type of securities and issuer. As not all Elements are required to be included, there may be gaps in the numbering sequence of the Elements.

Even though an Element is required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In that case a short description of the Element is included in the summary with the words “Not applicable”.

Section A – Introduction and warnings

A.1	Warnings	<p>Nordea Kredit notifies prospective investors that:</p> <ul style="list-style-type: none">• this summary should be read as an introduction to the Base Prospectus;• any decision to invest in the Bonds should be based on consideration of the Base Prospectus as a whole by the investor;• where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated; and• civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.
A.2	Use of the Base Prospectus by financial intermediaries	<p>Nordea Kredit provides its consent to the use of the Base Prospectus for subsequent resale or final placement of the Bonds issued under the Base Prospectus by financial intermediaries which have been granted consent by Nordea Kredit.</p> <p>Nordea Bank Abp, Finland, has been granted consent to use the Base Prospectus for offers in Denmark.</p> <p>Subsequent resale or final placement of the Bonds issued under the Base Prospectus by financial intermediaries can be made as long as the Base Prospectus is valid. The above consent to use the Base Prospectus will remain in force as long as the Base Prospectus is valid.</p> <p>If a financial intermediary uses the Base Prospectus to make an offer of Bonds issued under the Base Prospectus, the financial intermediary will provide information on the terms and conditions of the offer at the time the offer is made.</p>

Section B – Issuer and any guarantor

B.1	Legal and commercial names of the issuer	<p>The name of the issuer is Nordea Kredit Realkreditaktieselskab.</p> <p>The commercial names of the issuer are Nordea Realkredit A/S, Nordea Realkreditaktieselskab and Unikredit Realkreditaktieselskab.</p>
B.2	Domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation	<p>Nordea Kredit is domiciled at Helgeshøj Alle 33, 2630 Taastrup, Høje-Taastrup Municipality.</p> <p>Nordea Kredit is a limited company registered in Denmark and is subject to Danish legislation.</p>
B.4b	Any known trends affecting the issuer and the industries in which the issuer operates	<p>Not applicable. Nordea Kredit has not identified such trends.</p>
B.5	Description of the group and the issuer's position within the group	<p>Nordea Kredit is a wholly owned subsidiary of the Nordea Group's Finnish parent company Nordea Bank Abp (the "Bank"). The following companies are wholly owned by the Bank: Nordea Kredit Realkreditaktieselskab, Nordea Finans Danmark A/S, Nordea Funds Ltd, Nordea Bank S.A., Nordea Life Holding AB, Nordea Asset Management Holding AB and LLC Promyshlennaya Kompaniya Vestkon.</p> <p>The Bank furthermore conducts operations through branches in Denmark, Sweden, Norway, Estonia, Poland, Frankfurt, London, New York, Shanghai and Singapore.</p>
B.9	Profit forecast or estimate	<p>Not applicable. Current profit forecasts and estimates for Nordea Kredit are not deemed to have any material effect on the assessment of the Bonds offered and are therefore not included in the Base Prospectus.</p>
B.10	Qualifications in the audit report on the historical financial information	<p>Not applicable. The auditors have not made any such qualifications.</p>

B.12	Selected historical financial information	Income, profit and business volumes, key items (DKKm)	2018	2017	
		Net interest and fee income	2,555	2,685	
		Value adjustments	-18	3	
		Staff and administrative expenses	-286	-314	
		Impairment losses on loans and receivables	-215	-143	
		Profit before tax	2,042	2,242	
		Net profit for the year	1,593	1,750	
		Receivables from credit institutions and central banks	43,440	46,220	
		Loans and receivables at fair value	387,159	393,008	
		Debt to credit institutions and central banks	10,841	7,636	
		Bonds in issue at fair value	400,817	405,629	
		Total equity	22,333	22,052	
		Total assets	438,825	440,201	
			Ratios and key figures (%)	2018	2017
			Return on equity	7.2	7.9
			Cost/income ratio	11.3	11.7
			Total capital ratio	26.5	32.9
			Tier 1 capital ratio	23.9	29.7
			Tier 1 capital, DKKm	20,263	20,443
			Risk exposure amount, DKKm	84,807	68,898
	Average number of employees (full-time equivalents)	113	111		
	There has been no material adverse change in the prospects of Nordea Kredit since the date of its last published audited financial statements.				
	There have been no significant changes in the financial or trading position subsequent to the period covered by the historical financial information.				
B.13	Any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency	Not applicable. In the opinion of Nordea Kredit, no such events have occurred.			
B.14	Dependence upon other entities within the group	<p>The business activities of Nordea Kredit are closely tied to the Bank. Nordea Kredit's mortgage loans are provided via Nordea Danmark, filial af Nordea Bank Abp, Finland (the "Branch"), and Nordea Kredit makes use of IT systems and solutions developed by the Bank. A number of significant activities have been outsourced to the Bank.</p> <p>Bond issuance and sales as well as placement of own funds are performed in close collaboration with entities of the Bank. In addition, the Bank and Nordea Kredit have</p>			

		a number of joint staff functions and some functions are performed at Nordea Group level.									
B.15	The issuer's principal activities	<p>Nordea Kredit carries on all types of mortgage activity and other activities considered ancillary to the company's mortgage activity within the scope of the mortgage legislation applicable from time to time.</p> <p>Nordea Kredit solely grants loans for properties in Denmark except for the Faeroe Islands and Greenland. Loans are granted for all property categories. Except as set out above, there are no lending restrictions with respect to specific geographical areas or in relation to the total volume of loans to one or several segments.</p>									
B.16	Ownership	Nordea Kredit is a wholly owned subsidiary of the Bank.									
B.17	Credit ratings	<p>Bonds issued by Nordea Kredit have as of the date of the Base Prospectus been assigned the following ratings by international credit rating agencies:</p> <table border="1"> <thead> <tr> <th>Rating</th> <th>S&P</th> <th>Moody's</th> </tr> </thead> <tbody> <tr> <td>The institution's general reserves (ROs)</td> <td>AAA</td> <td>Aaa</td> </tr> <tr> <td>Capital centre 2 (SDROs)</td> <td>AAA</td> <td>Aaa</td> </tr> </tbody> </table> <p>In the event that this should change, information to this effect will be provided in a supplement to the Base Prospectus and stated in the Final Terms of the Bonds and the summary appended thereto.</p>	Rating	S&P	Moody's	The institution's general reserves (ROs)	AAA	Aaa	Capital centre 2 (SDROs)	AAA	Aaa
Rating	S&P	Moody's									
The institution's general reserves (ROs)	AAA	Aaa									
Capital centre 2 (SDROs)	AAA	Aaa									

Section C – Securities

C.1	Type and class of securities	<p>The Bonds are issued in accordance with the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act. Bonds that can be issued:</p> <ul style="list-style-type: none"> • ROs issued to finance mortgage loans. • SDROs issued to finance mortgage loans. <p>ISIN codes will be stated in the Final Terms of the Bonds.</p>
C.2	Currency	The Bonds will be denominated in Danish kroner (DKK), euro (EUR) or another currency. The currency used for the Bonds issued under the Base Prospectus will be stated in the Final Terms of the Bonds.
C.5	Restrictions on the free transferability of the securities	The Bonds are freely transferable during as well as after the opening period except for certain selling and dealing restrictions, including on the offer, sale and distribution within the United States or to US persons.

		<p>The distribution of the Base Prospectus and the offer or sale of the Bonds in certain jurisdictions may be restricted by law. Nordea Kredit presumes that persons who come into possession of this Base Prospectus will obtain information on and observe all such restrictions.</p> <p>If a financial intermediary uses the Base Prospectus to make an offer of the Bonds, the financial intermediary will provide information on the terms and conditions of the offer at the time the offer is made.</p>
C.8	Rights attached to the securities	<p>The Bonds are non-callable by the Bondholders throughout the life of the Bonds.</p> <p>In the event of Nordea Kredit's bankruptcy, the Bondholders have a preferential position in the capital centre out of which the relevant bonds are issued. In the event that the capital centre does not have sufficient assets to compensate the Bondholders, the outstanding claim carries a preferential right to the institution's general reserves. In the event of bankruptcy, the normal payments to the Bondholders will as far as possible be continued prior to the final settlement of the bankruptcy estate in accordance with the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act.</p> <p>Claims for payment of interest are time-barred three years after the due date of payment, and claims for payment of the principal are time-barred ten years after the due date of payment in accordance with the Danish Limitation Act.</p>
C.9	Interest rate and investor representation	<p>Interest at a fixed or adjustable rate is payable on the Bonds until redemption. Both redemption and interest terms may be changed as a consequence of the provisions on regulation of refinancing risk of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act. The interest rate terms of the Bonds will be stated in the Final Terms.</p> <p>There is no investor representation for the Bondholders.</p>
C.10	Derivative component in the interest payment	Not applicable. There are no embedded derivative components in the interest payment.
C.11	Admission to trading in a regulated market or other equivalent markets	Nordea Kredit will apply for admission of the Bonds issued under the Base Prospectus to trading and official listing on Nasdaq Copenhagen A/S. Nordea Kredit may decide to apply for admission to trading and official listing on other regulated markets. This will be stated in a supplementary prospectus.

Section D – Risks

D.2	Risk factors relating to the issuer	<ul style="list-style-type: none"> The activities of Nordea Kredit are associated with a number of risks. If these risks are not handled, Nordea Kredit may suffer financial losses or
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		<p>sanctions imposed by the authorities and Nordea Kredit's reputation may be damaged. Nordea Kredit has identified the following types of risks:</p> <ul style="list-style-type: none"> • risks relating to Denmark and the Danish market for mortgage loans; • credit risks; • market risks; • counterparty risks; • liquidity risks; • operational risks; • dependence on the Bank and the Nordea Group – joint staff functions etc; • amendments to legislation and rules or changes to regulatory practice; • resolution tools and powers under the BRRD; • the EU's covered bonds directive; • risks associated with the use of risk models; • competition in the mortgage sector. <p>Investors must read the full description of the risk factors in the Base Prospectus.</p>
D.3	Risk factors relating to the mortgage bonds and covered mortgage bonds issued	<p>Investment in the Bonds is associated with a number of risks, including the following:</p> <ul style="list-style-type: none"> • ratings do not necessarily reflect all risks; • no events of default; • interest on delayed payments relating to the Bonds; • no provisions on calling the Bondholders and amendments to the terms of Bonds; • Eurosystem eligibility; • the Bondholders receive only a limited description of capital centre 2 • risks associated with bankruptcy rules; • limitation of Nordea Kredit's liability; • withholding tax; • credit risks; • market risks; • prepayment risks; • liquidity risks;

		<ul style="list-style-type: none"> • credit rating changes; • early redemption of Bonds; • block issues; • non-compliance with the balance principle; • loss of SDRO status; • refinancing risk; • amendments to legislation and rules or changes to regulatory practice. <p>Investors must read the full description of the risk factors in the Base Prospectus.</p>
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Section E – Offer

E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks	The proceeds from the issues will be used to finance mortgage lending secured by mortgages on property or lending to public authorities granted by Nordea Kredit.
E.3	The terms and conditions of the offer	<p>During the opening period of the Bonds, the Bonds may be sold in the market through tap issues, auctions, pre-issues or block issues. The price may change during the life of the Bonds.</p> <p>There is no right of cancellation when purchasing the Bonds.</p> <p>The final issuance requirement for the Bonds is not known until the closing of an ISIN code. There is no method for reducing subscriptions or repaying surplus amounts. The minimum subscription amount is the denomination of the Bonds. Transactions in Bonds admitted to trading on a regulated market are published in accordance with rules laid down pursuant to the Danish capital markets act.. No investors have any pre-emptive right to purchase Bonds issued under this Base Prospectus.</p> <p>Auctions are held via Nasdaq Copenhagen A/S's systems and/or Bloomberg's systems.</p> <p>Daily tap auctions as well as future refinancing auctions may be held via Bloomberg at which auctions primary dealers can bid.</p> <p>Additional terms and conditions of the offer will be stated in the Final Terms.</p>
E.4	Any interest material to the issue/offer,	Nordea Kredit is not aware of any interest and/or conflicting interests that are material to the offer of the Bonds. The description of any interest and/or conflicting interests which in connection with the offer of the Bonds are material to Nordea

	including conflicting interests	Kredit, including a statement of the persons involved and the nature of the interest, will be stated in the Final Terms.
E.7	Estimated expenses charged to the investor	Not applicable. No special expenses are charged to the buyer of the Bonds.

4 Risk factors

Investing in the Bonds involves risks. A number of factors affect and may potentially have an effect on Nordea Kredit's activities and thus the Bonds that have been issued or will be issued by Nordea Kredit. The risks may be related to factors linked to Nordea Kredit, the Bonds or other circumstances beyond the control of Nordea Kredit. The below review of risk factors is not exhaustive and not in a prioritised order, but is solely meant to inform interested investors. The factors are material when assessing the risk associated with the investment.

Investors are urged to carefully read the Base Prospectus as a whole and consult advisers before buying the Bonds offered.

4.1 Risks relating to Denmark and the Danish market for mortgage loans

An overall deterioration of the economic situation could reduce the quality of Nordea Kredit's loan portfolio, affect Nordea Kredit's income negatively and potentially affect Nordea Kredit's possibilities of paying interest as well as redemption amounts in respect of Bonds drawn.

4.2 Risks relating to Nordea Kredit

Nordea Kredit is exposed to credit risks on borrowers and through its activities also to operational risks. In addition, Nordea Kredit is exposed to liquidity risks and market risks in the form of interest rate risks and currency risks through its mortgage lending and the continuous investment of capital as well as to certain other risks, see below.

Credit risks

Nordea Kredit carries on mortgage activity by extending long-term mortgage loans secured on property or loans to public authorities financed through covered mortgage bond and mortgage bond issuance within the scope of the mortgage legislation applicable from time to time. A risk factor for Nordea Kredit is credit risks. Credit risks mean the failure of any borrower to honour its payment obligations or that the value of the property provided as collateral for the loan is no longer sufficient to cover the mortgage loan granted. As Nordea Kredit's mortgage loans are secured on property, the risk also depends on overall property market prices. There is consequently a risk that economic trends will adversely affect one or more customer segments or industries with resultant higher arrears and loan loss provisions as well as potential losses.

Market risks

Nordea Kredit is exposed to interest rate risks in connection with cash and capital investments.

The currency risks of Nordea Kredit may arise from mortgage loans denominated in euro or another foreign currency where administration and reserve fees from the borrowers are exchanged into Danish kroner on a current basis. Currency risks may also derive from investment of funds in foreign currency.

Counterparty risk

As part of the ongoing collaboration with the Bank, counterparty risks arise on a current basis. For example when financial contracts are concluded to hedge the liquidity and market risks of Nordea Kredit.

Liquidity risks

Nordea Kredit's mortgage loans are financed through the issuance of mortgage bonds and covered mortgage bonds, and Nordea Kredit consequently depends on a well-functioning market for the sale of covered mortgage bonds and mortgage bonds. In the event of a negative change in financial market conditions, Nordea Kredit's possibilities of continuing to finance mortgage loans through bond issuance on favourable terms may be adversely affected. Moreover, these factors may also have an adverse impact on Nordea Kredit's activities, financial situation and operating results performance.

The principal liquidity risks of Nordea Kredit consist of short-term liquidity risks, refinancing risks and the risk that Nordea Kredit could be required to provide additional supplementary collateral.

Short-term liquidity risk is defined as the risk that Nordea Kredit is unable to meet its short-term liquidity obligations.

As mortgage loans to a certain extent are financed by way of Bonds with maturities that are shorter than the maturities of the mortgage loans granted, Nordea Kredit depends on being able to refinance such mortgage loans on a current basis through the issuance of new adjustable-rate mortgage-backed bonds. Negative financial market trends present a liquidity risk, for example when it comes to refinancing. Refinancing risk is defined as the risk that one or more refinancing auctions fail.

Nordea Kredit may moreover be required to provide additional supplementary collateral in case lower property prices cause a breach of the loan to value (LTV) limits and in case provision of supplementary collateral is required by credit rating agencies for bonds issued by Nordea Kredit to maintain their current ratings.

Operational risks

Like other banking and financing activities, Nordea Kredit is exposed to operational risks. Operational risks are defined as the risk of losses due to inappropriate or inadequate internal procedures, human and system errors or external events, including legal risks. In the event that such operational risks materialise, the results performance and financial situation of Nordea Kredit may be adversely affected.

Dependency on the Bank and the Nordea Group – joint staff functions etc

Nordea Kredit shares certain staff functions as well as IT systems and solutions with the Bank and the rest of the Nordea Group. Nordea Kredit moreover collaborates closely with the Bank on the issuance and sale of covered mortgage bonds and mortgage bonds as well as on the investment of its own funds, and Nordea Kredit's mortgage loans are provided via the Bank's customer records. A number of significant activities have been outsourced to the Bank. If the Bank or the Nordea Group can no longer perform these functions or deliver IT systems and solutions, there is a risk that Nordea Kredit's business cannot be carried on in a fully sound and prudent manner. This could adversely affect Nordea Kredit's earnings capacity and thus its ability to pay its Bondholders.

Amendments to legislation and rules or changes to regulatory practice

Nordea Kredit's activities are subject to regulation and supervision. Amendments to Danish legislation and changes to practice by the Danish Financial Supervisory Authority as well as changes to EU regulation could adversely affect Nordea Kredit's business, the products and services offered and thus its financial results and the pricing of the Bonds. Although Nordea Kredit continually monitors the situation, future changes in regulation, the CRR and CRD IV Directive (as defined below) can be unpredictable and are beyond the control of Nordea Kredit.

In June 2013 the European Parliament and the Council adopted Regulation (EU) no 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "CRR") and Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of

credit institutions and investment firms (“**CRD IV**”). As a regulation the CRR is directly applicable in Denmark and came into force on 1 January 2014. As a directive CRD IV has been implemented into Danish law. The CRR and CRD IV are, among other things, based on the Basel Committee on Banking Supervision’s proposals imposing stricter capital and liquidity requirements on banks (“**Basel III**”). The CRR and CRD IV each cover a wide range of prudential requirements for credit institutions across member states, including capital requirements, risk exposure amounts, leverage ratio, large exposure framework and liquidity and funding requirements.

The European Banking Authority (the “**EBA**”) is responsible on a current basis for preparing and publishing guidelines, recommendations and proposals for regulatory technical standards under the CRR and CRD IV. There is a risk of ongoing changes of already published regulatory technical standards etc as well as ongoing development of regulatory technical standards yet to be published. This implies a risk of changes to the interpretation of the CRR and CRD IV, including the requirements reviewed below. Changes could consequently affect Nordea Kredit’s business, the products and services offered and thus its financial results and the pricing of the Bonds.

Under the CRR, credit institutions are subject to a minimum own funds requirement (pillar 1 requirement), requiring credit institutions to hold a minimum amount of capital equal to 8% of its risk exposure amounts of which at least 4.5% must be common equity tier 1 capital and at least 6% must be tier 1 capital.

In addition to these minimum own funds pillar 1 requirements, credit institutions are required to comply with an individual solvency need (via pillar 2). Pursuant to CRD IV the competent authorities may require additional pillar 2 capital to be maintained by credit institutions relating to elements of risks which are not fully captured by the minimum own funds requirements (the so-called “additional own funds requirements”) or to address macro-prudential requirements.

The EBA published guidelines on 19 December 2014 addressed to national supervisors on common procedures and methodologies for the supervisory review and evaluation process (the “**SREP**”). The guidelines propose a common approach to determining the amount and composition of additional own funds requirements and were implemented in Denmark by Danish executive order no 1587 of 3 December 2015 on capital to fulfil the individual solvency requirements of banks and mortgage institutions. According to the executive order, institutions’ additional own funds requirement must be met with at least 56% common equity tier 1 capital and at least 75% tier 1 capital. The remaining 25% may be fulfilled with common equity tier 1 capital, additional tier 1 capital or tier 2 capital.

