

# DANSKE MORTGAGE BANK PLC

(registered as a public limited liability company in Finland)

**EUR 10,000,000,000**

## **Programme for Issuance of Covered Bonds**

Under this EUR 10,000,000,000 Programme for Issuance of Covered Bonds (the “**Programme**”), Danske Mortgage Bank Plc (the “**Issuer**”) (a wholly-owned subsidiary of Danske Bank A/S and thus a part of the Group (as defined below)) may from time to time issue covered bonds (“**Covered Bonds**”) in accordance with the Finnish Covered Bond Act (Laki kiinnitysluottopankkitoiminnasta, 688/2010, as may be supplemented, amended, modified or varied from time to time) (the “**Covered Bonds Act**”), denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

Covered Bonds may be issued in bearer form (“**Bearer Covered Bonds**”) or uncertificated book entry form (“**VP Systems Covered Bonds**”) cleared through the Danish Central Securities Depository (“**VP**”) or Euroclear Finland Oy, the Finnish Central Securities Depository (“**Euroclear Finland**”) (as the case may be).

This Base Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under the Prospectus Directive (as defined below). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Such approval relates only to the Covered Bonds which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, “**MiFID II**”) and/or which are to be offered to the public in any Member State of the European Economic Area (each, a “**Member State**”).

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and has been prepared for the purpose of giving information with regard to the issue of Covered Bonds under the Programme during the period of twelve months from the date of its publication.

Application has been made to The Irish Stock Exchange plc, trading as Euronext Dublin (“**Euronext Dublin**”) for Covered Bonds issued under the Programme (other than Exempt Covered Bonds) to be admitted to the Official List and trading on its regulated market. References in this Base Prospectus to Covered Bonds being “**listed**” (and all related references) on Euronext Dublin shall mean that such Covered Bonds have been admitted to the Official List and to trading on its regulated market. The regulated market of Euronext Dublin is a regulated market for the purposes of MiFID II.

The Programme also permits Covered Bonds to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

The requirement to publish a prospectus under the Prospectus Directive only applies to Covered Bonds which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to “**Exempt Covered Bonds**” are to Covered Bonds for which no prospectus is required to be published under the Prospectus Directive. The Central Bank has neither reviewed nor approved information contained in this Base Prospectus pertaining to Exempt Covered Bonds.

Prospective investors should have regard to the factors described in the section entitled “**Risk Factors**” in this Base Prospectus.

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Arrangers and Dealers

**BNP PARIBAS**

**DANSKE BANK**

**The date of this Base Prospectus is 4 October 2018.**

This Base Prospectus is to be read in conjunction with all documents that are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus. Accordingly references herein to this “**Base Prospectus**” are to this document, as supplemented from time to time, including such documents incorporated by reference.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms or Pricing Supplement for each Tranche (as defined in “*Terms and Conditions of the Covered Bonds*” below) of Covered Bonds issued under the Programme. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is or has been authorised by the Issuer or the Dealers to give any information or to make any representation other than those contained or that are incorporated by reference in this Base Prospectus and referred to below under “*Documents Incorporated by Reference*” in this Base Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

None of the Dealers has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or any of them as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme, any Covered Bonds or the distribution of any Covered Bonds. No Dealer accepts liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

Covered Bonds issued under the Programme will be liabilities only of the Issuer and not of any other person, including the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Covered Bonds (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Covered Bonds, should purchase any Covered Bonds. Each investor contemplating purchasing any Covered Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the pool of assets maintained by the Issuer which have the benefit of a statutory preference under the Covered Bonds Act (the “**Issuer Cover Pool**”). The assets comprising the Issuer Cover Pool will change from time to time. The Issuer will make portfolio information available to investors on a quarterly basis. Such information will be available on the Issuer’s website at <https://danskebank.com/investor-relations/debt/danske-mortgage-bank>.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer and/or the Issuer Cover Pool is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Issuer Cover Pool during the life of the Programme. Investors should review, *inter alia*, the documents deemed incorporated herein by reference when deciding whether or not to purchase any Covered Bonds.

The Covered Bonds have not been, and will not be, registered under the Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

The distribution of this Base Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. None of the Issuer and the Dealers represents that this document may be lawfully

distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers that would permit a public offering of any Covered Bonds or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Base Prospectus or any Covered Bonds come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Covered Bonds in the United States, the European Economic Area, the United Kingdom, Finland, Denmark and Japan (see “*Subscription and Sale*” below).

This Base Prospectus has been prepared on the basis that any offer of Covered Bonds in any Member State which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Covered Bonds. Accordingly, any person making or intending to make an offer in that Relevant Member State of any Covered Bonds may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of any Covered Bonds in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. As used herein, the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Relevant Member State.

The Issuer is a wholly-owned subsidiary of Danske Bank A/S (“**Danske Bank**” or the “**Parent**” and, together with its subsidiaries, the “**Group**”) and has been established for the purpose of managing the Group’s issuance of Covered Bonds under the Covered Bonds Act.

This Base Prospectus includes “forward-looking statements”. All statements other than statements of historical facts included in this Base Prospectus, including, without limitation, those regarding the Issuer’s financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer’s present and future business strategies and the environment in which the Issuer will operate in the future. Important factors that could cause the Issuer’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, but are not limited to, those discussed in the section entitled “*Risk Factors*”. These forward-looking statements speak only as of the date on which they are made. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All references in this Base Prospectus to “**U.S. Dollars**” refer to United States Dollars, those to “**DKK**” refer to Danish Kroner and those to “**euro**”, “**EUR**” and “**€**” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, of those members of the European Union which are participating in the European economic and monetary union (the “**Eurozone**”).

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under the applicable law. Capitalised terms used in this Base Prospectus have been defined in the section entitled “*Terms and Conditions of the Covered Bonds*” or throughout this Base Prospectus. Accordingly, references to

the Terms and Conditions shall be construed as references to the Terms and Conditions unless the context specifically states otherwise.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF COVERED BONDS, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE RELEVANT FINAL TERMS OR PRICING SUPPLEMENT MAY OVER-ALLOT COVERED BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE COVERED BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF COVERED BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF THIRTY DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF COVERED BONDS AND SIXTY DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF COVERED BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

The rating of certain Series of Covered Bonds to be issued under the Programme may be specified in the relevant Final Terms or Pricing Supplement. Whether or not each credit rating applied for in relation to a relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No. 1060/2009, as amended (the “**CRA Regulation**”) will be disclosed in the relevant Final Terms or Pricing Supplement. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. A list of registered credit rating agencies is available on the European Securities and Markets Authority (“**ESMA**”) website at [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) (list last updated on 1 May 2018).