CRD IV also introduces three capital buffers: (i) capital conservation buffer, (ii) countercyclical buffer and (iii) systemic risk buffer. The capital buffers are collectively referred to as the combined buffer requirement to be met with common equity tier 1 capital that is not used to meet the solvency need. The capital buffers are expressed as a percentage of the total risk exposure amount.

As a result of the merger of Nordea Bank Danmark A/S with the Bank, Nordea Kredit was designated as an independent systemically important financial institution (“**SIFI**”) on 3 January 2017. The systemic risk buffer will be gradually implemented in Denmark in the period 2015-19. In 2017 Nordea Kredit was subject to a systemic risk buffer requirement of 0.9%, rising to 1.2% in 2018 and to 1.5% in 2019 when fully implemented. It is unknown how this in practice will affect the willingness of the Danish government to support its banking sector and in particular Danish SIFIs.

The Nordea Group’s recovery plan, which also includes Nordea Kredit, will be submitted annually to the Finnish Financial Supervisory Authority, heading the college of supervisors for the Nordea Group.

On 23 November 2016 the European Commission proposed a review of the CRR and CRD IV by way of the proposal COM(2016) 850 to amend the CRR and by way of the proposal COM(2016) 852 to amend CRD IV

(together the “**CRR/CRD IV Amendment Proposals**”). The CRR/CRD IV Amendment Proposals introduce, among other things, a leverage ratio requirement of 3% common equity tier 1 capital, a harmonised binding requirement for stable funding (the Net Stable Funding Ratio or NSFR), strengthening of the conditions for use of internal models and changes to the relevant regulator’s application of the institution-specific pillar 2 capital add-ons. As of the date of the Base Prospectus it is uncertain whether and if so, to what extent, the CRR/CRD IV Amendment Proposals will impose additional capital or liquidity requirements on the Issuer, which in turn may adversely affect the Issuer’s capacity to make payments on the Bonds.

On 2 July 2014 the European Parliament’s and the Council’s Recovery and Resolution Directive (2014/59/EU) concerning failing credit institutions (the “**BRRD**”) came into force. The directive has been implemented into the Danish Act on Restructuring and Resolution of Certain Financial Businesses as well as by amendments to the Danish Financial Business Act. In connection with the implementation of the BRRD, it was adopted that mortgage institutions must meet a debt buffer requirement of 2% calculated on the basis of the total unweighted lending of the individual institution. The debt buffer will be fully implemented in 2020, but will be evaluated on a current basis until 2018. It cannot be ruled out that a higher debt buffer requirement may prove necessary. The evaluation period allows for an increase before the requirement is fully implemented in 2020. The Danish minister for industry, business and financial affairs has indicated that at the evaluation in 2018 the debt buffer requirement must, among other things, be viewed in relation to the requirements for bail-inable liabilities applicable to Danish SIFI banks and the market performance of debt instruments in Europe and that against this background it will be evaluated whether it is necessary to change the debt buffer requirement. A change to the debt buffer requirement will affect Nordea Kredit’s financial position.

Concurrently with the BRRD, the Financial Stability Board (the “**FSB**”) has published a proposal for minimum requirements for the total loss absorbing capacity (“**TLAC**”) which a global systemically important bank (“**G-SIB**”) must meet. If the proposal is adopted in its present form, similar requirements may have to be met by national SIFIs. Consequently, Nordea Kredit may also become subject to the total loss absorbing capacity requirements.

In July 2017 the Danish government announced that it would launch a review on potential Danish participation in the EU’s banking union. If Denmark joins the European banking union, Nordea Kredit will in all probability be subject to the supervision of the European Central Bank (the “**ECB**”) and not that of the Danish Financial Supervisory Authority as Nordea Kredit has been designated as a SIFI. This also means that the responsibility for crisis management of the largest institutions is transferred from the national resolution authorities to the Single Resolution Board established by the European Commission on 1 January 2015.

The Issuer is thus subject to capital and liquidity requirements determined on the basis of a number of factors that separately or collectively may be difficult for the individual investor to identify or calculate. There is moreover a risk that the capital requirements for the Issuer will change in the coming years. The Basel Committee on Banking Supervision is working on a proposal to introduce minimum risk weights for example for home loans. A new capital floor is also in the pipeline for IRB institutions. The new Basel IV floor requirement will be set at an aggregate level so that the capital floor requirement will be 72.5% of the total pillar 1 REA calculated using the standardised method for credit, market and operational risks. The floor will be phased in with 50% from 2022 and be fully implemented in 2027. In addition, the EBA is working on technical standards on model calculations for IRB institutions. Each of the regulatory measures mentioned will lead to increased capital requirements for lending with a low risk of loss, including especially mortgage lending.

Resolution tools and powers under the BRRD

The BRRD is designed to provide authorities designated by member states with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing credit institution or investment firm (each, an

“**institution**”) to ensure the continuity of the institution’s critical financial and economic functions while minimising the impact of an institution’s failure on the economy and the financial system.

The BRRD contains four resolution powers which may be used alone or in combination where the relevant resolution authorities consider that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable time frame, and (c) a resolution action is in the public interest. The relevant resolution authorities may use the following resolution tools and powers alone or in combination without the consent of the institution’s creditors: (i) sale of business – which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms, (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the institution to a “bridge institution” (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the institution to meet its payment obligations, (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only), and (iv) bail-in relating to eligible liabilities – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims to equity or other instruments of ownership (the “general bail-in tool”), which equity or other instruments could also be subject to any future application of the general bail-in tool. The general bail-in tool does not apply to mortgage institutions such as Nordea Kredit. However, capital instruments or instruments with contractual provisions on write-down or conversion will be written down or converted, should Nordea Kredit become subject to resolution.

The BRRD also provides for a member state as a last resort, after having assessed and exploited the above resolution tools to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when either: (i) it is, or is likely in the near future to be, in breach of its requirements for its licence to be maintained; its assets are, or are likely in the near future to be, less than its liabilities, (ii) it is, or is likely in the near future to be, unable to pay its debts as they fall due, or (iii) it requires extraordinary public financial support (except in limited circumstances).

The BRRD also provides resolution authorities with broader powers to implement other resolution measures with respect to failing institutions, which may include, without limitation, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments. Nordea Kredit may be subject to the applicable statutory resolution powers, which may result in the Bondholders losing some or all of their investment.

As a result, the exercise of any power under the Danish legislation implementing the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of the relevant Bondholders, the price or value of their investment in the relevant Bonds and/or the ability of the Issuer to satisfy its obligations under the relevant Bonds.

The EU’s covered bonds directive

On 20 December 2016 the EBA published a report with proposals for further harmonisation of covered bond frameworks across the member states. The report recommends harmonisation via a covered bonds directive as

well as amendments to the CRR provisions. Based on the report the European Commission is working on a proposal for a covered bonds directive. Harmonisation of covered bond frameworks across member states will affect Nordea Kredit as international regulation will not to the same extent take the Danish mortgage market into consideration.

Risks associated with the use of risk models

Nordea Kredit applies internal ratings-based risk models to calculate risk-weighted assets and the credit risk. The models are in accordance with the current national and international guidelines. Nordea Kredit's internal models may be changed as a result of a number of factors, including amendments to national and international legislation as well as changes to supervisory practices. Changes to the models may lead to higher capital requirements for Nordea Kredit.

Competition in the mortgage sector

Competition in the Danish mortgage sector is keen. Both existing and new lenders advertise extensively. They further use targeted marketing and loyalty programmes to enhance their presence or facilitate their penetration into the market and compete for customers. Intensified competition may have an adverse impact on the Issuer's position in the mortgage market, which could negatively affect the Issuer's financial position and consequently its ability to pay interest and principal on the Bonds.

4.3 General risks associated with the Bonds

Ratings do not necessarily reflect all risks

The Bonds are rated by S&P and Moody's. These ratings may not reflect the potential impact of all risks associated with the structure, the market, additional factors mentioned in this section and other factors that may affect the value of the Bonds or the financial standing of Nordea Kredit. A rating is not a recommendation to buy, sell or hold securities and a credit rating agency may at any time change, suspend or withdraw its rating.

There can be no assurance that any rating of the Bonds will be maintained after the date of the Base Prospectus, and accordingly Nordea Kredit does not accept any form of liability or issue any guarantee etc in connection with the rating of the Bonds or otherwise. If any rating assigned to the Bonds is downgraded, suspended or withdrawn, the market value of the Bonds may decline.

Lastly, the ratings of the Bonds may be downgraded if the rating of the Kingdom of Denmark is downgraded even though there is no direct connection with Nordea Kredit's activities.

No events of default

The terms of the Bonds do not include any events of default relating to the Issuer and/or the capital centre, and the Bondholders may not rely on a bankruptcy order against the Issuer as a ground for acceleration of payments. Correspondingly, in the event that the Bonds are subject to the rules governing statutory refinancing, this may not be relied on as a ground for acceleration of payments. Lastly, the Bondholders may not rely on the Issuer's failure to fulfil its obligation to provide supplementary collateral with respect to SDROs as a ground for acceleration of payments. This does not affect any rights that the Bondholders may have as to the acceleration of payments under the Bonds in accordance with the general provisions of Danish law.

Interest on delayed payments relating to the Bonds

Bondholders will only receive the amounts as and when they fall due under the terms of the Bonds. If any payment of interest and/or principal due in respect of the Bonds is not made on the relevant due date, no interest will accrue in respect of such payments during such delay according to the terms of the Bonds. This does not affect any rights that the Bondholders may have with regard to interest on any such payments under the general provisions of Danish law.

No provisions on calling the Bondholders and amendments to the terms of Bonds

The terms of the Bonds do not contain provisions for calling meetings of the Bondholders to consider matters generally affecting their interests. Any amendments to the terms of the Bonds will require the unanimous consent of the Bondholders as well as the approval of the Issuer.

Eurosystem eligibility

As the intention is to hold the Bonds in such a manner that they become Eurosystem eligible, they will be deposited with an eligible securities depository as a common safekeeper following issuance. This does not necessarily mean that the Bonds will be recognised as eligible collateral for the Eurosystem's monetary policy operations and intraday credit, either upon issuance or during their maturity. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met.

The Bondholders will receive only a limited description of capital centre 2

The composition of capital centre 2 may change over time. The Bondholders will not receive detailed statistical data and information on the individual loans, the location of each mortgaged residential or commercial property or other assets that may, now or later, be placed in capital centre 2 as the composition of capital centre 2 is likely to change over time.

Risks associated with bankruptcy rules

Under Danish bankruptcy rules, a claim may under certain circumstances be raised against a bankruptcy estate for repayment of funds received by a company within a period of up to three months prior to the bankruptcy of the company. This may reduce the value of the assets available for satisfying the Bondholders' claims in the event of the bankruptcy of Nordea Kredit. As regards funds from consolidated companies, a claim may be raised against the bankruptcy estate for repayment within a period of up to two years prior to the bankruptcy. Where it is found that a repayment must be made, such repayment will reduce the assets available for satisfying the Bondholders' claims.

Exemption from Nordea Kredit's liability

Even in areas subject to stricter liability, Nordea Kredit is not liable for any loss caused by: (i) breakdown of/lack of access to IT systems or damage to the data of these systems which can be attributed to the events below, regardless of whether Nordea Kredit itself or an external vendor is responsible for operating the systems, (ii) failures in Nordea Kredit's power supply or telecommunications, statutory intervention or administrative acts, natural disasters, war, insurrection, civil unrest, sabotage, terrorism or vandalism (including computer viruses and hacking), (iii) strikes, lockouts, boycotts or blockades, whether or not the dispute is directed against or initiated by Nordea Kredit or its organisation and regardless of the reason for the dispute – this also applies if the dispute only affects parts of Nordea Kredit, and (iv) other circumstances beyond the control of Nordea Kredit. Nordea Kredit's exemption from liability does not apply if (i) Nordea Kredit should have anticipated the circumstances causing the loss when the agreement was concluded, or (ii) should have avoided or overcome the cause of the loss, or (iii) Nordea Kredit is liable for the circumstances causing the loss pursuant to Danish law.

Withholding tax

It cannot be ruled out that regulation may be implemented in Denmark involving an obligation on Nordea Kredit or on its behalf to withhold tax on principal and interest payments. If so, neither Nordea Kredit nor any other person is obliged, under this Base Prospectus or the Final Terms of the Bonds, to compensate the Bondholders for any such tax amount withheld. The Bondholders may therefore in such cases receive lower interest or principal payments than expected.

Credit risks

Investors in the Bonds are exposed to a credit risk on Nordea Kredit.

The Bonds are not guaranteed by any third party, including the Danish government or other authorities.

Market risks

ISIN codes are issued for the Bonds. The outstanding amount of each ISIN code may increase and decline during the life of the covered mortgage bonds and mortgage bonds, which will affect the liquidity of the ISIN code and thus the price. The market price is also affected by interest rate and exchange rate movements etc.

Prepayment risks

Payments to the Bondholders may be affected by borrowers' prepayments and unscheduled principal payments, which will accelerate payments to the Bondholders.

Liquidity risks

Investing in Bonds involves a liquidity risk. This liquidity risk may arise as a result of financial market movements, which may make it difficult for Bondholders to sell their holdings. The risk may also arise as a result of other changes – for example to legislation and other rules – that cause financial market conditions to change.

Credit rating changes

A credit rating assigned to Nordea Kredit or the Bonds may be changed or withdrawn at any time. If the credit rating of the Bonds is downgraded or if Nordea Kredit should decide not to have the Bonds rated, the liquidity and/or the price of the Bonds may be adversely affected.

Early redemption of Bonds

Borrowers may prepay their mortgage loans either by (i) buying bonds at market price and using these to prepay their loans, or (ii) in certain cases by prepaying the mortgage loan at a predetermined price, in which case the market value will generally not rise significantly above this redemption price. Borrowers will often utilise this prepayment option if they can obtain more attractive financing in this way. Therefore, Bondholders are exposed to prepayment risk and may have to reinvest at a lower interest rate.

Furthermore, in case of negative coupon interest, the Issuer may make use of unscheduled prepayments, by drawing bonds for redemption, to offset the negative coupon interest, which will reduce the nominal principal. In case of unscheduled redemption due to negative coupon interest, the volume of bonds drawn for redemption will be based on either par or the market price. In case of unscheduled redemption at par, the nominal amount drawn for redemption may deviate from the amount that could have been obtained by selling the bonds drawn for redemption in the market. In case of unscheduled redemption at market price, the proceeds from the redemption may deviate from the nominal amount drawn for redemption and thus from the proceeds if the Bonds had been redeemed according to schedule/at maturity.

Nordea Kredit moreover reserves the right to redeem the Bonds in full or in part prior to the maturity date, alternatively to offer the Bondholders to exchange the Bonds for new bonds in full or in part if the terms of the loans financed by the Bonds are changed as a result of legislative changes, orders by the authorities and/or market conditions. Bonds may be drawn for redemption as a result of redemption by Nordea Kredit immediately or at a later date at the predetermined redemption price of the relevant ISIN code.

Block issues

Nordea Kredit may make block issues of Bonds equivalent to the expected amount of mortgage loans to be disbursed in the following 90 days or 6 months depending on the balance principle chosen. At the expiry of the 90 days or 6 months the amount of Bonds for which no mortgage loans have been granted must be cancelled and the outstanding amounts of the relevant ISIN codes will be reduced correspondingly. This may have an effect on the prices of the Bonds which is unfavourable to investors.

Non-compliance with the balance principle

As described in section 5.4 “Balance principle” of the Base Prospectus, Nordea Kredit must under Danish mortgage legislation manage the capital centre in a manner that ensures an appropriate balance between the payment obligations on the outstanding liabilities and assets of the capital centre in terms of currency, interest rate, option and maturity structure. This is known as the balance principle. To comply with these requirements, Nordea Kredit may for example enter into derivatives contracts in accordance with the provisions of the Danish executive order on bond issuance, the balance principle and risk management to the extent that Nordea Kredit has access to derivatives counterparties with sufficiently high credit ratings. Any financial difficulties of a derivatives counterparty may affect its ability to honour its contractual obligations to Nordea Kredit. Non-compliance with the balance principle may cause Nordea Kredit to lose its licence to issue Bonds, which may have an effect on the price of the Bonds that is unfavourable to Bondholders.

Loss of SDRO status

If the underlying assets no longer match the value of the SDROs or comply with the lending limits applicable when the loan was granted, Nordea Kredit is under an obligation to provide supplementary collateral in the form of certain asset types. If Nordea Kredit fails to provide supplementary collateral, all the Bonds issued in the relevant series with a series reserve fund will lose their covered mortgage bond status, which may affect the value of the Bonds.

Refinancing risk

In certain situations special rules apply to the refinancing of Bonds requiring Nordea Kredit to finance mortgage loans where the term to maturity of these Bonds is shorter than the mortgage loan associated with the Bonds.

As a consequence of the rules, in these situations the interest and amortisation terms may be changed or the maturity date may be deferred.

In the sections on legislation and on terms and conditions of the Base Prospectus, the specific rules on the regulation of refinancing risk are described in more detail. Nordea Kredit is obliged to decide whether, and if so when, the conditions of statutory refinancing have been met. The decision will be made by Nordea Kredit based on the method described in section 6 “Terms of the bonds” and Nordea Kredit must inform the market thereof without delay by way of a company announcement and on www.nordeakredit.dk under Investor information (select “Investor information” on the right and then the first tab “Company announcements” on the left).

Amendments to legislation and rules or changes to regulatory practice

The terms of the Bonds are based on Danish law and EU law. Any new legislation, amendments to existing legislation or legal precepts after this date may affect the Bonds.

Accordingly, it may have consequences for interest or principal payments on the Bonds if Denmark were to introduce additional coupon tax for individuals or undertakings fully taxable in Denmark or limited tax liability – including withholding tax – in respect of coupon interest received from Denmark.

The Bonds may become more expensive to buy and sell if a tax on financial transactions were to be introduced.

5 Legislation

A description of selected elements of the legislative framework is set out below.

Nordea Kredit is a Danish mortgage institution – see also the description of Nordea Kredit in section 10.2 “Nordea Kredit Realkreditaktieselskab” of the Base Prospectus. Mortgage institutions are credit institutions regulated pursuant to the Danish Financial Business Act.

The Danish Financial Business Act includes, among other things, provisions on licences for mortgage institutions, statutory areas of activities, good practice, ownership, management, the organisation of the undertaking, investment of funds, solvency, liquidity and annual reports.

The activities of mortgage institutions are furthermore regulated by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act. This stipulates provisions on, among other things, collateral for mortgage loans, terms to maturity and repayment profiles, lending limits, supervision as well as provisions on the issuance of covered mortgage bonds (SDROs), covered bonds (SDOs) and mortgage bonds (ROs).

In addition, the activities of Nordea Kredit are regulated by the CRR, which, among other things, sets requirements for own funds and liquidity.

5.1 Supervision

Nordea Kredit is subject to the supervision of the Danish Financial Supervisory Authority, which ensures compliance with the applicable legislation. The Danish Financial Supervisory Authority supervises Nordea Kredit’s activities on a current basis, including by on-site inspections at Nordea Kredit and verification of the valuation of mortgaged properties and by means of regular reports from Nordea Kredit.

5.2 SIFI

The Danish Financial Supervisory Authority designates systemically important financial institutions (“SIFIs”) not later than 30 June of every year. Banks or mortgage institutions will be designated as SIFIs if they exceed one or more of the following indicators in two consecutive years:

- The institution’s balance sheet total exceeds 6.5% of Denmark’s gross domestic product.
- The institution’s lending in Denmark exceeds 5% of the total lending by Danish banks and mortgage institutions in Denmark.
- The institution’s deposits in Denmark exceed 3% of the total deposits of Danish banks in Denmark.

Nordea Kredit was designated as a SIFI on 3 January 2017. Nordea Kredit is expected to be designated continuously as a SIFI.

The designation as a SIFI results in the institution being subject to a higher capital requirement (“**SIFI buffer requirement**”) reflecting the individual institution’s systemic importance, so-called systemicness. The SIFI buffer requirement must be fulfilled with common equity tier 1 capital (CET1) and is expressed as a percentage of the total risk exposure amount. The requirement will be phased in gradually from 1 January 2015 and will be fully phased in at 1 January 2019. The SIFI buffer requirement for Nordea Kredit is 0.9% for 2017, 1.2% for 2018 and 1.5% for 2019. See also the description in section 4.2 “**Risks relating to Nordea Kredit**” in the subsection “*Amendments to legislation and rules or changes to regulatory practice*”.

5.3 Lending

A mortgage loan is granted against a registered mortgage on property according to the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act. Loans without a mortgage on property may be granted to public authorities or against suretyship from certain public authorities.

Mortgage loans based on covered mortgage bonds and mortgage bonds have a maximum term to maturity of 30 years – however, a maximum of 40 years for loans secured on non-profit rental housing, youth housing

and private cooperative housing where loans are granted on the basis of a pledge of support under the Danish Non-Profit Rental Housing etc Act.

Loans for owner-occupied year-round residences and holiday homes cannot be granted, notwithstanding the rank of the loan, so the loans are amortised more slowly than a 30-year loan repaid by a fixed percentage of the principal over the term of the loan (annuity loans). This requirement may, within the term of the loan, be derogated from for a period of up to ten years, taking into account the expected impairment in the value of the mortgage and the lending limits applying to the mortgage.

The lending limit for the individual property is determined based on the property's designated use and thus its classification in the property categories set out, see the Danish executive order on classification of property categories and repayment of loans in case of change to another property category.

The lending limit is a maximum of 80% of the value of:

- owner-occupied year-round residences;
- private cooperative housing;
- private housing for letting, including facilities for persons requiring extra care;
- non-profit rental housing;
- youth housing;
- housing for the elderly etc;
- properties for social, cultural and educational purposes.

The lending limit is a maximum of 75% of the value of:

- holiday homes not let for commercial purposes.

The lending limit is a maximum of 70% of the value of:

- agricultural and forestry properties, market gardens etc.

The lending limit is a maximum of 60% of the value of:

- holiday homes let for commercial purposes;
- office and retail properties;
- industrial and craftsman's properties;
- properties for energy supply activities;
- properties fitted out for the purpose of routing data traffic in electronic communications networks.

The lending limit is a maximum of 40% for other properties, including unbuilt plots.

The restrictions regarding term to maturity and amortisation do not apply to loans financed by covered mortgage bonds, provided that the lending limit does not exceed 75% and provided that the loans are financed by covered mortgage bonds against mortgages on the following property categories:

- owner-occupied year-round residences;
- private cooperative housing;
- private housing for letting, including facilities for persons requiring extra care;
- non-profit rental housing;
- youth housing;
- housing for the elderly etc;
- properties for social, cultural and educational purposes.

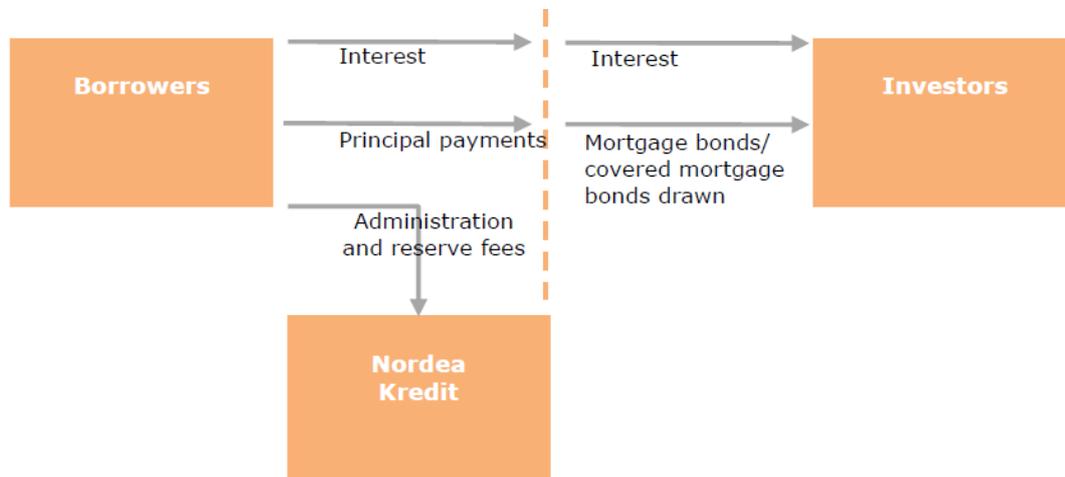
5.4 Balance principle

A fundamental element of Danish mortgage legislation is the requirement for the application of a balance principle, which ensures a close relationship between the mortgage loans granted and the underlying financing. The balance principle sets limits for the liquidity, interest rate and currency risks that mortgage institutions are allowed to assume, and it is a crucial factor behind the high ratings assigned to Danish mortgage bonds and covered mortgage bonds.

The requirement for mortgage institutions' compliance with a balance principle is set out in the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act as well as in the Danish Financial Supervisory Authority's executive order on bond issuance, the balance principle and risk management (the executive order on the balance principle).

The executive order on the balance principle sets restrictions on the difference between (i) incoming payments from borrowers with loans secured on property, loans to public authorities without collateral or against public guarantees, other investments in assets eligible as collateral, derivative financial instruments for hedging payment differences and investments and (ii) outgoing payments to the holders of the mortgage bonds issued, covered mortgage bonds, other securities with preferential status issued by mortgage institutions and derivative financial instruments for hedging payment differences. These restrictions are regulated by limits for the interest rate, currency, liquidity and option risks which issuers of such bonds are allowed to assume in accordance with the executive order on the balance principle.

The balance principle ensures a close relationship between the loans granted and the associated financing and thus minimises the mortgage institution's interest rate risk. A simplified diagram illustrating the balance principle is shown below:



Issuers of mortgage bonds and covered mortgage bonds can choose for each register, series with a series reserve fund, group of series with a joint series reserve fund or capital centre whether to comply with the general or the specific balance principle. The institution's general reserves are considered an independent series and an independent capital centre, as applicable, in the executive order on the balance principle. Nordea Kredit has chosen to comply with the limits under the specific balance principle for both the institution's general reserves (mortgage bonds) and for capital centre 2 (covered mortgage bonds).

5.4.1 Executive order on the balance principle – general regulations on the general and the specific balance principle

The executive order on the balance principle contains a number of general regulations applicable to both the general and the specific balance principle.

Exposures resulting from financial instruments for hedging purposes with credit institutions as counterparties must be held within the 15% limit of the issuer's outstanding nominal volume of covered mortgage bonds in accordance with Article 129(1)(c) or the 10% limit in accordance with Article 129(1), final paragraph, of the CRR as well as the Danish executive order on the application of the 10% limit in Article 129 of the CRR for all credit institution claims. Any breach must be offset by the provision of supplementary collateral in the form of safe and liquid assets. Certain funds are, however, exempted from the restriction of 15% or 10%, including mortgage payments and redemption amounts from borrowers.

Only financial instruments with credit institutions qualifying for credit quality step 2 or higher can form part of the cover basis. This requirement must be fulfilled on an ongoing basis. If the hedge is made against another part of the entity itself, there are a number of supplementary requirements.

Only limited interest rate, currency, liquidity and option risks may be assumed in a series, a series with a series reserve fund, a group of series with a joint series reserve fund or a capital centre. The executive order on the balance principle specifies the framework for this through the regulations for the general and the specific balance principle.

An overview of the regulations of the executive order on the balance principle for the general and the specific balance principle is set out below.

5.4.2 The general balance principle

Risks must be calculated on the basis of the differences between all future incoming payments on loans, investments of capital and derivative financial instruments for hedging payment differences and outgoing payments on mortgage bonds or covered mortgage bonds issued and derivative financial instruments for hedging payment differences.

The interest rate risk is subsequently calculated as the largest reduction in the present value of the payment differences mentioned calculated on the basis of six different assumptions regarding the yield curve. Depending on the magnitude of the yield curve shifts in the various scenarios, the interest rate risk for mortgage institutions must not exceed 1% of the solvency requirement plus 2% of additional overcollateralisation or 5% of the solvency requirement plus 10% of additional overcollateralisation. In this calculation interest rate risks for different currencies must be added, and interest rate risks between currencies cannot be offset. However, interest rate risks between euros and Danish kroner may to some extent be offset, and special rules apply in connection with the opening or closing of a capital centre.

The currency risk must be calculated as the largest reduction in the present value of the payment differences mentioned under two different assumptions for the movement in exchange rates. For mortgage institutions the maximum currency risk allowed is 10% of the solvency requirement plus 10% of additional overcollateralisation for euros as well as 1% of the solvency requirement plus 1% of additional overcollateralisation for other currencies.

The option risk must be calculated using the risk parameter vega under various assumptions for changes in the volatility structure. For mortgage institutions the maximum option risk allowed is 0.5% of the solvency requirement plus 1% of additional overcollateralisation. This risk must also be added for different currencies, and option risks between different currencies cannot be offset. However, option risks between euros and Danish kroner may to some extent be offset.

Interest payments into the register, the series with a series reserve fund, the group of series with a joint series reserve fund or the capital centre must exceed interest payments out of the register, the series, the series with a series reserve fund, the group of series with a joint series reserve fund or the capital centre for a period of 12 consecutive months. Furthermore, the present value of all future payments into the capital centre etc must at all times exceed the present value of all future payments out of the capital centre etc.

The interest rate risk and currency risk on all other assets and liabilities as well as off-balance sheet items other than the loans and the mortgage bonds or covered mortgage bonds financing these must not exceed 8% and 10%, respectively, of own funds.

The issuance of mortgage bonds or covered mortgage bonds may be made as an advance issue of fixed-price agreements concluded or as a block issue based on estimated lending activities. Funds from a block issue not immediately utilised for new mortgage loans must not exceed the budgeted volume of new mortgage loans for the subsequent 6-month period.

5.4.3 The specific balance principle

Issuers choosing to comply with the requirements under the specific balance principle may not grant index-linked loans based on (i) the issuance of nominal bonds and other nominal securities or vice versa or (ii) mortgage bonds or covered mortgage bonds and other securities linked to an index other than the index applicable to the loan. However, these requirements may be derogated from if differences between cash flows are fully hedged by means of derivative financial instruments.

Callable loans may not be granted based on the issuance of non-callable mortgage bonds or non-callable covered mortgage bonds. This requirement cannot be derogated from through the use of derivative financial instruments.

The issuance of mortgage bonds and covered mortgage bonds may be made as an advance issue of fixed-price agreements concluded or as a block issue based on estimated lending activities. Funds from a block issue not immediately utilised for new lending must not exceed the budgeted gross volume of loans for the subsequent 90-day period. These funds must be used as soon as possible for new mortgage loans, and new block issues may not be made until existing block issues have been fully used or any surplus bonds have been cancelled. Such surplus funds must be placed in safe and liquid securities or as deposits with credit institutions qualifying for credit quality step 2 or higher with a period of notice of up to 12 months and be kept separate from other funds.

Repayment of loans by bonds other than the underlying mortgage bonds or covered mortgage bonds must not exceed 15% of the nominal value of the institution's/issuer's mortgage bonds or covered mortgage bonds issued in the register, the series with a series reserve fund, the group of series with a joint series reserve fund or the capital centre. The mortgage bonds or covered mortgage bonds used to repay the loans must have cash flows that as closely as possible match those of the loans repaid.

Options and comparable derivative instruments with asymmetric returns included in the calculation of future payment differences within the balance principle must have a maximum term of four years from the time when the agreement was made with the borrower.

It must be possible to calculate the differences between all future incoming and outgoing payments in connection with mortgage loans (interest and principal payments from borrowers and payments including interest to bondholders and on derivative financial instruments for hedging payment differences) on a daily cumulative discounted basis for all future incoming and outgoing payments of the capital centre etc. Seen in proportion to the issuer's own funds, a future liquidity deficit arising from outgoing payments exceeding incoming payments must not exceed:

- 25% in years 1-3;

- 50% in years 4-10;
- 100% as from year 11.

This will not comprise liquidity deficits offset by cash investments, provided that such investments are made in safe and liquid securities or as deposits with credit institutions qualifying for credit quality step 2 or higher with a period of notice of up to 12 months.

The interest rate risk arising due to payment differences in connection with lending activities must not exceed an amount corresponding to 1% of own funds. The interest rate risk is calculated as the sum of interest rate risks for each currency in which there are payment differences, as the largest decline in the present value of payment differences based on six different assumptions for the direction of interest rates. Interest rate risks cannot be offset between different currencies.

The interest rate risk on all assets and liabilities as well as off-balance sheet items other than the loans and the mortgage bonds or covered mortgage bonds financing these must not exceed 8% of own funds.

The currency risk on all assets, liabilities and off-balance sheet items must not exceed 0.1% of own funds.

5.5 Supervisory diamond

The Danish Financial Supervisory Authority has set a number of indicators for what must in general be considered mortgage institution business with a higher risk. Together the indicators constitute the supervisory diamond for mortgage institutions. The five indicators are

- Lending growth: Lending growth to the individual customer segments must be less than 15% per year. The customer segments are divided into four categories: (i) private homeowners, (ii) residential rental properties, (iii) agricultural properties and (iv) other commercial.
- Borrower's interest rate risk concerning owner occ. dwellings, holiday homes, private rental housing: The percentage of loans where the loan to value (LTV) ratio exceeds 75% of the lending limit and where the interest rate is only fixed for up to two years must be less than 25%.
- Interest-only period on loans to private individuals: The percentage of loans with interest-only periods in the LTV band above 75% of the lending limit must not exceed 10% of the total loan volume.
- Loans with short-term funding: The percentage of loans refinanced must be less than 12.5% of the total loan portfolio quarterly and must be less than 25% of the loan portfolio annually.
- Large exposures: The sum of the 20 largest exposures must be lower than the common equity tier 1 capital.

The supervisory diamond for mortgage institutions took effect on 1 January 2018. However, to give mortgage institutions sufficient time to adjust, the indicators for interest-only periods and loans with short-term funding will not apply until 2020.

5.6 Recovery and resolution

The rules on recovery and resolution of the BRRD have been implemented in Danish legislation in the Danish Act on Restructuring and Resolution of Certain Financial Businesses as well as by amendments to the Danish Financial Business Act. The purpose of the rules is to protect financial stability by quick and effective intervention in the event that an institution is failing or likely to fail.

In pursuance of the implementation of the BRRD, viable institutions are handled by the Danish Financial Supervisory Authority, whereas the tasks and powers concerning recovery and resolution are handled by Finansiel Stabilitet, the Danish entity designated as the competent resolution authority.

Mortgage institutions are required to prepare and maintain a recovery plan which must be submitted to the Danish Financial Supervisory Authority. Resolution plans, on the other hand, must be prepared, adopted and

maintained by the Danish Financial Supervisory Authority. The resolution plan will be adopted by the Danish Financial Supervisory Authority following a recommendation from Finansiel Stabilitet.

Finansiel Stabilitet has four resolution tools in connection with the resolution of a failing mortgage institution:

- full or partial sale of business;
- establishment of a so-called bridge institution (subsidiary) which can temporarily take over all or some activities;
- establishment of an asset management vehicle to which assets, rights or liabilities can be transferred;
- writing down or converting the entity's obligations ("bail-in") for the purpose of absorbing losses and recapitalising the entity. There are, however, a number of exceptions to bail-in, which for example cannot be applied to mortgage institutions to the same extent as to banks.

During the period from 2015 to 2024, Nordea Kredit must make payments to a resolution fund that can contribute to the resolution of a failing institution. The contribution of mortgage institutions to the resolution fund is smaller than the contribution of banks as mortgage institutions do not accept deposits.

5.7 Capital centre 2 and the institution's general reserves

The origination of mortgage loans and the issuance of mortgage bonds and other securities to finance these loans can be effected in series. Mortgage bonds and other securities cannot be issued in the same series. Covered mortgage bonds must be issued in separate series with a series reserve fund. A series or a group of series with a joint series reserve fund and joint liability constitutes a capital centre. The value of the assets backing the covered mortgage bonds issued must as a minimum match the value of the covered mortgage bonds issued, and the collateral provided for the individual loan must always comply with the applicable lending limit.

In the event that the value of the assets no longer matches the value of the covered mortgage bonds issued, the institution must provide supplementary collateral to comply with the requirement. A similar rule does not apply to mortgage bonds.

ROs issued under this Base Prospectus are issued out of the institution's general reserves.

SDROs issued under this Base Prospectus are issued out of Nordea Kredit's capital centre 2.

If Nordea Kredit opens additional capital centres in future, such capital centres may be included in the Base Prospectus subject to publication of a supplementary prospectus.

5.8 Bankruptcy and restructuring

The Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act confers a primary preferential right on the holders of covered mortgage bonds, mortgage bonds and certain counterparties relating to derivative financial instruments in the event of the bankruptcy of the mortgage institution.

If a bankruptcy order is issued or restructuring proceedings are initiated with respect to the mortgage institution, funds cannot be transferred between series with a series reserve fund and the institution's general reserves.

If a mortgage institution is declared bankrupt, the funds of the capital centre, less costs for the processing of the bankruptcy estate etc, including costs for the trustee, staff etc, will be used to satisfy claims from holders of mortgage bonds, covered mortgage bonds, covered bonds and other securities in the relevant series or group of series with a series reserve fund as well as claims for interest accrued on the said claims from the time of the bankruptcy order. Subsequently, claims comprised by section 25(2) of the Danish Mortgage-

Credit Loans and Mortgage-Credit Bonds etc Act will be satisfied. After payment of the claims and debt listed in section 27 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act, any remaining funds will be included in the assets of the bankruptcy estate.

The funds of the institution's general reserves, less costs for the processing of the bankruptcy estate etc, including costs for the trustee, staff etc, will be used to satisfy claims from holders of mortgage bonds and other securities not issued in series with a series reserve fund as well as claims for interest accrued on the said claims from the time of the bankruptcy order. However, the above funds cannot exceed the mortgages underlying the mortgage bonds and other securities plus an amount corresponding to 8% of the risk-weighted value of the mortgages. After payment of the claims and debt listed in section 27 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act, any remaining funds will be included in the assets of the bankruptcy estate.

The bondholders thus have a primary preferential right. In accordance with the legislation, payments of interest and principal to the bondholders continue as long as sufficient funds are available and are not pending the final settlement of the bankruptcy estate.

In the event that the capital centre does not have sufficient assets to compensate the holders of mortgage bonds or covered mortgage bonds, the bondholders may raise the outstanding claim according to the provisions of section 96 of the Danish Bankruptcy Act against the assets available for distribution of the institution's general reserves.

The issue of a bankruptcy order against a mortgage institution may not be submitted as cause for acceleration of payments by holders of mortgage bonds, covered mortgage bonds and other securities or lenders pursuant to section 15(1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act, and it does not deprive the borrowers of the mortgage institution of the right to prepay, in full or in part, mortgage loans or loans granted on the basis of the issuance of covered mortgage bonds or covered bonds in accordance with the terms of repayment pertaining to the relevant loans.

If the mortgage institution does not provide supplementary collateral when required, this may not be submitted as cause for acceleration of payments by holders of covered mortgage bonds or lenders pursuant to section 15(1) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act.

A bankruptcy estate may not disburse payments to satisfy claims submitted by holders of mortgage bonds, covered mortgage bonds, covered bonds and other securities at an earlier time than the time when the institution was allowed to discharge itself by making the payments. The bankruptcy estate may not terminate loan agreements to a greater extent than the mortgage institution was entitled to; and the bankruptcy estate may only change administration and reserve fees etc if this change is based on changes in market conditions and a need for additional funds for the administration of the estate has been ascertained.

The trustee can issue refinancing bonds to replace bonds matured in the relevant series.

If a mortgage institution is declared bankrupt, counterparties to the financial instruments used to hedge risks in a series or a group of series of mortgage bonds, covered mortgage bonds or covered bonds, see section 26(4) of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act, rank *pari passu*, under bankruptcy legislation, with the holders of mortgage bonds, covered mortgage bonds or covered bonds in the relevant series or group of series.