Interest and/or other amounts payable under the Covered Bonds may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”). If any such reference rate does constitute a benchmark, the relevant Final Terms or Pricing Supplement will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms or Pricing Supplement. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms or Pricing Supplement to reflect any change in the registration status of the administrator.

## **MIFID II PRODUCT GOVERNANCE/TARGET MARKET**

The relevant Final Terms or Pricing Supplement in respect of any Covered Bonds will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue of Covered Bonds about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### **IMPORTANT – EUROPEAN ECONOMIC AREA RETAIL INVESTORS**

If the relevant Final Terms or Pricing Supplement, as the case may be, in respect of any Covered Bonds includes a legend entitled “Prohibition of Sales to European Economic Area Retail Investors”, the Covered Bonds are not intended to be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

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## **RISK FACTORS**

*Prospective investors should read the entire Base Prospectus and reach their own views prior to making any investment decision.*

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

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Covered Bonds issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Covered Bonds for other reasons which may not be considered significant risks by the Issuer based on information currently available to it and which it may not currently be able to anticipate.*

*The following is a general discussion of certain risks typically associated with the Issuer and the acquisition and ownership of Covered Bonds. In particular, it does not consider an investor's specific knowledge and/or understanding about risks typically associated with the Issuer and the acquisition and ownership of Covered Bonds, whether obtained through experience, training or otherwise, or the lack of such specific knowledge and/or understanding, or circumstances that may apply to a particular investor.*

*Words and expressions defined in the "Terms and Conditions of the Covered Bonds" below or elsewhere in this Base Prospectus have the same meanings in this section, unless otherwise stated.*

### **Risks relating to the Issuer and the Group**

*There is competition in the mortgage loan business*

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

*None of the Arrangers, the Dealers nor the Issuer have undertaken due diligence in respect of the mortgage loans and other assets contained or to be contained in the Issuer Cover Pool*

None of the Arrangers, the Dealers, nor the Issuer has or will undertake any investigations, searches or other actions in respect of the individual mortgage loans and other assets comprising the Issuer Cover Pool, and there may be issues or concerns that would have been discovered during such investigation that therefore remain undetected. Should such issues be discovered later, there is a risk that they could have a material adverse effect on the Group's and/or the Issuer's business and/or the market value of Covered Bonds (depending on the nature of such issue).

*Covered Bonds are obligations of the Issuer only*

The Covered Bonds will constitute obligations of the Issuer which have the benefit of a statutory preference under the Covered Bonds Act. An investment in Covered Bonds involves a reliance on the assets of the Issuer Cover Pool and the creditworthiness of the Issuer. Covered Bonds are not guaranteed by any member of the Group or by any other person. In addition, an investment in Covered Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the relevant Covered Bonds.

*The Group is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk, operational risk, insurance risk, pension risk and business risk*

The Group is exposed to a number of risks and manages them at various organisational levels. The principal categories of risk are as follows:

- Credit risk: The risk of losses because debtors or counterparties fail to meet all or part of their payment obligations to the Group.
- Market risk: The risk of losses caused by changes in the market values of the Group's financial assets, liabilities and off-balance-sheet items resulting from changes in market prices or rates.
- Liquidity risk: The risk of losses because the Group's funding costs become excessive, lack of funding prevents the Group from maintaining its business model, or lack of funding prevents the Group from fulfilling its payment obligations.
- Operational risk: The risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events, including legal risks.
- Insurance risk: All types of risk for the Danica Group, including market risk and life insurance risk.
- Pension risk: The risk that arises from the Group's liability for defined benefit pension plans established for current and former employees.
- Business risk: The risk that income cannot cover losses caused by events affecting the Group's profit before loan impairment charges, market losses and operational losses.

If any of the above risks materialise, this may result in an adverse effect on the Group's or the Issuer's business, financial conditions and/or results of operations.

#### *The Issuer is exposed to credit risk*

The Finnish housing market has been relatively stable in recent years but it has become increasingly segregated geographically. Growth in housing demand has raised prices in Helsinki and some other larger towns, while the real estate market in the rest of the country has remained more or less flat or declining. Construction permits continue to indicate high level of housing construction and the supply of new apartments is currently strong in growth centres. Consequently, only modest price increases are likely in the future. Low interest rates, improving employment and high consumer confidence continue to support demand for mortgage loans. The main risks related to the Finnish residential mortgage market are the credit risks associated with borrowers' creditworthiness, their ability to pay their mortgage loans and the value of the mortgaged properties. Should there be a general downturn in the value of property in Finland, it may result in a deterioration of credit quality and the recoverability of mortgage loans of the Issuer. House prices may be negatively affected should, for example, interest rates or the unemployment level rise quickly. But there are also certain other circumstances that affect the level of credit losses, acceleration and payments of interest and principal amounts, such as changes in the regulatory environment. Adverse changes in the credit quality of the Issuer's borrowers and counterparties could affect the recoverability and value of its assets and require an increase in the Issuer's provisions for bad and doubtful debts and other provisions which in turn may have an adverse effect on the Group's and/or the Issuer's business, financial condition and/or results of operations.

#### *The Issuer is exposed to liquidity risk*

The inability of the Group and/or the Issuer to anticipate and provide for unforeseen decreases or changes in funding sources could have consequences on the Group's and/or the Issuer's ability to meet its payment obligations when they fall due and could result in an investor not being paid in a timely manner. Furthermore, if the Issuer's inability to meet its payment obligations when they fall due is not temporary, it could mean that the Issuer might be considered as insolvent. The Issuer is subject to liquidity requirements in its capacity as a credit institution, supervised by the Finnish Financial Supervisory Authority ("FIN-FSA"),



including a statutory requirement to maintain sufficient liquidity to be able to discharge its obligations as they fall due. Serious or systematic deviations from such regulations may lead to the FIN-FSA determining that the Issuer's business does not satisfy the statutory soundness requirement for credit institutions and could result in the FIN-FSA imposing sanctions against the Issuer. An unforeseen turbulence in the global economy may adversely affect the Group's and/or the Issuer's liquidity, which may also affect some counterparties' willingness to conduct business with the Group or the Issuer which may result in an adverse effect on the business and the results of the Group and/or the Issuer.

*The Issuer is exposed to operational risk*

The Issuer's business is dependent on the ability to process a very large number of transactions efficiently and accurately. Operational risk and losses can result from fraud or other external or internal crime, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of internal or external systems, for example, those of the Issuer's suppliers or counterparties. Any material disruptions in relation to any operational factors as set out above may have an adverse effect on the Issuer's business, financial condition and/or results of operations.