Supplementary collateral is non-voidable pursuant to sections 70 or 72 of the Danish Bankruptcy Act unless it did not appear as ordinary.

If restructuring proceedings are initiated, the mortgage institution must, as far as possible, continue to fulfil its payment obligations in accordance with claims from holders of mortgage bonds, covered mortgage bonds, covered bonds and other securities on the due date for payment, unless the restructuring administrator decrees otherwise. With the consent of the restructuring administrator, mortgage institutions may enter into agreements on financial instruments, raise loans to finance payments to investors and provide collateral for such loans in the form of assets except for mortgages provided as collateral for bonds belonging to the series with a series reserve fund for which the payment is effected. The restructuring administrator can issue refinancing bonds to replace bonds matured in the relevant series.

5.9 Exclusion of asset-backed securities as collateral

According to the rules of the ECB, capital centres must not contain asset-backed securities (“ABSs”) unless the ABSs

- fulfil certain requirements of the CRR;
- derive from a member of the same group as the issuer of mortgage bonds or covered mortgage bonds or an entity associated with the same organisation, institution or authority as the issuer of the bonds; and
- are used as a technical tool to transfer mortgages on property or guaranteed loans secured by mortgages on property from the entity from which they derive as collateral for the relevant bonds.

For the purpose of the legal basis for the monetary policy of the Eurosystem, mortgage bonds and covered mortgage bonds are not regarded as ABSs.

Nordea Kredit will ensure at all times that ABSs which do not fulfil the ECB’s requirements are not used as collateral for the Bonds.

In case of any changes to the requirements of the ECB, Nordea Kredit will adhere to such changes.

6 Terms of the bonds

The following terms and conditions apply to Bonds issued by Nordea Kredit under this base prospectus (the “**Base Prospectus**”) under ISIN codes opened after the date of the Base Prospectus.

The terms of covered mortgage bonds and mortgage bonds issued under ISIN codes opened prior to the date of the Base Prospectus are set out in the relevant base prospectus applicable at the time when the relevant ISIN code was opened. See also section 8 “Information incorporated into the Base Prospectus by reference”.

Final Terms of Bonds will be issued, which together with the terms and conditions set out below lay down the terms applicable to the Bonds. Final Terms of Bonds will be published for example on Nordea Kredit’s website www.nordeakredit.dk.

1. Definitions

The following terms have the following meaning:

The “ Bank ”	Nordea Bank Abp
“ DKK ”	Danish kroner, which is the official currency in Denmark at the time of approval of the Base Prospectus
“ EUR ”	Euro, the single European currency of the member states participating in the third phase of EMU
“ Bonds ”	ROs and SDROs issued under the Base Prospectus
“ Nordea Kredit ”	Nordea Kredit Realkreditaktieselskab
“ ROs ”	Mortgage bonds issued under the Base Prospectus
“ SDROs ”	Covered mortgage bonds issued under the Base Prospectus

2. Information concerning the Bonds to be offered/admitted to trading

The Bonds are subject to Danish law, and any actions relating to the covered mortgage bonds offered must be brought before the City Court of Copenhagen.

Bonds are issued under one or several ISIN codes. ISIN codes of Bonds issued under the Base Prospectus will be stated in the Final Terms.

The issuance of Bonds is regulated by the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act as well as the Danish Financial Business Act

and by executive orders issued in pursuance of these acts. For a more detailed review of the legislation applicable to mortgage institutions and the issuance of Bonds, see section 5 “Legislation” of the Base Prospectus.

The Bonds are issued in book-entry form as bearer securities and are registered with:

VP SECURITIES A/S
Weidekampsgade 14
PO Box 4040
2300 Copenhagen S, Denmark

The central securities depository where Bonds are registered will be stated in the Final Terms.

The Final Terms will state whether the Bonds will be admitted to listing on the regulated market of Nasdaq Copenhagen A/S and, if applicable, the first expected listing date.

The Final Terms will state where information about the outstanding volume is available.

The Bonds will be denominated in DKK, EUR or another currency. The currency used for the Bonds will be stated in the Final Terms.

SDROs are issued out of capital centre 2. All payments from the borrowers relating to mortgage loans in capital centre 2 are received by capital centre 2, and all payments to Bondholders are also made out of capital centre 2. Capital centre 2 is subject to the provisions of the Danish executive order on series accounts of mortgage institutions.

For mortgage loans financed by SDROs issued out of capital centre 2, the borrowers are not subject to joint and several liability. The borrowers are liable for their mortgage loans towards Nordea Kredit with the property mortgaged and personally in accordance with the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act.

In the event of Nordea Kredit's bankruptcy the Bondholders of SDROs have a special preferential position in capital centre 2. In the event of bankruptcy Nordea Kredit will as far as possible continue the normal payments to the Bondholders prior to the final settlement of the bankruptcy estate in accordance with the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act. For a more detailed description see section 5 "Legislation" of the Base Prospectus.

ROs are issued out of the institution's general reserves. All payments from the borrowers relating to mortgage loans are received by the institution's general reserves, and all payments to the Bondholders are also made out of the institution's general reserves. The institution's general reserves are subject to the provisions of the Danish executive order on series accounts of mortgage institutions.

For mortgage loans financed by ROs issued out of the institution's general reserves, the borrowers are not subject to joint and several liability. The borrowers are liable for their mortgage loans towards Nordea Kredit with the property mortgaged and personally in accordance with the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act.

In the event of Nordea Kredit's bankruptcy the Bondholders of ROs have a special preferential position in the institution's general reserves. In the event of bankruptcy Nordea Kredit will as far as possible continue the normal payments to the Bondholders prior to the final settlement of the bankruptcy estate in accordance with the provisions of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act. For a more detailed description see section 5 "Legislation" of the Base Prospectus.

3. Rights

The Bonds carry interest as described in further detail below as well as in the Final Terms.

The Bonds are non-callable by the Bondholders throughout the life of the Bonds.

Bondholders can exercise their rights relating to Bonds issued under the Base Prospectus by application to Nordea Kredit.

4. Exemption from liability

Nordea Kredit is liable to pay damages if, due to errors or negligence, Nordea Kredit's performance of agreed obligations is late or defective.

Even in areas subject to stricter liability, Nordea Kredit is not liable for any loss caused by:

- breakdown of/lack of access to IT systems or damage to the data of these systems which can be attributed to the events below, regardless of whether Nordea Kredit itself or an external vendor is responsible for operating the systems;
- failures in Nordea Kredit's power supply or telecommunications, statutory intervention or administrative acts, natural disasters, war, insurrection, civil unrest, sabotage, terrorism or vandalism (including computer viruses and hacking);
- strikes, lockouts, boycotts or blockades, whether or not the dispute is directed against or initiated by Nordea Kredit or its organisation and regardless of the reason for the dispute – this also applies if the dispute only affects parts of Nordea Kredit;
- other circumstances beyond the control of Nordea Kredit.

Nordea Kredit's exemption from liability does not apply if:

- Nordea Kredit should have anticipated the circumstances causing the loss when the agreement was concluded or should have avoided or overcome the cause of the loss;
- Nordea Kredit is liable for the circumstances causing the loss pursuant to Danish law.

5. Interest

The coupon interest (the nominal interest rate) of Bonds with fixed rates will be stated in the Final Terms. The nominal interest rate of Bonds with adjustable rates consists of a reference rate with an interest rate premium or discount as further described below. The relevant reference rate and the interest rate premium or discount will be stated in the Final Terms.

The Final Terms of Bonds subject to the provisions on regulation of refinancing risk will state whether the Bonds are subject to these provisions. In the event of maturity extension, the nominal interest rate will be fixed as specified in condition 7 below.

The adjustable rate is adjusted at a fixed interval. This will be stated in the Final Terms of the Bonds. Nordea Kredit is entitled to set another similar reference rate if:

- the current reference rate is no longer set, either temporarily or permanently, or;
- the current reference rate is temporarily unsuitable as a reference rate as a result of significant changes or other similar circumstances.

In the above situations Nordea Kredit is entitled:

- to replace the current reference rate with a predetermined reference rate (if Nordea Kredit has decided in advance on a similar reference rate as an alternative), or;
- where such a predetermined reference rate is not available or suitable, to replace the current reference rate with a non-predetermined reference rate (which in the opinion of Nordea Kredit is a similar reference rate), or;
- where there are no such reference rates (neither predetermined nor non-predetermined), to replace the current reference rate with a rate set by Nordea Kredit based on the market conditions prevailing at the time.

All calculations of this adjustable rate will be performed by Nordea Kredit in collaboration with the Bank.

Details on where to find historical information about the reference rate will be stated in the Final Terms if such information is available.

See also the Final Terms.

Nordea Kredit's payment of interest and principal to the Bondholders is effected by way of transfer to the accounts etc specified towards VP SECURITIES A/S.

The start date for interest (the opening date) will be stated in the Final Terms.

Payment of interest and Bonds drawn for redemption takes place with maturity on the first business day of a given month after the end of a payment period.

Nordea Kredit can set another due date.

The due date for payment of interest on the Bonds will be stated in the Final Terms.

Nordea Kredit may set one or more interest rate caps and/or interest rate floors for part of or the entire term to maturity of the Bonds in the Final Terms of adjustable-rate Bonds.

Claims for payment of interest are time-barred three years after the due date of payment and claims for payment of principal are time-barred ten years after the due date of payment, see the Danish Limitation Act. Interest due does not earn interest from the due date. Amounts not claimed before the expiry of the period of limitation go to Nordea Kredit.

6. Negative interest

The following applies to Bonds with adjustable rates: the interest rate of the Bonds can become negative. In the event that the interest rate in an interest payment period becomes negative, Nordea Kredit has a claim against the investors corresponding to the negative interest amount. This claim falls due for payment on the payment date of the relevant payment period. The investors' payment to Nordea Kredit as a result of potential negative interest can at Nordea Kredit's initiative be effected in one or several of the following ways at the end of an interest payment period: (1) by claiming the negative interest amount from the investors by offsetting this against amounts relating to bonds drawn for redemption allotted to the investors, or (2) by making an unscheduled redemption of a portion of the investors' nominal holdings with VP SECURITIES A/S corresponding to the negative interest, settled at par by offsetting this against the redemption proceeds allotted to the investors, or (3) by using a combination of (1) and (2). A choice of one of the above three options is made by Nordea Kredit for each individual interest payment date with a negative interest rate and may thus vary between interest payment dates. The choice of method will be announced through the systems of VP SECURITIES A/S.

7. Maturity date and settlement

The term to maturity and the maturity date of the Bonds will be set by Nordea Kredit and will be stated in the Final Terms.

The Bonds are issued to finance lending secured by mortgages on property or lending to public authorities. The proceeds may also be used for joint funding in collaboration with other consolidated companies in accordance with sections 16b-16g of the Danish Financial Business Act.

The Bonds are amortised as the mortgage loans financed by the Bonds issued are repaid, except as specified below.

Nordea Kredit calculates the amount to be drawn for redemption for each interest payment date. Amortisation is effected by redemption of the Bonds at par or at another agreed redemption price at the drawing of Bonds. For Bonds with adjustable rates – see condition 6 above – it also applies that in the event of negative interest, the negative interest amount may be charged via the redemption of Bonds. The redemption price at the drawing of Bonds will be stated in the Final Terms. Amortisations are distributed between the Bondholders according to a mathematical principle in such a manner that all Bondholders have the same percentage of their holdings amortised.

For Bonds subject to section 6 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act as amended (the provisions on regulation of refinancing risk), the maturity may be extended either in case of a rise in interest rates or in case of a failed auction (insufficient number of buyers).

The following applies to maturity extension in case of a rise in interest rates:

If the maturity of a mortgage loan exceeds the maturity of the underlying Bonds and the Bonds have a fixed rate and a maturity of up to and including 12 months at the refinancing of the loan, Nordea Kredit may only initiate a sale of bonds which, at refinancing, are to replace the maturing bonds if Nordea Kredit has a justified expectation that the sale can be carried out without the yield exceeding the yield fixed in connection with the latest refinancing by 5% points. However, this does not apply if Nordea Kredit carries out a sale of a small volume of bonds to ascertain whether the yield will exceed the yield fixed in connection with the latest refinancing by 5% points. If a sale cannot be initiated, see the first sentence, and if the maturing

Bonds fall due, the maturity of these Bonds is extended by 12 months. At maturity of the Bonds after the 12-month extension, new bonds must be issued to replace these. At this issuance the first and second sentences do not apply.

If the maturity of a mortgage loan exceeds the maturity of the underlying Bonds and the Bonds have a fixed rate and a maturity from 12 and up to and including 24 months at the refinancing of the loan, Nordea Kredit may only initiate a sale of bonds which, at refinancing, are to replace the maturing Bonds if Nordea Kredit has a justified expectation that the sale can be carried out without the yield exceeding the yield on a comparable bond with the same remaining maturity from 11 and up to and including 14 months earlier by 5% points. However, this does not apply if Nordea Kredit carries out a sale of a small volume of bonds to ascertain whether the yield will exceed the yield on a comparable bond with the same remaining maturity from 11 and up to and including 14 months earlier by 5% points. If a sale cannot be initiated, see the first sentence, and if the maturing Bonds fall due, the maturity of these Bonds is extended by 12 months. At maturity of the Bonds after the 12-month extension, new bonds must be issued to replace these. At this issuance the first and second sentences do not apply.

If the maturity of a mortgage loan exceeds the maturity of the underlying Bonds and the underlying Bonds have an adjustable rate and a remaining maturity of up to and including 24 months the first time they are used for financing a mortgage loan, the interest rate at the interest rate fixing cannot exceed the latest interest rate fixed by more than 5% points. This interest rate must remain unchanged for 12 months or until the next refinancing if this is carried out within 12 months unless a lower interest rate is fixed within the 12 months or before the next refinancing. Nordea Kredit may only initiate a sale of bonds which, at refinancing, are to replace the maturing Bonds if Nordea Kredit has a justified expectation that the sale can be carried out without the interest rate exceeding the latest interest rate fixed by 5% points. However, this does not apply if Nordea Kredit carries out a sale of a small volume of bonds to ascertain whether the interest rate will exceed the latest interest rate fixed by 5% points. If a sale cannot be initiated, see the first sentence, and the maturing Bonds fall due, the maturity of these Bonds is extended by 12 months. At maturity of the Bonds after the 12-month extension, new bonds

must be issued to replace these. At this issuance the first and second sentences do not apply.

The following applies to maturity extension in case of a failed auction (insufficient number of buyers): Nordea Kredit can decide to extend the maturity of Bonds under an ISIN code, in full or in part, by 12 months at a time from their ordinary maturity date if there are an insufficient number of buyers for new bonds issued to refinance maturing Bonds under the relevant ISIN code. In the event of such maturity extension the nominal interest rate of the Bond will be changed so that the yield equals the yield at the latest refinancing plus 5% points. In the event of further extension of the maturity as a result of a failed auction (insufficient number of buyers), this nominal interest rate will continue to apply.

If the auction with the sale of bonds to refinance Bonds extended in this manner fails, further extension can take place where the nominal interest rate from the original extension is applied. The term to maturity of the Bonds will be extended by 12 months at a time until refinancing can be completed with a sufficient number of buyers for all the new bonds required.

A decision on extension can be made until one business day before the ordinary maturity date of the Bonds and must be published by means of a company announcement. Immediately after the auction Nordea Kredit will publish the yield on the basis of the sale completed at the auction. Here it will be announced whether the term to maturity of the Bonds is extended because an interest rate trigger has been released. If an interest rate trigger is not released at the relevant auction, the yield fixed will provide the basis for the fixing of the Bond's interest rate trigger at the following auction.

In the event that Nordea Kredit fails to sell the full amount at the auction, extension will be effected corresponding to the bonds that have not been sold. The extension will be effected on a pro rata basis, and in this case the corresponding share of the Bondholders' holding of the Bonds that would otherwise reach maturity will be extended.

In the event of Nordea Kredit's bankruptcy, restructuring or similar proceedings, the restructuring administrator or the trustee can extend the maturity of the relevant Bonds by one year at a time where new refinancing bonds may not be issued or where there are an insufficient number of buyers

for all the new bonds required. The restructuring administrator or the trustee will fix the interest rate on the extended Bonds at an adjustable reference rate plus up to 5% points. This reference rate must be a leading 1-year reference rate in the same currency as the extended Bonds.

For mortgage loans financed by callable Bonds, the borrowers have the right to prepay at par or at another agreed redemption price at all interest payment dates, whereas prepayment of mortgage loans financed by non-callable Bonds can be effected by purchase of the relevant Bonds at market price or in the year of maturity at par.

The Final Terms will state whether the Bonds are callable or non-callable.

Where borrowers make full or partial prepayment of the underlying mortgage loans, Nordea Kredit is entitled to amortise Bonds through the purchase and cancellation of Bonds instead of having the Bonds drawn for redemption.

Where borrowers make full or partial prepayment of the underlying mortgage loans by delivery of SDROs or ROs issued on the basis of the underlying mortgage loans, Nordea Kredit is entitled to amortise the Bonds through cancellation of the Bonds.

Nordea Kredit reserves the right to offer borrowers in capital centre 2 the option to repay their mortgage loans without SDROs equivalent to the volume issued in connection with the mortgage loan simultaneously being drawn for redemption or cancelled.

Nordea Kredit reserves the right to offer borrowers in the institution's general reserves the option to repay their mortgage loans without ROs equivalent to the volume issued in connection with the mortgage loan simultaneously being drawn for redemption or cancelled.

8. Yield

The yield depends on the purchase price, the maturity date and the cash flows of the Bonds, which may change after the opening of an ISIN code.

The yield on Bonds can be determined by discounting back the cash flows of the individual Bond or ISIN code to the settlement date using a rate of interest which ensures that the value of the cash flows discounted back is equal to the amount invested. This discount rate constitutes the yield. All cash flows are discounted back using this rate of interest to the settlement date.

Cash flows of the Bonds are affected by tap issuance under the ISIN codes and by the prepayment and remortgaging activity of the borrowers. Neither future new issuance nor prepayments can be calculated accurately. Instead these must be calculated by approximation.

9. Investor representation

There is no investor representation for ROs and SDROs.

10. Opening of new ISIN codes

The Executive Management of Nordea Kredit may decide to open new ISIN codes and is authorised by

the Board of Directors of Nordea Kredit to sign base prospectuses and supplements to such base prospectuses.

The Final Terms will state the opening date of new ISIN codes.

11. Restrictions on transferability

The Bonds are sold in the market via the Bank and are freely transferable both during and after the opening period, except as stipulated by the selling restrictions applicable in the United States or to US persons as well as the other restrictions in section 14 “Selling and dealing restrictions” of the Base Prospectus.

7 Template for Final Terms

FINAL TERMS OF THE BONDS

ISSUED BY NORDEA KREDIT REALKREDITAKTIESELSKAB (“**Nordea Kredit**”)

These final terms (the “**Final Terms**”) apply to Bonds issued by Nordea Kredit under Nordea Kredit’s base prospectus dated 19 February 2019 and any prospectus supplements to this base prospectus (collectively the “**Base Prospectus**”) in ISIN codes opened after the date of the Base Prospectus. The Final Terms solely relate to the ISIN codes set out in the tables below (the “**Bonds**”).

Nordea Kredit hereby declares that:

- The Final Terms have been prepared in accordance with section 21 of the Danish executive order on prospectuses and must be read in conjunction with the Base Prospectus.
- The Base Prospectus has been published electronically on Nordea Kredit’s website www.nordeakredit.dk, on the Danish Financial Supervisory Authority’s website www.finanstilsynet.dk as well as on the website of Nasdaq Copenhagen A/S www.nasdaqomxnordic.com.
- For the full information investors must read the Base Prospectus as well as the Final Terms.
- The summary for this specific issue is attached as an appendix to these Final Terms.