*The Issuer is exposed to systemic risk*

Due to the high level of interdependence between financial institutions, the Issuer is subject to the risk of deterioration of the actual or perceived commercial and financial soundness of other financial institutions. Thus a default or financial difficulties of one financial institution may have negative consequences for other financial institutions and may lead to liquidity problems, losses, defaults or worsening of general economic climate in the markets in which the Issuer operates, and this may have an adverse effect on the Issuer's business, financial condition and/or results of operations.

*Regulatory changes could materially affect the Group's and/or the Issuer's business*

The Group and the Issuer are subject to financial services laws, regulations, administrative actions and policies. Changes in supervision and regulation could materially affect the Group's and/or the Issuer's business, the products and services offered or the value of each of their assets. Although the Group and the Issuer work closely with their regulators and continually monitor the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Group and the Issuer.

The Group and the Issuer are subject to risks as a result of implementation of the European Banking and Capital Markets Union. The Group has entities both within and outside the Eurozone.

*Legal and regulatory claims arise in the conduct of the Issuer's business*

In the ordinary course of its business, the Issuer is subject to regulatory oversight and liability risk. Regulations and regulatory requirements are continuously amended and new requirements are imposed on the Issuer, including, but not limited to, regulations on conduct of business, anti-money laundering, economic and financial sanctions, payments, consumer credits, capital requirements, reporting and corporate governance. There can be no assurances that breaches of regulations by the Issuer will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred. The Issuer may be subject to claims, disputes, legal proceedings and investigations in jurisdictions where it is active. These types of claims, disputes, legal proceedings or investigations expose the Issuer 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, all of which could have a material adverse effect on the Issuer's business, financial condition and results of operations. Adverse regulatory actions against the Issuer or adverse judgments in litigation to which the Issuer is a party could result in restrictions or limitations on the Issuer's operations or result in a material adverse effect on the Issuer's business, financial condition and results of operations.

The Basel III framework is implemented through Regulation No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the “**CRR**”) and Directive (2013/36/EU) of the European Parliament and of the Council (the “**CRD IV Directive**”). The CRR entered into force in Finland on 1 January 2014, and the CRD IV Directive was implemented into Finnish legislation and regulation by, among others, the Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta* 610/2014), as amended, which came into force on 15 August 2014 and the regulations and guidelines of the Finnish Ministry of Finance and the FIN-FSA.

Each of the CRR and the CRD IV Directive covers a wide range of prudential requirements for banks across Member States of the European Economic Area, including capital requirements, stricter and aligned definitions of capital, risk exposure amounts (“**REA**”), large exposure framework and liquidity and funding requirements. The CRD IV Directive covers the overall supervisory framework for banks (including the individual risk assessment) and other measures such as the combined capital buffer requirements, systemically important financial institutions (“**SIFI**”), governance and remuneration requirements.

In addition, the CRD IV Directive includes a requirement for credit institutions to calculate, report, monitor and publish their leverage ratios, defined as their tier 1 capital as a percentage of their total exposure measure. Until a minimum leverage ratio requirement is implemented in the EU, the regulators may apply such measures as they consider appropriate. CRD IV requirements adopted in Finland may change, whether as a result of further changes to CRD IV agreed by EU legislators, binding regulatory technical standards outstanding or to be developed by the European Banking Authority (the “**EBA**”) or changes to the way in which the European Central Bank interprets and applies these requirements to banks. This may result in a need for further management actions to meet the changed requirements.

On 23 November 2016, the European Commission published its proposal for an EU Banking reform package (the “**EU Banking Reform**”) as part of the finalisation of the Basel III framework and its implementation in the EU. The EU Banking reform package includes proposals to amend the CRR and the CRD IV Directive. The proposed amendments include, *inter alia*, changes to the market risk framework by implementing the fundamental review of the trading book, the counterparty credit risk framework, introduction of a leverage ratio requirement and a net stable funding ratio requirement, revisions to the Pillar 2 framework, transition of International Financial Reporting Standards and its impact on capital ratios and revisions to the framework concerning interest rate risk in the banking book. An agreement on the transition of IFRS 9 effect on prudential capital was reached in November 2017 with effect from 1 January 2018. Finalisation of the remaining EU Banking Reform is not expected before well into 2018.

On 7 December 2017, the Basel Committee on Banking Supervision (the “**BCBS**”) published revised standards for measuring credit and operational risk, constraints on the use of internal model approaches and the possible implementation of a broad REA floor based on the standardised approaches for measuring credit, market and operational risk. The amendments of the Basel standards may increase the Issuer’s REA, but it is still too early to assess the impact of these potential changes as the political dialogue on how and when to implement the revised standards in the EU has not yet been initiated. The stipulations of EU legislation are not expected to be fully known until 2021 at the earliest. On the basis of the strong earnings capacity and capitalisation, the Issuer is confident that it will be able to adapt smoothly to the future changes in the EU regulatory requirements in relation to the revised Basel standards.

The Board of the FIN-FSA has set a minimum risk weight level of 15 per cent. for residential mortgage loans applicable to credit institutions that have adopted the Internal Ratings Based Approach for the calculation of capital requirements. The decision on the 15 per cent. minimum risk weight entered into force as of 1 January 2018 as the EU Council did not object to the decision. The floor will be valid for two years. The floor increased the Issuer’s REA, but the capital ratio has remained above the minimum requirements. As long as the floor is applicable the impact on the Issuer’s REA of amendments to the Basel standards is expected to be limited.

On 12 March 2018, The European Commission published its legislative covered bond package consisting of a proposal for a directive on covered bonds which lays down the conditions that covered bonds have to respect in order to be recognised under EU law, and a proposal for amending the CRR as regards to exposures to covered bonds were also published. The directive among other things includes a requirement for a cover pool liquidity buffer requirement and stipulates eligible cover pool assets. The proposal amending the CRR includes a new requirement on a minimum level of cover pool overcollateralisation.

Until fully implemented, the Issuer cannot predict the precise effects of the changes that result from the implementation of Basel III, CRD IV and the covered bonds package on both its own financial performance or the impact on the pricing of its Covered Bonds issued under the Programme. Prospective investors in the Covered Bonds should consult their own advisers as to the consequences of the implementation of Basel III, CRD IV and the covered bonds package.

*The application of the bank recovery and resolution directive could affect the value of any Covered Bonds*

On 15 May 2014, the European Parliament and the Council of the European Union adopted a directive providing for the establishment of a European Union-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the “**BRRD**”). The BRRD, including the general bail-in tool and the Minimum Requirement for own funds and Eligible Liabilities (“**MREL**”), was implemented into Finnish law and entered into force as of 1 January 2015 by, *inter alia*, the new Finnish Act on Crisis Resolution of Credit Institutions and Investment Service Companies (*Laki luottolaitosten ja sijoituspalveluyritysten kriisinratkaisusta* 1194/2014) as amended.

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 institution so as 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 financial system.

If the relevant resolution authority considers 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 timeframe, and (c) a resolution action is in the public interest, the relevant resolution authority may use the following resolution tools and powers alone or in combination without the consent of the institution’s creditors, including the Covered Bondholders: (i) sale of business – which enables resolution authorities to direct the sale of the firm 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 firm to a “bridge institution” (an entity created for this purpose that is wholly or partially in public control); (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 or convert to equity all or a part of certain claims of unsecured creditors, including the rights of the Covered Bondholders to the extent they are not secured, as further described below (the “**general bail-in tool**”), which equity could also be subject to any future application of the general bail-in tool.

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 possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the European Union state aid framework.

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

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further statutory power to permanently write-down (or convert into equity) capital instruments such as subordinated notes and additional tier 1 capital notes at the point of non-viability and before any other resolution action is taken (non-viability loss absorption). Any shares issued to holders of subordinated notes and additional tier 1 capital notes upon any such statutory conversion into equity may also be subject to subsequent application of resolution tools, which may result in cancellation or dilution of the shareholding.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant capital instruments (such as subordinated notes and additional tier 1 capital notes) are written-down or converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution would no longer be viable.

The BRRD also provides resolution authorities with broader powers to implement other resolution measures with respect to distressed banks, which may include (without limitation) the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

The powers set out in the already adopted BRRD impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. The BRRD outlines the priority ranking of certain deposits in an insolvency hierarchy as a deviation to the otherwise applied insolvency hierarchy in Finland. The BRRD establishes a preference in the ordinary insolvency hierarchy, firstly, for insured depositors and, secondly, for all other deposits of individuals and micro, small and medium-sized enterprises held in EEA or non-EEA branches of an EEA bank. These preferred deposits rank ahead of all other unsecured senior creditors of the Issuer in the insolvency hierarchy. Furthermore, the insolvency hierarchy could be changed in the future.

The Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy includes an EU harmonized approach on bank creditors' insolvency rankings that would enable banks to issue debt in a new statutory category of unsecured debt available in all Member States which would rank just below the most senior debt and other senior liabilities for the purposes of resolution but above subordinated obligations (a so-called 'non-preferred senior debt'). The EU proposed harmonized approach will not affect the existing stock of bank debt and will apply going forward to any new issuance of bank debt in the concerned category following the date of application of the amendment. Government Bill no. 112/2018 has been issued in Finland on 6 September 2018 for the purposes of implementation of the Directive (EU) 2017/2399. The new legislation is intended to enter into force as soon as possible and in any case not later than 29 December 2018 as required by the Directive.

The general bail-in tool is not intended to apply to secured debt (such as Covered Bonds). However, to the extent that claims in relation to Covered Bonds are not met out of the assets of the Issuer Cover Pool or the proceeds arising from it, the Covered Bonds may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in Covered Bondholders losing some or all of their investment. In the limited circumstances described above, the exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Covered Bondholders, the price or value of their investment in the Covered Bonds and/or the ability of the Issuer to satisfy its obligations under the Covered Bonds. Prospective investors in the Covered Bonds should consult their own advisors as to the consequences of the implementation of the BRRD.

*The Issuer and the Group may be affected by general economic and geopolitical conditions*

The financial services industry generally prospers in conditions of economic growth, stable geopolitical conditions, capital markets that are transparent, liquid and buoyant, and positive investor sentiment. Each of the Group's operating segments is affected by general economic and geopolitical conditions, which can cause the Group's results of operations and financial position to fluctuate from year to year as well as on a long-term basis.

Globally there has been a weakening of productivity growth following the financial crisis. This is also affecting the Nordic countries and raises the prospect that overall growth in production and income will be modest going forward. Financial markets have been characterised by periods of large price movements, and markets are very dependent on central bank policies. Low interest rates and central bank bond purchases have not yet succeeded in securing the desired level of inflation in the euro area for an extended period, and thus the future course of these policies is an important source of uncertainty. Should the global growth not continue, there is a risk that this will have a material adverse effect on the Group's and the Issuer's business, financial condition and/or results of operations.

Finland suffered 3 years of declining GDP due to, among other things, declining exports to Russia, and a need to tighten fiscal policy. Since 2015, growth has accelerated and was close to 3 per cent. annually in 2017, driven by exports, investment and an increase in private consumption despite a decline in real wages in 2017.

Across the Nordic countries, growth has been sustained by increasing private consumption. In Finland, real wages have been decreasing due to, among other things, an internal devaluation in the shape of a one-year wage freeze. However, low inflation and interest rates, combined with higher employment and an income tax cut, has kept private consumption going strong. In the first quarter of 2018, real wage growth has turned positive again. However, any sustained decline in the general economic conditions of Finland may have an adverse effect on the Issuer's business, financial condition and/or results of operations.

*The Issuer has started to conduct business recently*

The Issuer has conducted its operations as described in the section "*Description of the Issuer*" only as from the date it was granted its licence to operate as a mortgage credit bank following a demerger from Danske Bank Plc. Any shortcomings due to the limited experience of operating as a mortgage credit bank may have an adverse effect on the Issuer's business, financial condition and/or results of operations.

*Following the merger of Danske Bank Plc with Danske Bank A/S, Danske Bank A/S and the Issuer are jointly liable for certain obligations following the partial demerger of Danske Bank Plc*

The Issuer was incorporated to assume the Finnish mortgage credit business operations of Danske Bank Plc following the partial demerger of Danske Bank Plc completed on 31 October 2017 (the "**Demerger**"). In accordance with the Finnish Companies Act (*Osakeyhtiölaki* 624/2006) as amended, the companies taking part in the Demerger are jointly liable for the liabilities of the demerged company that have arisen prior to the registration of the completion of the Demerger. However, the liabilities of the demerged company that, according to the Demerger, transfer to another participating company shall be borne by a participating company only to the maximum amount equalling the value of the net assets retained by or transferred to it in the Demerger. The statutory joint liability is secondary in that a creditor may demand settlement of a claim based thereon only after it has been determined that no payment can be obtained from the debtor or from attaching security. In the Demerger, the assets and liabilities relating to the Finnish mortgage credit business operations of Danske Bank Plc were transferred to the Issuer, while all the other assets and liabilities remained with Danske Bank Plc, now Danske Bank A/S, Finland Branch. Thus, the Issuer may have a statutory secondary liability for liabilities remaining with Danske Bank A/S in accordance with the Demerger in the case of Danske Bank A/S' insolvency, including liabilities that have emerged during the period between the signing of the Demerger and the completion of the Demerger. Should such secondary liability arise, it could have a material adverse effect on the Issuer's business, financial condition and results of operations. The statutory liability will not, however,

affect the statutory benefit of Covered Bondholders' priority to the Issuer Cover Pool (along with counterparties to related derivative transactions and providers of bankruptcy liquidity loans (each, as defined under "Overview of Finnish Legislation relating to Covered Bonds" below)).