Bonds subject to provisions on regulation of refinancing risk:	The Bonds may be subject to the provisions on regulation of refinancing risk. If that is the case, this will be indicated in Table 2 below. More detailed terms may furthermore be specified in a note to the table.
Information about where the past performance of the money market rate underlying the reference rate can be found:	[Information can be found [●].] [Not applicable as the Bonds have a fixed rate.]
Yield:	[●] [The method for calculation of the yield is described on page [●] of the Base Prospectus.]
Negative interest:	[If the interest rate of a Bond can become negative, this is set out in Tables 5 and 6 below.]
Accrued interest:	[●][Investors pay accrued interest for the period from the latest interest payment date until the date of acquisition.] [Investors pay accrued interest for the period from the latest interest payment date until the date of acquisition, see, however, condition 6 on negative interest in section 6 “Terms of the bonds” of the Base Prospectus.]
Market-making agreements:	[Nordea Kredit has not entered into any agreement with any entity concerning market making in the Bonds.] [Nordea Kredit has entered into an agreement with the following entity [entities] on market making in the Bonds on the following terms: <i>[Name and address of entities and a description of the terms of the market-making agreement.]</i>

Information about prices and outstanding volume of Bonds:

Prices and the outstanding volume of Bonds will be announced on a current basis [on the website of Nasdaq Copenhagen A/S: www.nasdaqomxnordic.com] [and/or] [specify another place where information will be available].

Conflicts of interest:

[Nordea Kredit is not aware of any conflicts of interest that are material to Nordea Kredit in connection with the offer of the Bonds.] [Description of any conflicts of interest which in connection with the offer of the Bonds are material to Nordea Kredit, including a specification of the persons involved and the nature of such interest.

[The Bonds have adjustable rates and are callable.] [The Bonds have fixed rates and are callable.] [The Bonds have adjustable rates and are non-callable.] [The Bonds have fixed rates and are non-callable.]

Tables:

Table 1

[The following Table 1 is inserted for adjustable-rate callable or non-callable Bonds]

Bond type	ISIN code	Currency	Opening date/Date from which interest becomes payable	Closing date	Maturity date

[The following Table 1 is inserted for fixed-rate callable or non-callable Bonds]

Bond type	ISIN code	Coupon rate	Currency	Opening date/Date from which interest becomes payable	Closing date	Maturity date

Table 2

[The following Table 2 is inserted for fixed-rate, non-callable and adjustable-rate Bonds]

Bond type	ISIN code	Number of annual payment dates	Payment periods	Day count convention	Due date for payment of interest	Auction trigger	Interest rate trigger

Table 3

[The following Table 3 is inserted for adjustable-rate Bonds]

Bond type	ISIN code	Amortisation profile of underlying loans	With interest-only option	Redemption price when bonds drawn for redemption

Table 4

[The following Table 4 is inserted for all bond types]

Bond type	ISIN code	Rating	Denomination	Settlement (value date)	Place of listing	Place of registration	Day of listing

[The following Tables 5 and 6 are inserted for adjustable-rate callable or non-callable Bonds]

Table 5

ISIN code	Interest rate reset frequency	Fixing period	Negative interest	Reference rate	Initial interest rate

Table 6

Bond type	ISIN code	Fixing method	Day count convention	Interest rate premium/discount	Interest rate cap/period	Interest rate floor/period

These Final Terms were approved by Nordea Kredit on [●].

Nordea Kredit Realkreditatieselskab:

 Name:
 Position:

 Name:
 Position:

APPENDIX TO THE FINAL TERMS – SUMMARY OF THIS SPECIFIC ISSUE

*[Summary of the Base Prospectus, including information on
the Final Terms of the specific Bonds inserted.]*

8 Information incorporated into the Base Prospectus by reference

The Base Prospectus should be read and understood in conjunction with the parts of the documents below that are incorporated into the Base Prospectus by reference: (i) Nordea Kredit's audited annual financial statements for the financial years ending 31 December 2017 and 31 December 2018, in both cases with attached audit reports, which are included in the page references in the tables below and (ii) pages 33-37 of the base prospectus dated 21 December 2017 for the offer of mortgage bonds and covered mortgage bonds, pages 19-22 of the base prospectus dated 16 February 2015 for the offer of covered mortgage bonds issued out of Nordea Kredit Realkreditaktieselskab's capital centre 2, pages 18-20 of the base prospectus dated 14 February 2014 for the offer of mortgage bonds issued by Nordea Kredit Realkreditaktieselskab, pages 30-54 of the base prospectus dated 14 April 2011 for the offer of covered mortgage bonds issued out of Nordea Kredit Realkreditaktieselskab's capital centre 2, pages 30-54 of the base prospectus dated 14 April 2011 for the offer of mortgage bonds issued by Nordea Kredit Realkreditaktieselskab, pages 26-28 of the base prospectus dated 8 October 2007 for the offer of covered mortgage bonds issued out of Nordea Kredit Realkreditaktieselskab's capital centre 2, Appendix 2 of the base prospectus dated 20 March 2006 for the offer of mortgage bonds issued by Nordea Kredit Realkreditaktieselskab and Appendix 2 of the base prospectus dated 27 June 2005 for the offer of mortgage bonds issued by Nordea Kredit Realkreditaktieselskab, which have been published and registered separately with the Danish Financial Supervisory Authority.

Information in the above documents is incorporated into the Base Prospectus, but any declaration or statement included in the documents incorporated will be deemed to have been revised or replaced if a declaration or statement in the Base Prospectus revises or replaces any such declaration or statement previously made (expressly, implicitly or otherwise). Any declaration or statement that has been revised or replaced no longer forms part of the Base Prospectus.

The table below shows the relevant page references to the audited annual financial statements for the financial years ending 31 December 2017 and 31 December 2018, in both cases with attached audit reports, which are incorporated by reference. The published financial statements of Nordea Kredit are available on www.nordeakredit.dk under Investor information (select "Investor information" on the right, then "Financial reports and calendar" on the left, then select "Financial reports" in the middle and select the relevant report).

Audited annual financial statements of Nordea Kredit for the financial year 2018

Nordea Kredit Realkreditaktieselskab – Annual Report 2018

Statement by the Board of Directors and the Executive Management	page 54
Income statement	page 20
Statement of comprehensive income	page 20
Balance sheet	page 21
Notes to the financial statements	pages 25-52
Independent auditors' report	page 55

Link to Annual Report 2018:

<https://www.nordea.com/Images/33-304257/Annual Report Nordea Kredit Realkreditaktieselskab 2018.pdf>

Audited annual financial statements of Nordea Kredit for the financial year 2017

Nordea Kredit Realkreditaktieselskab – Annual Report 2017

Statement by the Board of Directors and the Executive Management	page 51
Income statement	page 19
Statement of comprehensive income	page 19
Balance sheet	page 20

Notes to the financial statements pages 24-49
Independent auditors' report page 52

Link to Annual Report 2017:

<https://www.nordea.com/Images/33-247807/Annual Report Nordea Kredit Realkreditatieselskab 2017.pdf>

9 Reasons for sale of the Bonds and use of proceeds

The proceeds from the Bonds issued will be used to finance mortgage loans secured by mortgages on property or loans to public authorities granted by Nordea Kredit.

Any surplus funds from Bonds issued under the Base Prospectus will be invested in safe and liquid securities in compliance with the provisions of Danish legislation and internal policies, see section 5 “Legislation” of the Base Prospectus.

10 About the Nordea Group and Nordea Kredit Realkreditatieselskab

10.1 The Nordea Group

General

The Nordea Group is the largest financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income, with a global reach and operating in 20 countries worldwide. Nordea believes that the Nordea Group has the largest customer base of any financial services group based in the Nordic markets with approximately 11 million customers across the markets in which it operates, including approximately 10 million household customers and approximately 0.6 million corporate and institutional customers, in each case as of 30 September 2018. As of the same date, the Nordea Group had total assets of EUR 573 billion and tier 1 capital of EUR 27.3 billion, and was the largest Nordic-based asset manager with EUR 311.5 billion in assets under management. The Nordea Group's total operating income for the nine months ended 30 September 2018 and for the year ended 31 December 2017 was EUR 6,902 million and EUR 9,469 million, respectively.

The Nordea Group offers a comprehensive range of banking and financial products and services to household and corporate customers, including financial institutions. The Nordea Group's products and services comprise a broad range of household banking services, including mortgages and consumer loans, credit and debit cards, and a wide selection of savings, life insurance and pension products. In addition, the Nordea Group offers a wide range of corporate banking services, including business loans, cash management, payment and account services, risk management products and advisory services, debt and equity-related products for liquidity and capital raising purposes, as well as corporate finance, institutional asset management services and corporate life and pension products. The Nordea Group also distributes general insurance products. With approximately 500 branch office locations, call centres in each of the Nordic markets, and a highly competitive net bank, the Nordea Group also has the largest distribution network for customers in the Nordic markets.

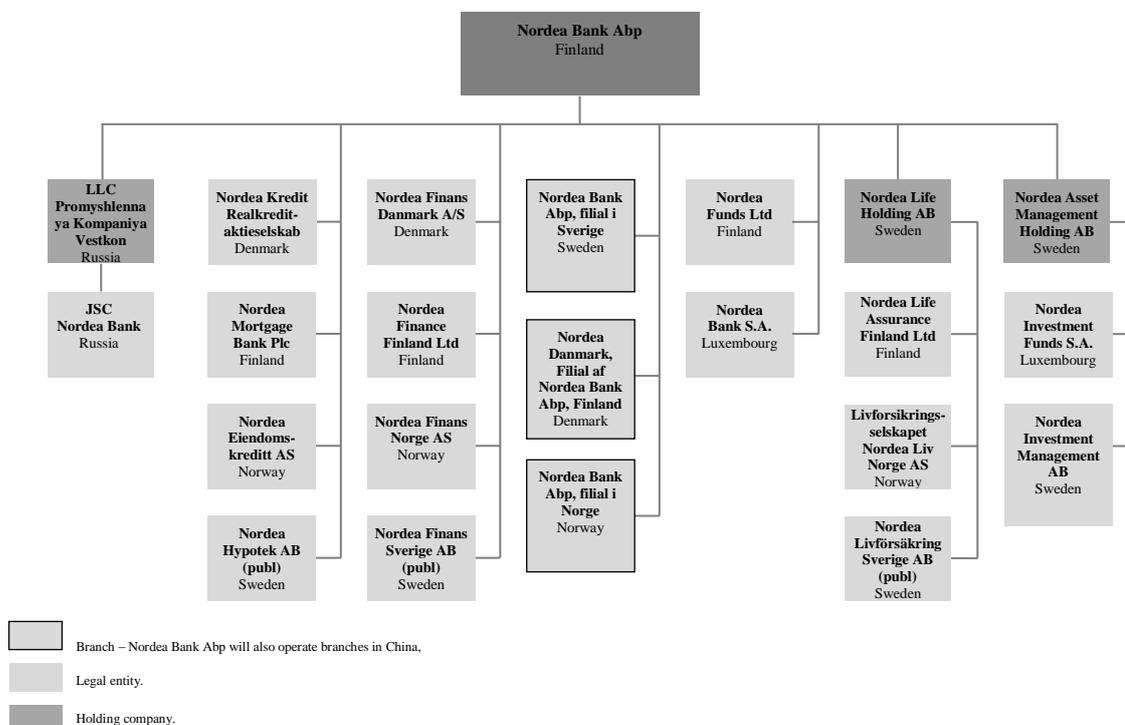
Nordea Bank Abp, the parent company of the Nordea Group, is organised under the laws of Finland and is headquartered in Helsinki. Its ordinary shares are listed on Nasdaq Nordic, the stock exchanges in Helsinki (in euro), Stockholm (in Swedish krona) and Copenhagen (in Danish krone).

As discussed in more detail under "—Legal Structure—Re-domiciliation" below, the parent company of the Nordea Group was re-domiciled from Sweden to Finland, which is participating in the EU's banking union, through the Merger that was completed on 1 October 2018. Nordea Bank Abp became the new parent company of the Nordea Group upon the completion of the Merger.

Legal Structure

Nordea Group

The following chart sets forth the main legal structure of the Nordea Group as of the date of this Base Prospectus:



Nordea announced in February 2016 that the board of directors of Nordea Bank AB (publ), together with each of the boards of directors of Nordea Bank Danmark A/S, Nordea Bank Finland Plc and Nordea Bank Norge ASA, had signed cross-border merger plans (together, the "**2017 Subsidiary Merger Plans**"). In March 2016, the general meeting of Nordea Bank AB (publ) approved the 2017 Subsidiary Merger Plans that were entered into with the aim to convert Nordea Bank AB (publ)'s Danish, Finnish and Norwegian subsidiary banks to branches of Nordea Bank AB (publ) by means of cross-border mergers (the "**2017 Subsidiary Mergers**"). The 2017 Subsidiary Mergers took effect on 2 January 2017 under applicable national legislation implementing the European Cross Border Mergers Directive (2005/56/EC) and Nordea Bank Danmark A/S, Nordea Bank Finland Plc and Nordea Bank Norge ASA became branches of Nordea Bank AB (publ). On 1 October 2016, as part of the 2017 Subsidiary Mergers process, a new mortgage credit bank (Nordea Mortgage Bank Plc) was established in Finland to continue the covered bond operations conducted by Nordea Bank Finland Plc. Nordea believes that the new simplified legal structure strengthens governance and supports the Nordea Group's work to increase agility, efficiency and economies of scale.

In September 2017, the board of directors of Nordea Bank AB (publ) decided to initiate the Re-domiciliation, that is, the re-domiciliation of the parent company of the Nordea Group from Sweden to Finland, which is participating in the EU's banking union. The Re-domiciliation was carried out through a cross-border reversed merger by way of absorption through which Nordea Bank AB (publ), the parent company of the Nordea

Group before the Re-domiciliation, was merged into its wholly owned subsidiary Nordea Bank Abp (i.e., the Merger). Nordea Bank Abp was established specifically for the purpose of the Merger and became the new parent company of the Nordea Group upon the completion of the Merger on 1 October 2018. Nordea Bank AB (publ)'s rights and obligations as well as its assets and liabilities were by operation of law transferred to Nordea Bank Abp on the completion of the Merger by way of universal succession in accordance with relevant Finnish and Swedish corporate law. The Re-domiciliation process is discussed in more detail under "—Re-domiciliation" below.

Strategy

Strategic Priorities

The Nordea Group has embarked on a number of strategic initiatives both to meet the customer vision (being easy to deal with, relevant and competent, anywhere anytime) and to drive cost efficiency, compliance and prudent capital management.

Strengthening the Customer-Centric Organisation

To facilitate a sharp customer focus, and to reflect the unique needs of the different customer segments, Nordea is organised into four business areas: Personal Banking, Commercial & Business Banking, Wholesale Banking and Asset & Wealth Management. Through this organisation, the Nordea Group seeks to ensure optimal delivery, while increasing the time spent with customers and reducing the time required to bring new products and services to market.

Digitalisation and Distribution Transformation

Digitalisation is one of the main drivers for change in banking as well as in many other industries. Customer preferences and expectation on accessibility, ease and personalisation are key reasons behind this trend. The Nordea Group has seen, and continues to see, a rapid increase in customer demand for mobile solutions. In order to be a truly digital bank, the Nordea Group is on a transformational journey. The ramp-up phase of this journey was completed between 2015 and 2017, and the Nordea Group is now moving into the execution phase, which will continue until 2021. At the end of this phase, the ambition is that the Nordea Group's distribution channels, processes, IT infrastructure and operations will be state-of-the-art, enabling efficient, agile and compliant operations. The transition activities include the shift from physical to digital distribution and the establishment of e-branches as well as the use of artificial intelligence.

One Bank

The legal structure of the Nordea Group is undergoing a transformation process to better reflect the Nordic way in which the Nordea Group operates. As part of this simplification process, Nordea Bank AB (publ)'s Danish, Finnish and Norwegian subsidiary banks were converted to branches of Nordea Bank AB (publ) on 2 January 2017. In September 2017, the board of directors of Nordea Bank AB (publ) decided to initiate the Re-domiciliation from Sweden to Finland, which is participating in the EU's banking union. The Re-domiciliation, which Nordea expects will promote the interests of customers, shareholders and employees, was completed on 1 October 2018. The new legal structure supports the Nordea Group's work to increase agility, efficiency and economies of scale, and also strengthens governance. The Nordea Group's ambition continues to be to make it easier for its customers to deal with the Nordea Group across borders, while at the same time leveraging on its expertise as One Nordea.

Simplification

The Nordea Group believes that by 2021, billions of new devices will be connected to the internet. Today, new technologies are developed and delivered in a period of months, and customers are adapting by accepting the increasing role technology has in the society. The Nordea Group believes that its future competitive advantage will be driven by the way it integrates new and existing technology to improve customers' lives, and by the speed at which it does so. To offer customers security, unlimited access, seamless transactions and tailored services, the Nordea Group is simplifying its core, redesigning its infrastructure and changing the way it operates. Simplification is at the heart of this transformation, and in line with this the Nordea Group is piloting new and agile ways of working, while converging over 400 legacy platforms into a new core banking platform, a new payment platform, a customer and counterparty master solution and a common data warehouse.

Cultural Transformation – Purpose and Values

In order to adapt to the sweeping changes in the banking industry and in customers' needs, the Nordea Group has embarked on a cultural journey with the belief that no business transformation can succeed without also incorporating a human transformation. The culture should clearly define the Nordea Group and what it stands for, how it behaves and how it decides what is right. During the spring of 2017, extensive work was carried out in order to define the Nordea Group's purpose and values, which will be supporting a strong culture and business foundation.

Trust and Responsibility

The Nordea Group has set a target to be best in class in terms of regulatory compliance in the Nordic countries and will continue to further strengthen its emphasis on implementing new rules and regulation quickly, making this an integral part of the Nordea Group's business model, thereby making it possible to capture the benefits of the compliance-related investments and form a deeper understanding of the Nordea Group's customers and risks.

Re-domiciliation

Background and Reasons for the Re-domiciliation

In the first quarter of 2017, Nordea commenced an assessment of the options to address the impact on the Nordea Group of the Swedish regulatory framework, including its deviation from the regulatory framework of the EU's banking union. The options assessed included, among other things, moving the corporate headquarters of the Nordea Group from Sweden.

On 6 September 2017, following the completion of the assessment, the board of directors of Nordea decided to initiate the Re-domiciliation, that is, the re-domiciliation of the parent company of the Nordea Group from Sweden to Finland, which is participating in the EU's banking union. This decision was based on the Nordea Group's unique pan-Nordic and international structure, which means that the existing national regulatory frameworks do not fully accommodate the Nordea Group's operating model and recent strategic developments. The Re-domiciliation is also expected to result in savings related to resolution fees, deposit guarantee fees and other transitional effects (see also "*Risk Factors—Other Risks Relating to the Nordea Group's Business—Nordea may not be able to realise the savings it expects to generate through the Re-domiciliation*"). The annual general meeting of shareholders ("**AGM**") of Nordea Bank AB (publ), the parent

company of the Nordea Group before the Re-domiciliation, approved the Re-domiciliation on 15 March 2018. The Re-domiciliation was carried out through the Merger, that is, as a cross-border reversed merger by way of absorption through which Nordea Bank AB (publ) was merged into Nordea Bank Abp. Nordea Bank Abp, which was registered with the Finnish Trade Register on 27 September 2017, was established specifically for the purposes of the Merger as a wholly owned subsidiary of Nordea Bank AB (publ). Upon the completion of the Merger on 1 October 2018, Nordea Bank Abp became the new parent company of the Nordea Group and the Nordea Group's registered office was transferred to Helsinki, Finland.

The day-to-day business operations of the Nordea Group, including in its Nordic home markets, did not change as a result of the Re-domiciliation.