*The Issuer is dependent upon other Group companies, their business and the brand value of the Group*

The Issuer currently acquires mortgage loans from Danske Bank A/S, Finland Branch, but may in the future also acquire mortgage loans from other Group companies. Accordingly, the Issuer is dependent on the business of Danske Bank A/S, Finland Branch, and other Group companies to originate loans to be acquired by the Issuer. The Issuer will therefore be affected by general economic and business conditions which may affect not only the Issuer but also Danske Bank A/S, Finland Branch, and the other Group companies.

In addition, and as discussed in the section "Description of the Issuer" and, in particular, the sub-sections "Dependency on the Parent" and "Business strategy and funding structure – Outsourcing Agreement" certain Group companies shall perform certain services on behalf of the Issuer which are essential for the Issuer in order to carry out its business. The Issuer also uses, and is heavily dependent on, the established "Danske" brand in its covered bond issuances and relies on the positive perception by investors of the brand. The Issuer will thus be dependent on certain Group companies in order to succeed in its business.

The Parent has conducted detailed and thorough money laundering investigations into the former so-called "non-resident portfolio" in the Parent's Estonian Branch covering the period 2007-2015. The investigations comprise a thorough examination of customers and transactions and an investigation of the course of events, including whether managers and employees, members of the Executive Board or the Board of Directors have sufficiently fulfilled their obligations. The investigations were mandated by the Parent's Board of Directors and led by external Danish legal counsel. On 19 September 2018, the Parent made public the conclusions from the investigations. After this publication, the Danish Financial Supervisory Authority (the "Danish FSA") announced that it will re-open its investigations into the Parent pertaining to the Estonian matter (the decision by the Danish FSA dated 3 May 2018). On 6 August 2018, the Danish Public Prosecutor for Serious Economic and International Crime announced that it had opened an investigation into the Parent concerning transactions passing through the Parent's Estonian branch to examine whether there are grounds for a penal case against the Parent for breach of the Danish AML Act. The Parent has received requests for information from the U.S. Department of Justice ("DOJ") in connection with a criminal investigation relating to the Parent's Estonian branch conducted by the DOJ. The outcome of these investigations and the impact on the Parent from such investigations is currently unknown and will ultimately depend on the findings of the authorities. The impact on the Issuer may entail that the refinancing costs of its Covered Bonds may be higher and/or that its mortgage lending volumes become lower.

Should there be any disruptions and/or negative impact to any Group companies and/or should the brand value of the Group substantially deteriorate as a result of the events outlined above or otherwise, this may have an adverse effect on the Issuer's business, financial condition and/or results of operations.

*The Issuer's funding costs and its access to the debt capital markets depend significantly on its credit ratings*

Any downgrade of credit ratings of the Covered Bonds could increase the Issuer's borrowing costs, adversely affect the liquidity position of the Issuer, limit its access to the capital markets, undermine confidence in (and the competitive position of) the Issuer, trigger obligations under certain bilateral terms in some of its trading and collateralised financing contracts (including requiring the provision of additional collateral) and/or limit the range of counterparties willing to enter into transactions with the Issuer. Any of the events above could have a material adverse effect on the Issuer's business, financial condition and/or results of operations.

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

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

*The regulation and reform of “benchmarks” may adversely affect the value of Floating Rate Covered Bonds linked to or referencing such “benchmarks”*

Interest rates and indices which are deemed to be “benchmarks” (such as, in the case of Floating Rate Covered Bonds, a Reference Rate), are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Floating Rate Covered Bonds linked to or referencing such a “benchmark”. The Benchmarks Regulation was published in the Official Journal of the EU on 29 July 2016 and has applied since 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Floating Rate Covered Bonds linked to or referencing a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant “benchmark”.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to the “benchmark”, (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to or referencing a “benchmark”.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Floating Rate Covered Bonds linked to or referencing a “benchmark”.

*Future discontinuance of certain benchmark rates (for example, LIBOR or EURIBOR) may adversely affect the value of Floating Rate Covered Bonds which reference any such benchmark rate*

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if a benchmark rate were discontinued or otherwise unavailable, the rate of interest on Floating Rate Covered Bonds which reference such benchmark rate will be determined for the relevant period by the fall-back provisions applicable to such Covered Bonds. The Terms and Conditions of the Covered Bonds provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable.

If the circumstances described in the preceding paragraph occur and Reference Rate Replacement is specified in the relevant Final Terms or Pricing Supplement as being applicable and Screen Rate Determination is specified in the relevant Final Terms or Pricing Supplement as the manner in which the rate of interest is to be determined, such fallback arrangements will include the possibility that:

- (A) the relevant rate of interest (or, as applicable, component thereof) could be set or, as the case may be, determined by reference to a successor rate or an alternative rate (as applicable) determined by an Independent Advisor or, if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to make such determination, the Issuer; and
- (B) such successor rate or alternative rate (as applicable) may be adjusted (if required) by the relevant Independent Adviser or the Issuer (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark,

in any such case, acting in good faith and in a commercially reasonable manner as described more fully in the Terms and Conditions of the Covered Bonds.

In addition, the relevant Independent Adviser or the Issuer (as applicable) may also determine (acting in good faith and in a commercially reasonable manner) that other amendments to the Terms and Conditions of the Covered Bonds are necessary in order to follow market practice in relation to the relevant successor rate or alternative rate (as applicable) and to ensure the proper operation of the relevant successor rate or alternative rate (as applicable).

No consent of the Covered Bondholders shall be required in connection with effecting any relevant successor rate or alternative rate (as applicable) or any other related adjustments and/or amendments described above.

In certain circumstances, the ultimate fallback of interest for a particular Interest Period or Reset Period (as applicable) may result in the rate of interest for the last preceding Interest Period or Reset Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Covered Bonds based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Covered Bonds. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Covered Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Covered Bonds. Investors should note that the relevant Independent Adviser or the Issuer (as applicable) will have discretion to adjust the relevant successor rate or alternative rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Covered Bondholder, any such adjustment will be favourable to each Covered Bondholder.

Investors should consider all of these matters when making their investment decision with respect to the Floating Rate Covered Bonds.

*An active secondary market in respect of the Covered Bonds may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Covered Bonds*

Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed



secondary market. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Covered Bonds. See also “*The Issuer and the Group may be affected by general economic and geopolitical conditions*” above.

*If an investor holds Covered Bonds which are not denominated in the investor’s home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Covered Bonds could result in an investor not receiving payments on those Covered Bonds*

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency or Specified Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (i) the Investor’s Currency-equivalent yield on the Covered Bonds, (ii) the Investor’s Currency-equivalent value of the principal payable on the Covered Bonds and (iii) the Investor’s Currency-equivalent market value of the Covered Bonds.

Governmental and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Covered Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor’s Currency.

*The value of Fixed Rate Covered Bonds may be adversely affected by movements in market interest rates*

Investment in Fixed Rate Covered Bonds involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Covered Bonds, this will adversely affect the value of the Fixed Rate Covered Bonds.

*Credit ratings assigned to Covered Bonds and/or the Programme may not reflect all the risks associated with an investment in those Covered Bonds and may be lowered, withdrawn or not maintained*

One or more independent credit rating agencies may assign credit ratings to the Covered Bonds and/or the Programme. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds or the standing of the Issuer.

The expected rating(s), if any, of the Covered Bonds will be set out in the relevant Final Terms or Pricing Supplement for each Series of Covered Bonds. Any rating agency may lower its rating or withdraw its rating if, in the sole judgement of the rating agency, the credit quality of the Covered Bonds has declined or is in question. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

There is no guarantee that any rating of the Covered Bonds and/or the Programme will be maintained by the Issuer following the date of this Base Prospectus. If any rating assigned to the Covered Bonds and/or the Programme is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Covered Bonds may be reduced.

*The Issuer is exposed to changing methodology by rating agencies*

The Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may materially and adversely affect the Issuer’s operations or financial

condition, this may impact the Issuer's willingness or ability to leave individual transactions outstanding and adversely affect the Issuer's capital market standing.

*There are risks relating to other assets contained in the Issuer Cover Pool*

As follows from the section "Overview of Finnish Legislation relating to Covered Bonds" the Issuer may hold supplementary collateral and public sector loans (each as defined in "Overview of Finnish Legislation relating to Covered Bonds") in the Issuer Cover Pool which can be used as supplemental security in accordance with the Covered Bonds Act. To the extent that these other assets are located in jurisdictions other than Finland, such assets may be subject to country specific regulations and credit risk different from what is outlined in this Base Prospectus. Should the value of the supplementary collateral or the public sector loans decrease, this may adversely affect the value of the Issuer Cover Pool which in turn may have an adverse effect on the Issuer's business, financial condition and/or results of operations.

*Decrease of underlying asset value*

If the value of the underlying assets which constitute the collateral for the Issuer Cover Pool decreases materially and the Issuer does not take action to restore the ratio between Covered Bonds and the Issuer Cover Pool, there will be a risk that the Issuer will not be able to fully repay the Covered Bondholders.

*The Issuer may be reliant on payments from swap providers in certain circumstances*

The Issuer may enter into derivative contracts with hedge counterparties to hedge interest rate risk, foreign exchange risk, liquidity risk or other risks. If a hedge counterparty defaults in its obligation to make payments under a derivative contract, the Issuer will be exposed to changes in interest rates, currency exchange rates, liquidity concerns or other risks (as applicable). Unless a replacement derivative contract is entered into, the Issuer may have insufficient funds to make payments due on the Covered Bonds.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Covered Bonds are legal investments for it, (ii) Covered Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

**Factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme**

*Covered Bondholders will only receive a limited description of the Issuer Cover Pool and the composition of the Issuer Cover Pool may vary from time to time*

The composition of the Issuer Cover Pool may vary from time to time, including in so far as the geographic placing of the relevant mortgaged properties is concerned. Covered Bondholders will not receive detailed statistics or information in relation to each loan, location of each mortgaged residential or, as the case may be, other assets contained or to be contained in the Issuer Cover Pool, as it is expected that the constitution of the Issuer Cover Pool may change from time to time.

*The Covered Bonds may not be a suitable investment for all investors*

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Covered Bonds, the merits and risks of investing in the relevant Covered Bonds and the

information contained or incorporated by reference in this Base Prospectus or any applicable supplement to this Base Prospectus;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Covered Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the relevant Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Covered Bonds are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the investor's overall portfolio. A potential investor should not invest in Covered Bonds which are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of such Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

#### **Risks related to the structure of a particular issue of Covered Bonds**

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

##### *Overcollateralisation*

Any rating(s) of Covered Bonds are based on an assumption of overcollateralisation. If a certain level of overcollateralisation is not maintained; the rating of the relevant Covered Bonds may change from time to time which may affect the value of the Covered Bonds.

##### *Liquidity following bankruptcy*

In the event of the Issuer's bankruptcy, neither the Issuer nor its bankruptcy estate would be likely to have the ability to issue further Covered Bonds. Whilst there can be no assurance as to the actual ability of the bankruptcy estate to raise post-bankruptcy liquidity in other ways, the Covered Bonds Act gives the bankruptcy administrator an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to attaining matching of cash flows, currencies, interest rates and interest periods between assets in the Issuer Cover Pool, covered bonds and derivative contracts. The bankruptcy administrator may also raise liquidity by selling assets in the Issuer Cover Pool in the market for example. If the bankruptcy estate is not able to raise sufficient liquidity, this could result in an investor not being paid in a timely manner and/or that the Issuer Cover Pool ceases to meet the matching requirements under the Covered Bonds Act.

*If any relevant claims in respect of the Covered Bonds are not met out of the pool of assets or the proceeds arising from it, any remaining claims will subsequently rank pari passu with the claims of the Issuer's unsecured and unsubordinated creditors*

The Covered Bonds Act contains matching rules which, among other things, require that the present value of the Cover Pool exceeds by at least 2 per cent. the present value of the liabilities relating to Covered Bonds. In order to comply with these requirements, the Issuer may enter into derivative contracts. The present

value of the derivative contracts shall be included when determining whether the present value of the Cover Pool exceeds the present value of the liabilities relating to Covered Bonds.

The Issuer is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations. See the section “*Overview of Finnish Legislation relating to Covered Bonds*” and its sub-section “*Matching requirements*” for further details.