Overview of the Merger

On 25 October 2017, the boards of directors of Nordea Bank AB (publ) and Nordea Bank Abp signed the merger plan in connection with the Merger (the "**Merger Plan**"), which set out the terms and conditions and related procedures for the Merger. Pursuant to the Merger Plan, Nordea Bank AB (publ) was to be merged into Nordea Bank Abp through the Merger, which was executed as a cross-border reversed merger by way of absorption pursuant to the provisions of Chapter 16, Sections 19–28 of the Finnish Companies Act and, as applicable, Chapter 2 of the Finnish Commercial Banking Act (Fi: *laki liikepankeista ja muista osakeyhtiömuotoisista luottolaitoksista (1501/2001)*) (the "**Finnish Commercial Banking Act**") as well as Chapter 23, Section 36 (with further reference) of the Swedish Companies Act and Chapter 10, Sections 18–25 b of the Swedish Banking and Financing Business Act. Nordea Bank AB (publ) was automatically dissolved on 1 October 2018, which was the date on which the Merger was registered with the Finnish Trade Register (*i.e.*, the Completion Date). For accounting and legal purposes, Nordea Bank AB (publ)'s rights and obligations as well as its assets and liabilities were by operation of law transferred to Nordea Bank Abp on the Completion Date by way of universal succession in accordance with relevant Finnish and Swedish corporate law and the transactions of Nordea Bank AB were treated as being those of Nordea Bank Abp.

Nordea Bank AB (publ)'s shareholders received as merger consideration one new share in Nordea Bank Abp for each share in Nordea Bank AB (publ) that they owned as of the Completion Date (*i.e.*, the merger consideration), meaning that the merger consideration was issued to the shareholders of Nordea Bank AB (publ) in proportion to their existing shareholding with an exchange ratio of 1:1.

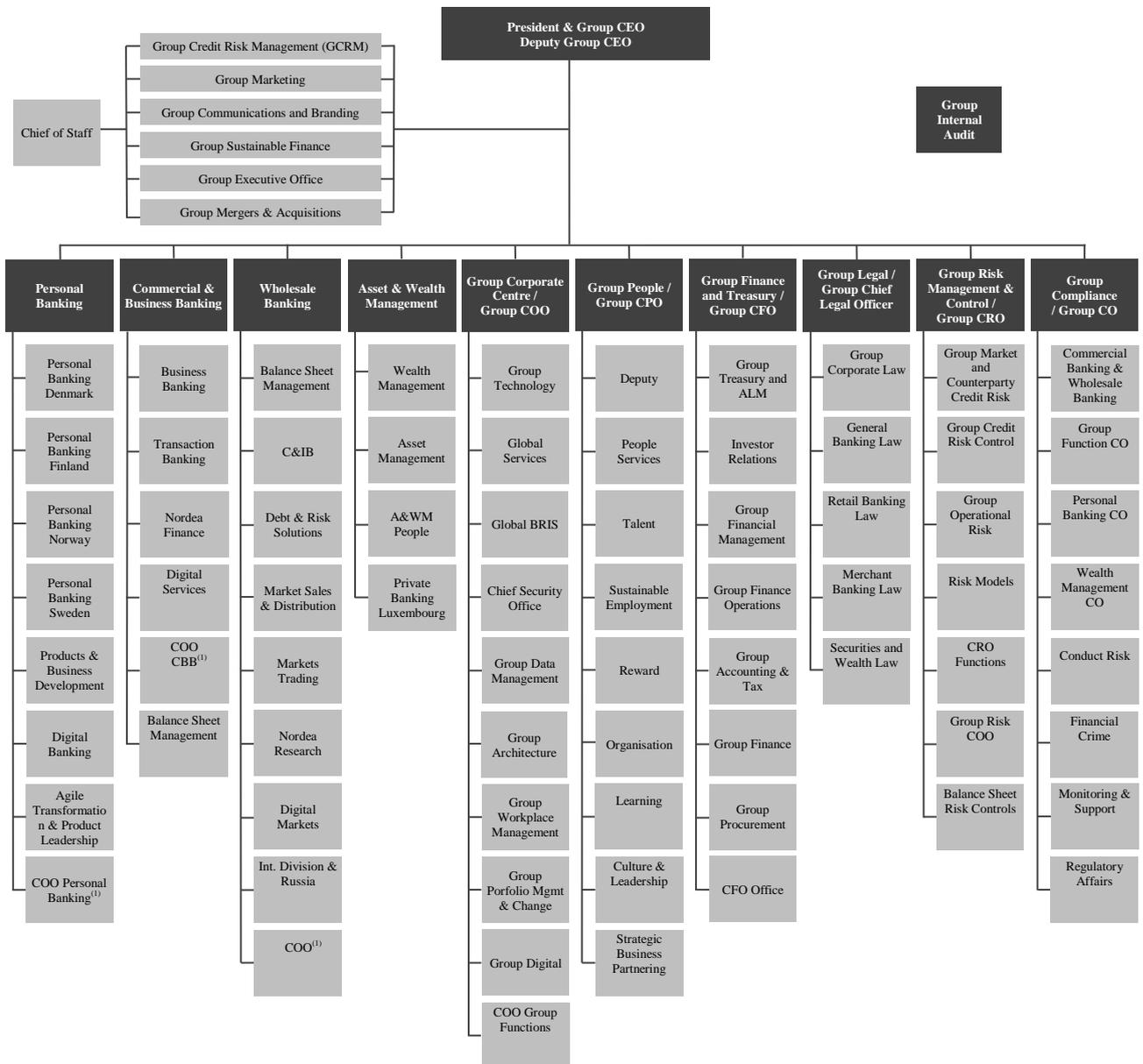
Nordea Group's Organisation

Overview

The Nordea Group's organisational structure is built around four main business areas: Personal Banking, Commercial & Business Banking, Wholesale Banking and Asset & Wealth Management. In addition to the business areas, the Nordea Group's organisation includes Group Functions and Other, which covers the following six Group functions: Group Corporate Centre, Group Finance & Treasury, Group Risk Management & Control, Group Compliance, Chief of Staff Office, Group Legal and Group People.

Business Areas

The following chart sets forth the Nordea Group's organisation as of the date of this Base Prospectus:



¹⁾ Dual reporting line to Head of Group COO

The Personal Banking business area serves the Nordea Group's household customers through various channels offering a full range of financial services and solutions. The Nordea Group's aim is for Personal Banking customers to entrust Nordea with all their banking business.

Within Personal Banking, the Nordea Group operates a multi-channel distribution strategy in the household customer segment to ensure that household customers can access the bank where, when and how it suits them. The three core channels of Personal Banking's distribution strategy are branches, remote channels (*e.g.*, contact centre, e-branches) and digital channels (*e.g.*, internet bank, mobile bank). Through the Nordea Group's common customer relationship system, the three distribution channels are integrated so that recording of customer interaction in one channel is simultaneously available in all other channels.

Personal Banking comprises the customer areas (Personal Banking Denmark, Personal Banking Finland, Personal Banking Norway, Personal Banking Sweden), Products & Business Development, Digital Banking, Agile Transformation & Product Leadership and COO Personal Banking. The Products & Business Development unit is responsible for lending and deposit products and related product offerings for household customers. The mortgage companies in all four Nordic countries also belong to the Products & Business Development unit. Digital & Design develops and delivers the digital services and experience for all customers based on customer needs and preferences Digital & Design is accountable for the entire value chain, from developing, designing and delivering online and mobile solutions for our customers to maximising customer experiences on all digital platforms. Agile Transformation & Product Leadership is a unit responsible for driving agile change in Personal Banking's transformation and aims to ensure that the agile ways of working are effectively deployed. The COO Personal Banking provides internal support to all Personal Banking units by maintaining and developing the core Personal Banking systems and the banking platforms. Personal Banking COO also reports to the Group COO.

Commercial & Business Banking

Commercial & Business Banking serves, advises and partners with corporate customers, covering all their business needs through a full range of services, including payments, cash management, cards, working capital management and finance solutions. The customers of the business area are serviced out of close to 200 physical and online branches across the Nordic region.

In the second quarter of 2018, Nordea merged the divisions Commercial Banking and Business Banking into one customer responsible division, Nordea Business Banking. Nordea Business Banking is the customer responsible unit within Commercial & Business Banking serving small and mid- to large corporate customers. The division comprises four Business Banking units in each of the four main markets serving mid- to large corporate customers, a Nordic Real Estate organisation, a Business Banking Direct organisation serving small corporate customers and a Strategy & Proposition unit developing solutions and supporting the segments to reach their targets.

The customers serviced by Commercial & Business Banking are small, mid-sized and large corporates, with a range of different needs. Therefore, the customer base is segmented into two main customer clusters such that each segment has similar business needs. Commercial & Business Banking's organisation is divided into the following parts: Business Banking, Transaction Banking, Nordea Finance, Balance Sheet Management, Digital Services and Commercial & Business Banking COO.

Transaction organisation provides services to all personal and corporate customers across the Nordic region. Services include payments, cards, point of sale financing, and working capital management. Nordea Finance provides sales financing, equipment investment financing and asset-based financing solutions to customers. Balance Sheet Management is, together with Group units, responsible for developing and maintaining the risk exposure amount ("**REA**") and funding position in Commercial & Business Banking. The Commercial &

Business Banking COO has the responsibility across a number of key functions, service development, data management and operations that support Business Banking, Transaction Banking and Nordea Finance. In addition, to strengthen the focus on digital development, Commercial & Business Banking has established a new digital area, Digital Services, with the aim of enabling increased customer services and enhance efficiency as well as quality in our digital services.

The primary strategic objective of Commercial & Business Banking is to transform the way it services customers in order to remain relevant to them, while at the same time structuring the Nordea Group's operations in a way that generates cost efficiencies and quality gains. To achieve this objective, the strategic focus areas of Commercial & Business Banking support existing targets and strategies, including (i) best-in-class advisory – tailored to customer needs and preferences; (ii) best-in-class digital experience – anywhere and anytime; (iii) efficiency and scale – one Nordic model; and (iv) future capabilities in a disruptive market – sustainable competitiveness.

Wholesale Banking

Wholesale Banking provides financial solutions to large Nordic and international corporate and institutional customers. The offering includes a diverse range of financing, cash management and payment services, investment banking, capital markets products and securities services. The Wholesale Banking business area includes the business units Corporate & Investment Banking (C&IB), Balance Sheet Management, Debt & Risk Solutions, Markets Sales & Distribution, Markets Trading, Nordea Research, Digital Markets, International Division & Russia and COO Wholesale Banking.

By combining the entire value chain from customer units through product units to operations, Wholesale Banking can leverage from the scale and quality of its franchise and create great customer experiences for Nordic as well as designated international customers. Value-adding solutions provide the Nordea Group's customers with access to financing in the capital markets and with tailored financial tools to optimise their business and manage their risks.

Corporate & Investment Banking is a customer-responsible organisation serving the largest corporate and institutional customers and offers a full range of banking services, providing customers with integrated advisory and competitive financial solutions within mergers and acquisitions, equity capital markets, debt capital markets, cash management, leveraged finance, project finance, export and trade finance and custody services. Corporate & Investment Banking performs client coordination and loan coverage through four units, covering each of the Nordic countries (C&IB Denmark, C&IB Finland, C&IB Norway and C&IB Sweden). The C&IB units serve corporate and institutional customers with a strong customer centric focus through the Nordea Group's Wholesale Banking Customer Service Model. Shipping, Offshore & Oil Services is the customer unit responsible for serving customers in the shipping, offshore, oil services, and cruise and ferries industries worldwide.

Debt & Risk Solutions delivers holistic, integrated advice and solutions to the corporate and institutional segment across the spectrum of financing and risk management. Debt & Risk Solutions advises large corporate clients on all aspects of their capital structure, including debt capacity, credit metrics, ratings and market related funding capacity.

Markets Sales & Distribution covers all product areas within FICC and equities in which Markets specialists advise customers or execute customer trades. Sales and distribution of fixed income, foreign exchange,

equities, structured products and associated derivatives. The unit is also responsible for the Nordea Group's institutional clients. FICC provides fixed income products, currency products and other risk management products including intermediation of credit and capital. Equities provides a complete brokerage solution and offers research and equity sales for buy-side clients as well as stock borrowing and lending and equity financing. Markets Digital is responsible for Market's digital platforms and multi-channel customer experience across Nordea's corporate offering.

Digital Markets run the development of digital and algorithm-based pricing, hedging and execution. Nordea Research is responsible for research within the Nordea Group and its offering consist of equities and fixed income research as well as market strategy and macroeconomics.

The International Division includes the five Nordea branches in New York, London, Singapore, Frankfurt and Shanghai. The division offers a comprehensive range of products and services to Shipping, Offshore & Oil Services customers, Corporate & Investment Banking customers, Business Banking customers and Markets' institutional customers. Nordea Bank Russia offers a wide selection of products and services to Nordic customers in Russia and to large and blue-chip Russian customers from leading sectors in the Russian economy. In 2015, the strategy for the Russian operations was sharpened with focus on the largest Russian corporates and Nordic international companies. New mortgage lending was ceased and operations were streamlined accordingly. In addition, a more selective approach for all new businesses was applied. Due to the challenging geopolitical and economic environment, and in line with the Nordea Group's strategy to reduce its risks and exposure in Russia and focus on corporate banking services only, the Nordea Group made a decision in 2016 to sell its existing portfolio of mortgage and consumer loans in Russia. As of the date of this Base Prospectus, the strategy of the Nordea Group's Russian operations is to focus on large Nordic corporate customers active in Russia.

Asset & Wealth Management

Asset & Wealth Management provides investment, savings and risk management solutions to high net worth individuals and institutional investors and delivers savings solutions to all Nordea customer segments. The business area Asset & Wealth Management includes two divisions, Asset Management and Wealth Management. The results of the Nordea Group's asset and wealth management operations were reported under the business area Wealth Management up to the second quarter of 2018, after which the Nordea Group reorganised the business area and renamed it Asset & Wealth Management.

Asset Management is responsible for actively managed investment funds and discretionary mandates for institutional clients. The division includes the units Equities and Fixed Income, Multi Asset, Products & Operations, Institutional and Wholesale Distribution, Finance, Governance and Management Support.

Wealth Management provides savings solutions to all segments of the Nordea Group. The division includes Private Banking that services customers through branches, Life & Pensions that services customers with a full range of pension, endowment and risk products, Nordea Funds, Investment Centre, Digital Wealth and Business Support. Wealth Management consists of the Life & Pensions units, the Private Banking units, Nordea Funds and the Investment Centre Digital Wealth and Business Support units. The business units operate in Denmark, Finland, Norway and Sweden.

Private Banking services customers on all aspects of their financial situation from over 60 branches in the Nordic region. The Nordea Group operates its Private Banking business through an integrated model with

Personal Banking. The Nordea Group believes that this integrated operating model enables it to fully leverage the distribution capabilities and customer base of the whole Group as well as to utilise the investment and product development competencies in Nordea. In addition to its Nordic Private Banking operations, the Nordea Group engages in International Private Banking operations that are targeted to both customers of a Nordic origin domiciled outside the Nordic region and international customers of non-Nordic origin. On 25 January 2018, Nordea announced that it had entered into an agreement with UBS Europe regarding the acquisition by UBS Europe of part of Nordea's Luxembourg-based private banking business and its integration onto UBS Europe's advisory platform. The decision to sell this business followed a thorough strategic review of the Nordea Group's private banking activities, which led to the decision to concentrate these activities in the Nordic region. Assets under management for the divested private banking business as of 31 December 2017 amounted to EUR 13 billion. On 15 October 2018, Nordea announced that the transaction had been completed.

Life & Pensions is an insurance group and a leading provider of life insurance, pension products and services in eight countries in Europe. Life & Pensions serves both the individual and corporate segments with traditional as well as unit-linked products. The customers are served through banking branches, Life & Pensions' own sales force or via tied agents, brokers and to a small extent other financial institutions. The operations are conducted through legal entities, most of which are wholly owned by Nordea Life Holding AB. In Denmark, Nordea Life Holding AB owns 75 per cent of the share capital of Nordea Liv & Pension Livsforsikringselskab A/S, with the remaining 25 per cent owned by Foreningen Norliv, which represents the customers of Nordea Liv & Pension. In December 2017, Nordea announced that Foreningen Norliv will purchase an additional 45 per cent of the share capital of Nordea Liv & Pension Livsforsikringselskab A/S. The purchase, which was completed in April 2018, increased Foreningen Norliv's ownership in the company to 70 per cent.

Group Functions and Other

Group Functions and Other consists of Group Corporate Centre and Group Finance and Treasury.

Group Corporate Centre consists mainly of the COO organisation, including Group Technology and Group Data Management, Group Digital, Group Security Office and Global Business Risk Implementation and Support. The Group COO organisation is responsible for ensuring one operating model at Nordea by harmonising processes and services in accordance with the Nordea Group's priorities to leverage commonalities and realise synergies. Group Corporate Centre focuses on executing on the transformational agenda by implementing one operating model and supporting the Nordea Group's regulatory and compliance agenda as well as the strategic ambitions of the Group simplification programmes.

Group Finance & Treasury provides the Nordea Group with Group asset and liability management, treasury operations, Group-wide reporting, controlling and procurement services and with strategic frameworks to all areas of the bank. Group Finance & Treasury includes Group Finance & Business Control, Group Treasury & ALM and Investor Relations.

Group Finance & Treasury works to secure optimisation and prudent management of funding, capital, liquidity and market risks in the banking book as well as one operating model and operational excellence across the Nordea Group in the finance processes.

Group Finance & Business Control is responsible for coordinating financial performance management, providing high-quality and efficient financial reporting and planning across the Group, including financial and business control and analysis, to meet business needs and regulatory requirements. Group Finance & Business Control is also responsible for optimising costs by providing procurement advisory and executional services with a focus on all non-IT related spending and contracts.

Group Treasury & ALM is responsible for optimising and managing the Nordea Group's capital, liquidity, funding and market risks in the banking book within Nordea's defined risk appetite and limits while being compliant with regulations and supporting the Nordea Group's business areas' ability to serve customers.

Investor Relations provides transparent and relevant communication to the investor community. Furthermore, it channels in-depth feedback from the capital markets to Nordea's management.

Group Risk Management & Control and Group Compliance

Group Risk Management & Control and Group Compliance are the second line of defence responsible for maintaining the Nordea Group's internal control framework, including its implementation across the Nordea Group. Group Risk Management & Control and Group Compliance surveys the flow of risk related information from the business areas and the Group functions to the board of directors passes through the Nordea Group's Risk Committee and the Board Risk Committee. Reporting from Group Compliance is presented directly to the board of directors as well as discussed in the Board Operations and Compliance Committee.

Group Compliance consists of central units as well as business area specific divisions, facilitating and overseeing the effectiveness and integrity of Nordea's compliance risk management. Group Compliance advises and supports the first line of defence on ways to effectively and efficiently manage compliance obligations.

Group People and Group Legal

Group People provides strategic partnering, support and service in all people matters. Group Legal provides legal services and advice applying Nordic rules and regulations in core legal areas as well as directly applicable EU rules in the corresponding areas.

Employees

As of 30 September 2018, the Nordea Group had 29,056 employees, calculated on a full-time equivalent basis. The following table sets forth the number of full-time equivalent employees by area as of the dates indicated:

	As of 30 September		
	2018	2016	2017
Personal Banking.....	10,391	11,480	11,093
Commercial & Business Banking.....	4,811	5,651	5,282
Wholesale Banking.....	3,637	4,059	3,727
Asset & Wealth Management ⁽¹⁾	2,925	3,640	3,690
Group Functions and Other.....	<u>7,292</u>	<u>6,766</u>	<u>6,607</u>
Total number of employees (FTE).....	<u>29,056</u>	<u>31,596</u>	<u>30,399</u>

- (1) The results of the Nordea Group's asset and wealth management operations were reported under the business area Wealth Management up to the second quarter of 2018, after which the Nordea Group reorganised the business area and renamed it Asset & Wealth Management. The employee numbers as of 31 December 2016 and 2017 are of Wealth Management.

In October 2017, Nordea announced that, in order to attain efficiency gains and with the goal of ensuring long-term competitiveness, it plans to reduce the number of employees and consultants at the Nordea Group with at least 6,000, of which approximately 2,000 are expected to be consultants.