A breach of the matching requirements prior to the Issuer’s liquidation or bankruptcy in the circumstances where no additional assets are available to the Issuer or the Issuer lacks the ability to acquire additional assets could result in the Issuer being unable to issue further Covered Bonds. If, following the Issuer’s liquidation or bankruptcy, the Issuer Cover Pool ceases to meet the requirements of the Covered Bonds Act (including the matching requirements), and the deviations are not just temporary and minor, the Issuer Cover Pool may no longer be maintained as a unit and the payment under Covered Bonds and derivative contracts could cease.

Covered Bondholders would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the Issuer Cover Pool in accordance with general bankruptcy rules. This could result in Covered Bondholders receiving payment according to a schedule that is different from that contemplated by the Terms and Conditions (with accelerations as well as delays) or that Covered Bondholders are not paid in full. However, Covered Bondholders and the derivative contract parties would retain the benefit of the right of priority in the assets comprising the Issuer Cover Pool. Any residual claims of Covered Bondholders and the derivative contract parties would remain valid claims against the Issuer, but would rank *pari passu* with other unsecured and unsubordinated creditors of the Issuer.

#### *Transfer of Covered Bonds and Issuer Cover Pool in bankruptcy*

In bankruptcy, a bankruptcy administrator may, with the permission of the FIN-FSA, transfer the liability for a covered bond and the corresponding collateral to a mortgage credit bank, deposit bank or credit entity that has acquired a licence to issue covered bonds or to a foreign mortgage credit bank which is subject to supervision corresponding to that of the Covered Bonds Act unless the terms of the covered bond provide otherwise.

*If the Issuer has the right to redeem any Covered Bonds at its option, this may limit the market value of the Covered Bonds concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*

An optional redemption feature is likely to limit the market value of Covered Bonds. During any period when the Issuer may elect to redeem Covered Bonds, the market value of such Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Fixed/Floating Rate Covered Bonds have certain risks*

Fixed/Floating Rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market and the market value of such Covered Bonds as the change of interest basis may result in a lower interest return for Covered Bondholders. Where the Covered Bonds convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. Where the Covered Bonds convert from a floating rate to a fixed rate, the fixed rate may be lower than

then prevailing rates on those Covered Bonds and could affect the market value of an investment in the relevant Covered Bonds.

*Covered Bonds issued at a substantial discount or premium have certain risks*

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

*Extendable obligations under the Covered Bonds give rise to certain risks*

The relevant Final Terms or Pricing Supplement will provide that an Extended Maturity Date applies to each Series of Covered Bonds unless to do so would result in the Issuer being unable to obtain the relevant credit rating(s) from the relevant rating agencies appointed by the Issuer at the relevant time in respect of a Series of Covered Bonds.

The extension of the maturity of the principal amount outstanding of the Covered Bonds from the Maturity Date to the Extended Maturity Date will not result in any right of the Covered Bondholders to accelerate payments or take action against the Issuer, and no payment will be payable to the Covered Bondholders in that event other than as set out in the Terms and Conditions of the Covered Bonds as completed by the relevant Final Terms or (in the case of Exempt Covered Bonds only) as completed and/or amended and/or replaced by the relevant Pricing Supplement.

**Risks related to Covered Bonds generally**

Set out below is a brief description of certain risks relating to the Covered Bonds generally:

*There are no events of default*

The Terms and Conditions of the Covered Bonds do not include any events of default relating to the Issuer, thus Covered Bondholders cannot accelerate the Covered Bonds. Covered Bondholders will only be paid the scheduled interest payments under the Covered Bonds as and when they fall due under the Terms and Conditions of the Covered Bonds. The absence of any events of default from the Terms and Conditions may make it less likely that the Covered Bondholders will recoup their investment in full in the event that the Issuer experiences financial distress.

*There may be conflicting interests of other creditors*

The claims of the Covered Bondholders and derivative counterparties included in the Issuer Cover Pool rank *pari passu* with the claims of all other creditors of the Issuer (other than those preferred by law), but have a preferential right against the Issuer Cover Pool save for costs incurred in connection with the operation, management, collection and realisation of the Issuer Cover Pool which shall be covered before the claims of the Covered Bondholders and claims relating to the fees and the expenses of a bankruptcy estate. In addition, the Covered Bondholders' preferential rights against the Issuer Cover Pool rank *pari passu* with the rights of other covered bondholders of the Issuer and any related derivative counterparties).

To the extent that claims in relation to the Covered Bonds and related derivative contracts are not met out of the assets of the Issuer Cover Pool or the proceeds arising from it, the residual claims will rank at least *pari passu* with claims of all ordinary, non-preferred unsubordinated and unsecured creditors of the Issuer (save for certain mandatory exceptions provided by law).

*Because the Global Covered Bonds are held by or on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A., as the case may be, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer.*

Bearer Covered Bonds issued under the Programme may be represented by one or more Global Covered Bonds. Such Global Covered Bonds will be deposited with a common depository or common safe-

keeper, as the case may be, for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”). Except in the circumstances described in the relevant Global Covered Bond, investors will not be entitled to receive Definitive Covered Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Covered Bonds. While the Covered Bonds are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Covered Bonds are in global form, the Issuer will discharge its payment obligations under the Covered Bonds by making payments (i) to a common depository (for Bearer Covered Bonds which are classic global covered bonds (each, a “**CGCB**”)) or (ii) to a common safe-keeper (for Bearer Covered Bonds which are new global covered bonds (each, a “**New Global Covered Bond**” or “**NGCB**”)). A holder of a beneficial interest in a Global Covered Bond must rely on the procedures of Euroclear and/or Clearstream, Luxembourg to receive payments under the relevant Covered Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in such a Global Covered Bond.

*Because the VP Systems Covered Bonds are dematerialised securities, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer*

The VP Systems Covered Bonds issued under the Programme will not be evidenced by any physical note or document of title other than statements of account made by VP or Euroclear Finland, as the case may be. Ownership of VP Systems Covered Bonds will be recorded and transfer effected only through the book entry system and register maintained by VP or Euroclear Finland, as the case may be.

*The Terms and Conditions of the Covered Bonds contain provisions which may permit their modification without the consent of all investors*

The Terms and Conditions of the Covered Bonds contain provisions for calling meetings of Covered Bondholders to consider matters affecting their interests generally. These provisions permit a defined proportion of Covered Bondholders to bind all Covered Bondholders including Covered Bondholders who did not attend and vote at the relevant meeting and Covered Bondholders who voted in a manner contrary to the majority.