Legal and Administrative Proceedings

As a result of conducting its business in the ordinary course, the Nordea Group is a party to legal and administrative proceedings, including proceedings in which it is acting as plaintiff seeking to recover unpaid debts owed by defaulting borrowers and other customers, or as respondent in other cases. The Nordea Group is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active. The Nordea Group is also subject to administrative claims and tax proceedings. These types of claims, disputes, legal proceedings and investigations expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs) direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, criticism or penalties by supervisory authorities, as well as the potential for regulatory restrictions on its businesses. See also "*Risk Factors—Risks Relating to the Legal and Regulatory Environments in which the Nordea Group Operates—Legal and regulatory claims arise in the conduct of the Nordea Group's business*". As of the date of this Base Prospectus, none of the governmental, administrative, legal or arbitration proceedings to which the Nordea Group is party (including any such proceedings which are pending or threatened of which the board of directors of Nordea is aware) have had in the previous 12 months or are considered likely to have any significant adverse effect on the Nordea Group or its financial position.

Capital Adequacy

The Nordea Group needs to keep sufficient capital to cover all risks taken (required capital) over a foreseeable future. In order to do this, the Nordea Group strives to attain efficient use of capital through active management of the balance sheet with respect to different asset, liability and risk categories.

The Nordea Group uses a variety of capital measurements and capital ratios to manage its capital. The Nordea Group calculates its regulatory capital requirements under the CRD IV/CRR framework. The Nordea Group is approved by the financial supervisory authorities to use the internal ratings-based ("**IRB**") approach when calculating the capital requirements for the main part of its credit portfolio. The Nordea Group uses the Advanced IRB approach for corporate lending in the Nordic countries and in the International Units. The Retail IRB approach is used for the Nordic retail exposure classes and mortgage companies as well as for the Finnish finance company. The Foundation IRB approach is used for exposures in the Nordic finance companies, OJSC Nordea Bank ("**Nordea Bank Russia**") and the Baltic branches, as well as derivative and securities lending exposures. Nordea uses the standardised approach to calculate REA for exposures to

equities in the banking book. Acquisitions of new portfolios are treated under the standardised approach until they are approved for the IRB approach by the relevant financial supervisory authority.

As of 30 September 2018, 88 per cent of the Nordea Group's credit risk exposure amount was covered by IRB approaches. The Nordea Group is also approved to use its own internal Value-at-Risk ("VaR") models to calculate capital requirements for the major parts of the market risk in the trading books. In August 2018, Nordea received permission for continued use of existing internal models from the ECB following the Re-domiciliation. The permission implies a migration of pillar 2 capital add-ons into pillar 1 risk exposure amount (REA).

The Nordea Group's capital policy is to maintain a management buffer of 50–150 basis points above the regulatory common equity tier 1 (CET1) capital ratio requirement. The capital targets reflect the latest communication from the ECB and there are still uncertainties with respect to ongoing regulatory developments.

The capital policy is related to the internal capital adequacy assessment process, which according to the CRD, should, for each bank, review the management, mitigation and measurement of material risks to assess the adequacy of internal capital and determine an internal capital requirement reflecting the risk appetite of the institution.

As of 30 September 2018, the Nordea Group's common equity tier 1 (CET1) capital and own funds exceeded the regulatory minimum requirements outlined in the CRD. Considering results of capital adequacy stress testing, capital forecasting and growth expectations, the Nordea Group assesses that the buffers held for current regulatory capital purposes are sufficient. See also *"Risk Factors—Risks Relating to the Legal and Regulatory Environments in which the Nordea Group Operates—CRD IV introduces capital requirements that are in addition to the minimum capital ratio"*.

In addition to the Nordea Group's internal capital requirements, ongoing dialogues with third parties affect the Nordea Group's capital requirements, in particular, views of the external rating agencies.

The Nordea Group uses a "pillar 1 plus pillar 2" approach in order to assess the internal capital requirement. This methodology uses the pillar 1 capital requirement for credit risk, credit valuation adjustment risk, market risk and operational risk as outlined in the CRR as the starting point for its risk assessment. For these risks, the risk is measured using only models and processes approved by the financial supervisory authorities for use in the calculation of legal capital requirements. Following this, pillar 2 risks, that is, risks not included in pillar 1, are considered. Pillar 2 risks include interest rate risk in the banking book, risk in the Nordea Group's internal defined benefit plans, real estate risk, concentration risk and other pillar 2 requirements. The Nordea Group uses both its own as well as regulatory benchmark capital models to define the capital requirement for each of these risks.

The Nordea Group uses its economic capital framework as its primary tool for internal capital allocation considering all risk types. Stress testing is also an important component of assessing capital adequacy and the Nordea Group considers the results of stress tests when determining the Nordea Group's internal capital requirements.

10.2 Nordea Kredit Realkreditaktieselskab

10.2.1 In general

Nordea Kredit Realkreditaktieselskab (Danish business registration (CVR) number 15134275) (Nordea Kredit) is a Danish mortgage institution domiciled in Taastrup, Høje-Taastrup Municipality. The company's registered address is Helgeshøj Alle 33, 2630 Taastrup, Denmark, telephone +45 33 33 36 36.

Nordea Kredit has Nordea Realkredit A/S, Nordea Realkreditaktieselskab and Unikredit Realkreditaktieselskab as commercial names.

The share capital of Nordea Kredit consists of 17,172,500 shares in the denomination of DKK 100, corresponding to a nominal value of DKK 1,717,250,000. The share capital is fully paid up.

The object of Nordea Kredit is to carry on all types of mortgage credit activity and any other activities considered ancillary to the company's mortgage credit activity within the framework of the mortgage credit legislation applicable from time to time. This follows from Article 2 of the Articles of Association.

Nordea Kredit carries on business pursuant to Danish legislation, particularly the Danish Financial Business Act and the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc Act, and is subject to the supervision of the Danish Financial Supervisory Authority. Nordea Kredit has received approval from the Danish Financial Supervisory Authority to issue mortgage bonds (ROs) and covered mortgage bonds (SDROs).

Nordea Kredit was founded on 9 January 1991, registered with the Danish Business Authority on 26 March 1991 and approved as a mortgage institution on 19 August 1993 under the name of Unikredit Realkreditaktieselskab.

10.2.2 Activities

Nordea Kredit solely grants loans for properties in Denmark except for the Faeroe Islands and Greenland. Loans are granted for all property categories (see also information about property categories under the description of Danish mortgage legislation in section 5 "Legislation" of the Base Prospectus). Except as set out above, there are no lending restrictions with respect to specific geographical areas or in relation to the total volume of loans to one or several segments.

Loans are granted to customers of Nordea Danmark, filial af Nordea Bank Abp (the "**Branch**"), and Nordea Kredit thus solely processes loan applications intermediated by the Branch. Loans taken out with Nordea Kredit form part of the borrowers' consolidated commitments with the Nordea Group.

Nordea Kredit's business model is an integral part of the Nordea Group's strong customer focus and its commitment to building close customer relationships.

Organisational structure

Nordea Kredit is a wholly owned subsidiary of Nordea Bank Abp. A more detailed description of the Nordea Group is set out in section 10.1 "The Nordea Group" of the Base Prospectus.

Nordea Kredit has not adopted special mitigating actions to prevent the Bank from being able to abuse its control over Nordea Kredit.

Collaboration with other Group entities

The business activities of Nordea Kredit are also closely tied to the Bank. Nordea Kredit's mortgage loans are provided via the Branch, Nordea Kredit makes use of IT systems and solutions developed by the Bank and a number of significant activities have been outsourced to the Bank.

Bond issuance and sales as well as investment of own funds are performed in close collaboration with entities of the Bank. In addition, the Bank and Nordea Kredit have a number of joint staff functions and some functions are performed at Nordea Group level.

10.2.3 Guarantee by the Bank

Under a cooperation agreement the Bank provides a guarantee of 25% of the cash value of a loan in favour of Nordea Kredit. The guarantee must always cover the portion of the loan outside a specific percentage of the valuation applied. However, for loans granted for non-profit rental housing, youth housing and housing for the elderly, the guarantee provided constitutes 10%. If Nordea Kredit has several loans on the same property, the guarantees cover the top portion of the combined commitment. Loans where the guarantee has expired after the former time-limited guarantee scheme are not covered by the guarantee.

The guarantee is renewed when and if the existing loan is remortgaged into a new mortgage loan with Nordea Kredit. The guarantee contributes to reducing the credit risk on the individual commitment.

Nordea Kredit will be able to utilise guarantees provided by the Bank as supplementary collateral, provided, however, that the value of Nordea Kredit's total exposure with credit institutions under Article 129(1) of the CRR does not exceed 15% of the nominal value of Nordea Kredit's mortgage bonds and covered mortgage bonds outstanding.

10.2.4 Legal and arbitration proceedings

Nordea Kredit is not aware of any pending or potential governmental, legal or arbitration proceedings during a period covering at least the previous 12 months before the publication of the Base Prospectus which may have, or have had in the recent past, significant effects on Nordea Kredit's financial position or profitability.

10.2.5 Management of certain risks relating to mortgage institutions

The Danish Executive Order on Management and Control of Banks etc lays down rules and procedures for calculating, managing and controlling etc risks and sets out requirements for the internal organisation of mortgage institutions.

Nordea Kredit takes care on a current basis to arrange its activities in such a manner as to limit risks. This is for example done by applying business procedures and internal controls. As part of Nordea's overall risk management the Board of Directors of Nordea Kredit has in a number of key areas established risk policies with risk limits, for example relating to credit and market risks, to be followed in day-to-day operations.

The Nordea Group issues group directives that within their specific areas of application regulate how the Group, including subsidiaries, is to carry on business. These directives moreover form part of Nordea Kredit's risk management.

Nordea Kredit has chosen to apply the specific balance principle. Nordea Kredit's interest rate, currency, liquidity and option risks are thereby limited as it is ensured that lending and financing through mortgage bond and covered mortgage bond issuance are closely balanced as described in detail in section 5.4 "Balance principle" of the Base Prospectus.

Focus on market risks

The Board of Directors of Nordea Kredit has established market risk instructions, defining the limits of the interest rate and currency risks that Nordea Kredit is allowed to assume through its activity and investment of capital. The limits defined are within the framework of the Danish executive order on bond issuance, the balance principle and risk management and are established on the basis of the Nordea Group's overall risk management that limits the risk-taking of subsidiaries.

As a consequence of the market risk instructions, capital is regularly invested in repo/reverse repo transactions with the Bank on the basis of covered mortgage bonds to minimise Nordea Kredit's market risks.

Nordea Kredit minimises its liquidity, market and currency risks related to the investment of capital.

Nordea Kredit has entered into an agreement with the Bank on the basis of the market risk instructions. The agreement with the Bank ensures that Nordea Kredit's capital is invested in the most appropriate manner in relation to the market. The agreement includes more specific requirements for the investment of capital.

In the event of a liquidity deficit, for example if outgoing payments to the bondholders exceed incoming payments from the borrowers, for example due to an increase in arrears on payments from the borrowers, Nordea Kredit has a liquidity buffer. Nordea Kredit's liquidity buffer consists solely of unencumbered liquid assets.

Apart from any liquidity deficit, the liquidity reserve must also cover the requirement for providing supplementary collateral if the value of the assets provided as collateral no longer at least matches the value of the Bonds issued or if the assets do not comply with the lending limits applicable at the time when the loan was granted. Under applicable legislation, the cost of extra collateral may not be imposed on the individual loan and its debtor(s) and must consequently be borne by Nordea Kredit.

The need for extra collateral is determined on the basis of the initial valuation of the individual property and property market prices combined with samples of a broad selection of properties. The risk that extra collateral will be needed cannot be reduced to zero due to the market mechanisms, and the need is consequently monitored on a current basis and reported to the Board of Directors on a quarterly basis.

10.2.6 Financial information

Selected financial information for Nordea Kredit is set out below:

Income, profit and business volumes, key items (DKK m)	2018	2017
Net interest and fee income	2,555	2,685
Value adjustments	-18	3
Staff and administrative expenses	-286	-314
Impairment losses on loans and receivables	-215	-143
Profit before tax	2,042	2,242
Net profit for the year	1,593	1,750
Receivables from credit institutions and central banks	46,440	46,220
Loans and receivables at fair value	387,159	393,008
Debt to credit institutions and central banks	10,841	7,636
Bonds in issue at fair value	400,817	405,629
Total equity	22,0333	22,052
Total assets	440,825	440,201
Ratios and key figures (%)	2018	2017
Return on equity	7.2	7.9
Cost/income ratio	11.3	11.7
Total capital ratio	26.5	32.9
Tier 1 capital ratio	23.9	29.7
Tier 1 capital, DKK m	20,263	20,443

Risk exposure amount, DKKm	84,807	68,898
Average number of employees (full-time equivalents)	113	111

Cash flow statements for Nordea Kredit are set out below.

Cash flow statement (DKKm)	2018	2017
Operating activities		
Profit for the period before tax	2,042	2,242
Adjustment for items not included in cash flow:		
Impairment losses on loans and receivables	75	-22
Depreciation, amortisation and impairment charges of tangible and intangible assets	0	0
Depreciation and impairment losses of assets in temporary possession	7	-3
Depreciation, amortisation and impairment losses of other assets	7	-21
Revaluation of investment in associated undertaking	-3	-4
Prepaid expenses/deferred income (net)	-3	3
	2,125	2,195
Working capital		
Loans and receivables at fair value adjusted for losses and impairment charges	-1,983	-2,958
Loans and receivables at amortised cost	-1	0
Other assets	452	-14
Debt to credit institutions and central banks	3,205	3,121
Bonds in issue	-4,812	432
Other liabilities	60	-413
Tax, net	-430	-529
Cash flow from operating activities	-1,504	1,834
Investing activities		
Bonds	0	0
Shares	0	0
Investment in associated undertaking	0	0
Tangible and intangible assets adjusted for depreciation and amortisation	0	0
Assets in temporary possession	-39	4
Cash flow from investing activities	-39	4
Financing activities		
Proceeds from subordinated capital	0	0
Dividend	-1,312	-1,678
Cash flow from financing activities	-1,312	-1,678
Increase/(decrease) in cash and cash equivalents	-2,855	160
Cash and cash equivalents at beginning of period	46,520	46,360
Cash and cash equivalents at end of period	46,665	46,520

Nordea Kredit declares that the above cash flow statement gives a true and fair view and has been prepared on the basis of the audited annual financial statements of Nordea Kredit in accordance with the applicable rules and standards for Danish mortgage institutions, including the Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms etc.

10.2.7 Historical financial information

The financial statements of Nordea Kredit have been prepared in accordance with the Danish Financial Business Act, the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms etc and the Nasdaq Copenhagen A/S's rules for issuers of bonds.

Nordea Kredit has no plans to change accounting standards and/or accounting policies in this financial year.

10.2.8 Auditing of historical annual financial information

The historical annual financial information for Nordea Kredit has been audited by independent auditors. Auditors' reports are included in the published annual reports for 2017 and 2018 for Nordea Kredit.

The Base Prospectus does not contain audited information other than the information contained in the annual reports for Nordea Kredit to which this Base Prospectus refers. As Nordea Kredit publishes an audited annual report every year, the latest audited financial information will never be more than 14 months old. Nordea Kredit prepares and publishes interim reports for the period 1 January to 30 June. Interim reports are not audited and are publicly available on Nordea Kredit's website www.nordeakredit.dk under Investor information (select "Investor information" on the right, then "Financial reports and calendar" on the left, then select "Financial reports" in the middle and select the relevant report).

10.2.9 Latest financial information

Nordea Kredit publishes annual reports and interim reports for the period 1 January to 30 June on a current basis. The most recent audited financial information appears from the annual report for 2018 published on 19 February 2019.

Nordea Kredit hereby declares that as of the date of this Base Prospectus there have been no significant changes in the financial or trading position of Nordea Kredit since the publication of the annual report for 2018.

10.2.10 Financing

Nordea Kredit finances its lending activities exclusively through the issuance of mortgage bonds (ROs) and covered mortgage bonds (SDROs). In recent years the company has solely issued covered mortgage bonds. Mortgage bonds are issued out of the institution's general reserves and covered mortgage bonds are issued out of capital centre 2.

Operating activities are financed through earnings generated on an ongoing basis.

10.2.11 Trend information and material contracts

Nordea Kredit declares that there has been no material adverse change in the prospects of Nordea Kredit since the date of its last published audited financial statements. Nordea Kredit is not aware of any known trends, uncertainties or demands against Nordea Kredit that are likely to have a material effect on the business prospects for the financial year 2019.

Nordea Kredit has not entered into any contracts other than contracts in the ordinary course of business, which could result in any company of the Nordea Group being under an obligation or entitlement which is material to Nordea Kredit's ability to meet its obligations towards the Bondholders.

10.2.12 Auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, Strandvejen 44, 2900 Hellerup, Denmark, Danish business registration (CVR) number 33771231, represented by Erik Stener Jørgensen, state-authorised public accountant, and Benny Voss, state-authorised public accountant, has audited the annual financial statements of Nordea Kredit.

Nordea Kredit's external auditors are members of FSR – Danish Auditors (formerly the Institute of State Authorised Public Accountants in Denmark).

11 Board of Directors, Executive Management and other bodies

11.1 Board of Directors

The Board of Directors of Nordea Kredit has the following members:

Nicklas Ilebrand (Chairman of the Board of Directors)

Internal assignments:

Member of the Board of Directors of Nordea Eiendoms kreditt AS
Chairman of the Board of Directors of Nordea Hypotek AB
Member of the Board of Directors of Nordea Kiinnitysluottopankki Plc

External assignments:

Member of the Board of Directors of Asiakatieto Group Oyj

Mads Skovlund Pedersen (Vice Chairman of the Board of Directors)

Internal assignments:

Head of Banking DK, Personal Banking Denmark, Nordea Bank Abp
Member of the Board of Directors of danbolig A/S

External assignments:

Vice Chairman of the Board of Directors of Finanssektorens Arbejdsgiverforening
Member of the Board of Directors of Velliv, Pension & Livsforsikring A/S

Kim Skov Jensen (member of the Board of Directors)

Internal assignments:

Managing Director, Group Treasury & Asset and Liability Management, Nordea Bank Abp
Member of the Board of Directors of Fionia Asset Company A/S
Member of the Board of Directors of Nordea Bank Sweden's pension fund

External assignments:

None

Jørgen Holm (member of the Board of Directors)

Internal assignments:

Executive Vice President in Group Credit Risk Management, Nordea Bank Abp

External assignments:

Member of the credit council of Finance Denmark

Torben Laustsen (member of the Board of Directors)

Internal assignments:

Chairman of the Board of Directors of danbolig A/S
Chairman of the Board of Directors of Ejendomsselskabet Vestre Stationsvej 7, Odense

External assignments:

Deputy Chairman of the Danish Foundation for Entrepreneurship – Young Enterprise
Member of the Board of Directors of Karl Pedersens og Hustru Industrifond
Member of the Board of Directors of Nordea Bank-fonden
Member of the Board of Directors of Nordea-fonden
Member of the Board of Directors of Rasmus Pedersen og Hustrus Industrifond
CEO of Sombrero Holding ApS

Anne Rømer (member of the Board of Directors)

Internal assignments:

None

External assignments:

VP CFO DFDS at Logistics, DFDS A/S

Member of the Board of Directors of DFDS Logistics Contracts AB

Member of the Board of Directors of DFDS Logistics OY, Kotka, Finland

Member of the Board of Directors of DFDS Logistics Partners AB

Anita Nedergaard (member of the Board of Directors)

Internal assignments:

None

External assignments:

None

The business address of the members of the Board of Directors is Nordea Danmark, filial af Nordea Bank Abp, Finland, Grønjobsvej 10, 2300 Copenhagen S, Denmark.

11.2 Executive Management

The Executive Management of Nordea Kredit has the following members:

Claus H. Greve (Chief Executive Officer)

Internal assignments:

None

External assignments:

None

Kamilla Hammerich Skytte (Deputy Chief Executive Officer)

Internal assignments:

Member of the Board of Directors of danbolig A/S

External assignments:

Member of the Board of Directors of the Association of Danish Mortgage Banks

The business address of the members of the Executive Management is Nordea Kredit Realkreditaktieselskab, Helgeshøj Alle 33, 2630 Taastrup, Denmark.

There are no potential conflicts of interest between the obligations of the Board of Directors and the Executive Management towards Nordea Kredit and their private interests or other obligations.

11.3 Board practices

Nordea Kredit has an independent audit committee. The audit committee assists the Board of Directors of Nordea Kredit in fulfilling its oversight responsibilities by monitoring the financial reporting process, the statutory audit of the annual financial statements, the internal control system, the effectiveness of internal audit and risk management and by verifying the independence etc of the auditors. The audit committee reviews the planning and budget of the internal audit function prior to the presentation to the Board of Directors.

The members of the audit committee are:

Anne Rømer (Chair)

Mads Skovlund Pedersen

When Nordea Kredit was designated as a SIFI, a risk committee was established. The risk committee assists the Board of Directors with respect to Nordea Kredit's risk profile and strategy. The risk committee also provides assistance in relation to assessing whether the Board of Directors' risk strategy has been correctly implemented in the organisation, whether the financial products are in accordance with the business model and whether the incentives of the remuneration structure take account of risks, capital, liquidity as well as the probability of profit and the time horizon for this.

The members of the risk committee are:

Kim Skov Jensen (Chairman) and

Jørgen Holm Jensen.

Nordea Kredit has also established a nomination committee and a remuneration committee consisting of all members of the Board of Directors.

There are no formal requirements in Denmark with respect to the application of corporate governance for issuers of mortgage bonds and covered mortgage bonds whose shares have not been admitted to trading on a regulated market.

12 Taxation

12.1 Denmark

The following is a summary description of the taxation of the Bonds in Denmark according to Danish legislation applicable as of the date of the Base Prospectus. Any changes in law and/or practice may be made with retroactive effect. The following description does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or sell the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional securities dealers) may be subject to special rules. Prospective investors are under all circumstances recommended to contact their own tax advisers to clarify the individual consequences of their purchase, holding and sale of the Bonds. The Issuer makes no representations or warranties to the Bondholders regarding the tax consequences of the purchase, holding or sale of the Bonds.

12.1.1 Withholding tax

Under existing Danish tax legislation, no general withholding tax or coupon tax will apply to payments of interest or principal or other amounts due on the Bonds other than, in certain cases, to payments in respect of controlled debt in relation to the Issuer as referred to in the Danish Corporation Tax Act. This will not have any impact on Bondholders who are not in a relationship where they control, or are controlled by, the Issuer. In the event that statutory withholding tax to Denmark is introduced, the payments will be made after deduction of this and Nordea Kredit will not be obliged to compensate investors for any losses incurred as a result.

12.1.2 Persons resident for tax purposes in Denmark

Natural or legal persons, including persons who are engaged in financial trade and other enterprises resident for tax purposes in Denmark or receiving interest on the Bonds through their permanent establishment in Denmark, are liable to pay tax on such interest. Capital gains are taxable to natural persons and corporate entities in accordance with the Danish act on taxation of gains and losses on claims, debt and financial contracts (the “**Danish gains on securities and foreign currency act**”). Gains and losses on Bonds held by corporate entities are generally included in their taxable income in accordance with the mark-to-market principle (the “**mark-to-market principle**”), that is, on an unrealised basis. Gains and losses on Bonds held by natural persons are generally included in their taxable income on a realised basis, and if the annual gains or losses do not exceed DKK 2,000, the gains or losses will be exempt from taxation. Pension funds and other entities subject to the Danish Pension Returns Tax Act will, irrespective of realisation, be taxed on the basis of the annual increase or decrease in the value of the Bonds according to the mark-to-market principle as laid down in the act.

12.1.3 Tax on negative interest

Interest income in the form of negative interest is taxable for the debtor pursuant to the Danish central government tax act, whereas interest expenses in the form of negative interest is tax deductible for the creditor. A debtor’s interest income in the form of negative interest as well as a creditor’s interest expenses in the form of negative interest is included in the capital income of private individuals. Persons applying the Danish business taxation scheme must include interest from their business activities in their personal income. This also applies to negative interest from their business activities.

For the purpose of tax base determination, a creditor’s accrued interest expenses in the form of negative interest are tax deductible. Correspondingly, interest income in the form of negative interest received by a debtor is included as return on capital in the tax base.

12.1.4 Persons not resident for tax purposes in Denmark

Under existing Danish tax legislation, payments of interest and principal to natural or legal persons that are not resident for tax purposes in Denmark are not subject to taxation in Denmark other than, in certain cases, payments in respect of controlled debt in relation to the Issuer as referred to under “Withholding tax” above.

No Danish withholding tax will be payable with respect to such payments, and no capital gain realised upon the sale, exchange or cancellation of the Bonds will be subject to taxation in Denmark other than, in certain cases, payments in respect of controlled debt in relation to the Issuer as referred to under “Withholding tax” above. This tax treatment applies solely to Bondholders who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and who do not carry on business in Denmark through a permanent establishment.

12.2 Foreign Account Tax Compliance Act (FATCA)

The US Foreign Account Tax Compliance Act (“FATCA”) implies, among other things, that under certain circumstances US tax of 30% must be withheld on all or a portion of payments of interest and principal.

An agreement between the government of the United States of America and the government of the Kingdom of Denmark to improve international tax compliance and to implement FATCA (the Danish executive order on agreement of 15 November 2012 between the government of the United States of America and the government of the Kingdom of Denmark to improve international tax compliance and to implement FATCA) was entered into on 15 November 2012.

According to Article 6 of the agreement, the parties are committed to enhancing the effectiveness of information exchange and transparency, including developing a practical and effective alternative approach to achieving the policy objectives of foreign passthru payment withholding.

Investors should therefore note that rules involving an obligation to withhold tax on foreign passthru payments could be implemented in Denmark and that in accordance with this Base Prospectus or the Final Terms neither Nordea Kredit nor any other person is in that case obliged to compensate investors for any such tax amount withheld.

Prospective investors should consult their own tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Bonds.

13 Subscription, sale, registration and settlement

13.1 Terms and conditions of the offer

Offer statistics, expected timetable and action required to apply for the offer

During the opening period of the Bonds, the Bonds may be sold in the market through tap issues, auctions, pre-issues or block issues. There is no right of cancellation when purchasing the Bonds. The conditions for the issuance of the Bonds will be stated in the Final Terms of the Bonds.

The final issuance requirement for the Bonds is not known until the closing of an ISIN code as this depends on borrower demand for loans financed by the relevant ISIN code. The outstanding volume is reported on a current basis on www.nasdaqomxnordic.com. For auctions the terms and the volume offered are announced before the auction.

Investors can purchase the Bonds by application for example to banks or stockbrokers. There are no requirements for special forms to be used. It is solely necessary to agree on a custody account in which the Bonds can be held and an income account into which proceeds from the Bonds drawn for redemption and interest can be paid.

The opening period of the offer will be stated in the Final Terms.

There is no method for reducing subscriptions or repaying surplus amounts.

For Bonds denominated in DKK the minimum purchase is DKK 0.01. For Bonds denominated in EUR the minimum purchase is EUR 0.01. The denomination will be stated in the Final Terms.

Bonds usually trade subject to a settlement period of two business days, but this rule may be derogated from provided that both parties to the transaction are in agreement. Delivery and clearing are effected via VP SECURITIES A/S.

Transactions in mortgage bonds and covered mortgage bonds admitted to trading on a regulated market are published in accordance with rules laid down pursuant to the Danish Securities Trading etc Act (the Danish Securities Trading etc Act will be replaced by the Danish capital markets act with effect from 3 January 2018). With respect to Nasdaq Copenhagen A/S these are the exchange's rules for issuers of bonds.

During the opening period the outstanding volume can be increased through tap issues, auctions, pre-issues or block issues. In this period loans may also be prepaid and principal payments are made on a current basis on the mortgage loans granted, except on bullet loans or interest-only loans. Accordingly, the outstanding volume may increase or decrease during the opening period of the individual Bonds. When the opening period ends, issuance in an ISIN code ceases and the outstanding volume can no longer increase.

For Bonds admitted to trading on Nasdaq Copenhagen A/S, Nordea Kredit publishes information on a current basis on the Nasdaq Copenhagen A/S website www.nasdaqomxnordic.com in accordance with rules for issuers of mortgage bonds and covered mortgage bonds on Nasdaq Copenhagen A/S:

- cash flows (quarterly);
- borrower pool composition (monthly);
- prepayments (weekly);
- bonds drawn for redemption (quarterly).

The relevant information is also published as company announcements on Nordea Kredit's website www.nordeakredit.dk under Investor information (select "Investor information" on the right, then "Financial reports and calendar" on the left, then select "Financial reports" in the middle and select the relevant report).

There are no special rights of pre-emption attached to the Bonds.

Plan of distribution and allotment

No investors have any preferential right to purchase the Bonds.

Auctions are held via Nasdaq Copenhagen A/S's systems and/or Bloomberg's systems.

Auctions are organised in collaboration with the Bank, which also acts as a securities dealer. For auctions over the Nasdaq Copenhagen A/S systems, members will be notified of their allotment immediately after the auction. Investors trading via the Bank will be informed by telephone.

Daily tap auctions as well as future refinancing auctions may be held via Bloomberg at which auctions primary dealers can bid.

Pricing

The Bonds are offered at market prices, and the price will consequently fluctuate over the term to maturity of the Bonds. Prices of Bonds listed on Nasdaq Copenhagen A/S are available on www.nasdaqomxnordic.com.

Apart from transaction costs (brokerage fee etc) applicable from time to time, which are added to the market price, no other expenses are charged to investors when buying Bonds. Moreover, custody fees may be charged to buyers of the Bonds.

Placing and underwriting

The Bonds are issued by Nordea Kredit. Issues are made on behalf of Nordea Kredit by the Bank, Grønjobsvej 10, 2300 Copenhagen S, Denmark, via VP SECURITIES A/S.

Nordea Kredit has not entered into any agreements with paying agents. The Bonds are registered with VP SECURITIES A/S (see addresses in section 13.3 "Registration and settlement" of the Base Prospectus). This

will be stated in the Final Terms. VP SECURITIES A/S calculates the amounts of bonds drawn for redemption and interest amounts for the individual financial institutions based on their investor custody accounts with VP SECURITIES A/S. VP SECURITIES A/S makes an allocation of the lines provided for these financial institutions via Danmarks Nationalbank, the Danish central bank. Subsequently the individual institutions effect payments of coupon interest and the amount of Bonds drawn for redemption to investors' accounts.

No entities have made a commitment to underwriting the issue and no agreements have been made on the placing of the issue.

Nordea Kredit may decide to issue Bonds in other countries and to apply for admission to trading and official listing on regulated markets other than Nasdaq Copenhagen A/S. Further, Nordea Kredit may decide to register the Bonds with other central securities depositories. This will be stated in a supplementary prospectus.

13.2 Admission to trading and dealing arrangements

Nordea Kredit may apply for admission of the Bonds to trading and listing on Nasdaq Copenhagen A/S.

No entities have made a firm commitment to acting as intermediaries in secondary trading. The Bonds may be traded through Danish securities dealers and may be covered by a voluntary market-maker arrangement between the dealers on Nasdaq Copenhagen A/S. The largest banks and mortgage institutions in Denmark can be expected to participate in such a market-maker arrangement.

A market-making arrangement may be made under which the parties to such an arrangement are under an obligation to quote bid and offer prices in a number of bonds issued under the Base Prospectus. This will be stated in the Final Terms of the specific Bonds.

Nordea Kredit has entered into primary dealer agreements with a number of banks. The purpose of the primary dealer agreements is to ensure continued high liquidity of bonds issued by Nordea Kredit and thus lower interest rates.

13.3 Registration and settlement

The Bonds will be issued in dematerialised form through VP SECURITIES A/S (“VP”), Weidekampsgade 14, 2300 Copenhagen S, Denmark, Danish business registration (CVR) number 21599336. Legal title to the Bonds will exclusively be evidenced by the book entries in the books of VP. The Bonds will not be exchangeable for physical bonds. Registration and settlement of transactions in respect of the Bonds will take place in accordance with the rules and procedures of VP applicable from time to time. Settlement of the Bonds can be effected on VP's platform for settlement or on the TARGET2-Securities (“T2S”) platform if the conditions required for T2S settlement as stated in the settlement rules of VP are fulfilled.

13.4 Credit ratings

Bonds issued under the Base Prospectus are rated by the credit rating agencies Moody's and S&P. The Bonds have been assigned the highest ratings of Aaa and AAA by the two credit rating agencies.

For this purpose Nordea Kredit has submitted certain information and regular reporting routines have been agreed with both credit rating agencies.

The credit rating agencies Moody's and S&P are established in the EU and are registered in accordance with Regulation (EC) no 1060/2009 on credit rating agencies.

A rating, once assigned, may subsequently be revised and Nordea Kredit may decide not to have a rating assigned to the Bonds. Nordea Kredit may furthermore decide to have the Bonds rated by another authorised

credit rating agency. In the event that this should change, information to this effect will be provided in a supplement to the Base Prospectus and stated in the Final Terms of the specific Bonds.

13.5 Financial intermediaries

Nordea Kredit provides its consent to the use of the Base Prospectus for subsequent resale or final placement of the Bonds issued under the Base Prospectus by financial intermediaries which have been granted such consent by Nordea Kredit. Nordea Kredit furthermore accepts responsibility for the contents of the Base Prospectus, also for subsequent resale or final placement of the Bonds by financial intermediaries which have been given consent by Nordea Kredit with respect to the use of the Base Prospectus.

The consent mentioned above will remain in force as long as the Base Prospectus is valid. Only the Bank has been given consent to use the Base Prospectus for offers in Denmark.

Subsequent resale or final placement of the Bonds by financial intermediaries can be made as long as the Base Prospectus is valid.

Financial intermediaries which have been given consent as set out above by Nordea Kredit may use this Base Prospectus for subsequent resale or final placement of Bonds issued under the Base Prospectus in Denmark.

If a financial intermediary uses the Base Prospectus to make an offer of the Bonds, the financial intermediary will provide information on the terms and conditions of the offer at the time the offer is made.

Information about financial intermediaries unknown at the time of the approval of the Base Prospectus or the filing of the Final Terms of the specific Bonds will be available on Nordea Kredit's website www.nordeakredit.dk. Additional financial intermediaries which may be given consent by Nordea Kredit to use the Base Prospectus for subsequent resale or final placement of the Bonds are likewise subject to the selling and dealing restrictions in section 14 "Selling and dealing restrictions" of the Base Prospectus.

14 Selling and dealing restrictions

United States

Terms used in this section have the meanings indicated in Regulation S of the US Securities Act.

The Bonds have not been and will not be registered under the US Securities Act and may not be offered or sold within the US or to, or for the account or benefit of, US persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the US Securities Act. Nordea Kredit declares that it has not offered or sold and will not offer or sell any Bonds in the US or to, or for the account or benefit of, any US persons, except in accordance with Rule 903 of Regulation S of the US Securities Act. Accordingly, neither Nordea Kredit nor Nordea Kredit and its subsidiaries nor persons acting on behalf of it or its subsidiaries have participated or will participate in any offering or similar activity aimed at US persons (designated as "directed selling efforts" in the US Securities Act).

Generally, the Bonds will be sold only

- if the Bonds are sold by Nordea Kredit;
- if each financial intermediary has represented that, except as permitted by its agreement with Nordea Kredit, it will not offer or sell Bonds (i) as part of its distribution at any time or (ii) otherwise not until 40 days after the date of initiation of the offering or the issue date, whichever is later (the "**40-Day Period**"), within the US or to, or for the account or benefit of, US persons, and the financial intermediary will have sent to all other financial intermediaries, distributors, dealers or persons to which it sells Bonds during the 40-Day Period a confirmation or other notice setting forth the

offering and selling restrictions applicable to the Bonds within the US or to, or for the account or benefit of, US persons.

The Bonds will be offered and sold outside the US in accordance with Regulation S. In addition, within the 40-Day Period it may constitute a violation of the registration requirements of the US Securities Act to offer or sell the Bonds in the US by any financial intermediary (whether or not participating in any offering).

Denmark

Each financial intermediary arranging an offering of Bonds must represent and warrant that it has not offered or sold and will not offer, sell or deliver any Bonds directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Capital Markets Act as amended and executive orders issued thereunder and in compliance with the Danish executive order on investor protection to the extent applicable.

United Kingdom

Each financial intermediary arranging an offering of Bonds must represent and warrant that:

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

In general

In connection with the Base Prospectus, no representation is made that any action has been or will be taken by Nordea Kredit in relation to any jurisdiction which would permit a public offering of the Bonds or the possession or distribution of the Base Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Nordea Kredit presumes that persons into whose possession this Base Prospectus may come comply with existing legislation and rules in any country or jurisdiction in which or from which they purchase, offer, sell or deliver Bonds or hold or distribute the Base Prospectus, in all cases at their own expense.

Each financial intermediary arranging an offering of Bonds must represent and warrant that to the best of its knowledge and belief it has in all material respects observed existing legislation in any jurisdiction in which or from which it purchases, offers, sells or delivers Bonds or holds or distributes the Base Prospectus, in all cases at its own expense.

15 General information

- (1) Nordea Kredit has obtained all necessary consents, approvals and authorisations in the Kingdom of Denmark in connection with the preparation and approval of the Base Prospectus. For the purpose of the preparation of the Base Prospectus, the Board of Directors of Nordea Kredit authorised two members of the Executive Management jointly on 19 February 2019 to sign, among other things, prospectuses (including the Base Prospectus), any changes to prospectuses and any other document requiring signature with a view to having a prospectus approved by the relevant authority.
- (2) Nordea Kredit was not involved in any legal or arbitration proceedings (including any present or future proceedings of which the Issuer is aware) during the 12 months preceding the date of the Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or results of Nordea Kredit and/or the Nordea Group.

- (3) There has been no material adverse change in the prospects of Nordea Kredit or the Nordea Kredit group since 31 December 2018 and no significant change in the financial or trading position of Nordea Kredit or the Nordea group since 31 December 2018. No significant investments have been made since 31 December 2018.
- (4) Nordea Kredit has not entered into agreements which oblige Nordea Kredit to make significant investments in future.
- (5) Nordea Kredit is not aware of any trends, uncertainties, requirements, obligations or events which may reasonably be expected to have any significant impact on the prospects for Nordea Kredit for the current financial year. No events have occurred since the date of the most recent financial statements which have a material impact on the assessment of the Issuer's capital position. The Base Prospectus does not contain any separate earnings forecast.
- (6) Current profit forecasts and estimates for Nordea Kredit are not deemed to have any material effect on the assessment of the Bonds offered and are therefore not included in the Base Prospectus.
- (7) Where information in the Base Prospectus has been sourced from a third party, such information has been accurately reproduced, and as far as the Issuer is aware and is able to ascertain from 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.
- (8) Copies (and any English translations) of the following documents will be available for inspection at the offices of the Issuer in Denmark during usual business hours on any business day:
 - i) Nordea Kredit's Memorandum of Association and Articles of Association;
 - ii) the audited annual financial statements of Nordea Kredit for the last two financial years and the unaudited financial statements for the period 1 January to 30 June most recently published; and
 - iii) the Base Prospectus.

The audited annual financial statements of Nordea Kredit as well as the unaudited interim financial statements are also available online on www.nordeakredit.dk under Investor information immediately after their approval by the Board of Directors (select "Investor information" on the right, then "Financial reports and calendar" on the left, then select "Financial reports" in the middle and select the relevant report). Information in the above documents, save for the information in section 8 "Information incorporated into the Base Prospectus by reference", is for information purposes only and does not form part of the Base Prospectus. The Base Prospectus is available on the website of Nasdaq Copenhagen (<http://www.nasdaqomx.com>).

- (9) The Issuer does not intend to launch any material new products and/or new activities in the near future.
- (10) Nordea Kredit is not aware of any agreements that may lead to a third party obtaining a controlling interest in Nordea Kredit.