*No assurance can be given in relation to changes of law*

The Terms and Conditions of the Covered Bonds are governed by English law, except for Condition 4 (*Status of the Covered Bonds*), which will be governed by Finnish law. In the case of registration of the Covered Bonds in VP or Euroclear Finland, as the case may be, these will be governed by Danish and Finnish law respectively, in effect as at the date of issue of the Covered Bonds. No assurance can be given as to the impact of any possible judicial decision or change to English, Finnish or Danish law or administrative practice after the date of issue of any relevant Covered Bonds.

*Investors who purchase Bearer Covered Bonds in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if Definitive Covered Bonds are subsequently required to be issued*

In relation to any issue of Bearer Covered Bonds which have denominations consisting of a minimum Specified Denomination plus an integral multiple of another smaller amount in excess thereof, it is possible that such Covered Bonds may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a Covered Bondholder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a Definitive Covered Bond in respect of such holding (should Definitive Covered Bonds be printed) and would need to purchase a principal amount of Covered Bonds such that its holding amounts to a Specified Denomination.

If Definitive Covered Bonds are issued, Covered Bondholders should be aware that Definitive Covered Bonds which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

*Certain Dealers may transact with or perform services for the Issuer in the ordinary course of business*

Certain of the Dealers and their affiliates have engaged, and may in the future, engage in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.

*The recognition as eligible collateral for the Eurosystem and intra-day credit operations by the Eurosystem of New Global Covered Bonds is dependent upon satisfaction of the Eurosystem eligibility criteria at the relevant time*

Although the NGCB form has been introduced to allow for the possibility of Bearer Covered Bonds being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the Eurosystem and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Base Prospectus:

- (i) the Annual Report of the Issuer for the financial year ended 31 December 2017 (the “**Annual Report 2017**”);
- (ii) the English translation of the Auditor’s Report of Deloitte Ltd for the Issuer as at and for the financial year ended 31 December 2017 (the “**Auditor’s Report 2017**”); and
- (iii) the Interim Report of the Issuer for the first half of 2018 (the “**Interim Report – First Half 2018**”),

excluding the section “Outlook for 2018” on page 8 of the Interim Report – First Half 2018.

In relation to each document deemed to be incorporated in this Base Prospectus, the non-incorporated parts are either not relevant for the investor or are covered elsewhere in this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Covered Bonds, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Covered Bonds.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus.

The sources of the financial statements (including the auditors’ notes thereto) in the Interim Report – First Half 2018 and the Annual Report incorporated by reference herein are as follows:

<i>Information</i>	<i>Source</i>
Income Statement for the Issuer for the first half year ended 30 June 2018	Interim Report – First Half 2018 pg. 9
Balance Sheet for the Issuer as at the first half year ended 30 June 2018	Interim Report – First Half 2018 pg. 10
Statement of Capital for the Issuer for the first half year ended 30 June 2018	Interim Report – First Half 2018 pg. 5
Notes to the Financial Statements for the first half year ended 30 June 2018	Interim Report – First Half 2018 pgs. 14 – 26
Income Statement for the Issuer for the year ended 31 December 2017	Annual Report 2017 pg. 15
Balance Sheet for the Issuer as at 31 December 2017	Annual Report 2017 pg. 16
Statement of Capital for the Issuer for the year ended 31 December 2017	Annual Report 2017 pg. 6
Notes to the Financial Statements for the Issuer as at and for the year ended 31 December 2017	Annual Report 2017 pgs. 18 – 21

The Annual Report 2017 incorporated by reference herein can be viewed online at [https://danskebank.com/-/media/danske-bank-com/pdf/fi/danske-mortgage-bank-plc\\_annual-report-2017--la=en.pdf](https://danskebank.com/-/media/danske-bank-com/pdf/fi/danske-mortgage-bank-plc_annual-report-2017--la=en.pdf)

The Auditor’s Report 2017 incorporated by reference herein can be viewed online at



<https://danskebank.com/-/media/danske-bank-com/pdf/fi/danske-mortgage-bank-plc---auditors-report-2017-.-la=en.pdf>

The Interim Report – First Half 2018 incorporated by reference herein can be viewed online at <https://danskebank.com/-/media/danske-bank-com/pdf/fi/danske-mortgage-bank-plc-interim-report-2018-.-la=en.pdf>

This Base Prospectus is, and any supplements hereto will be, available for viewing at [www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx](http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx).

## GENERAL DESCRIPTION OF THE PROGRAMME

The following description of key features of the Programme does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in “*Form of the Covered Bonds*” or “*Terms and Conditions of the Covered Bonds*” below shall have the same meanings in this description of key features of the Programme.

Issuer:	Danske Mortgage Bank Plc
Arrangers:	BNP Paribas Danske Bank A/S
Dealers:	BNP Paribas Danske Bank A/S
Fiscal Agent:	Citibank, N.A., London Branch
Irish Listing Agent:	Matheson
VP Systems Agents:	In respect of VP Systems Covered Bonds cleared through the VP, Danske Bank A/S.  In respect of VP Systems Covered Bonds cleared through Euroclear Finland, Danske Bank A/S, Finland Branch.
Programme Amount:	EUR 10,000,000,000 (and, for this purpose, any Covered Bonds denominated in another currency shall be translated into euro at the date of the agreement to issue such Covered Bonds using the spot rate of exchange for the purchase of such currency against payment of euros being quoted by the Fiscal Agent on the date on which the relevant agreement in respect of the relevant Tranche was made or such other rate as the Issuer and the relevant Dealer(s) may agree) in aggregate principal amount of Covered Bonds outstanding at any one time.  The maximum aggregate principal amount of Covered Bonds which may be outstanding under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement.
Issuance in Series:	Covered Bonds will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Covered Bonds of each Series will all be subject to identical terms, except that the issue date, the date of the first payment of interest (if any), the amount, and/or the issue price thereof may be different in respect of different Tranches.
Final Terms or Pricing Supplement:	Each Tranche of Covered Bonds other than Exempt Covered Bonds will be the subject of the Final Terms which, for the purposes of that Tranche only, completes the Terms and Conditions of the Covered Bonds. Each Tranche of Exempt Covered Bonds will

be the subject of the Pricing Supplement which, for the purposes of that Tranche only, completes and/or amends and/or replaces the Terms and Conditions of the Covered Bonds. Each Final Terms or Pricing Supplement must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Covered Bonds are the Terms and Conditions of the Covered Bonds as completed by the relevant Final Terms or (in the case of Exempt Covered Bonds) as completed and/or amended and/or replaced by the relevant Pricing Supplement. See also “*Exempt Covered Bonds*” below.

Distribution: Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies: Covered Bonds may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements (each a “**Specified Currency**”).

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity as agreed between the Issuer and the relevant Dealer(s).

Issue Price: Covered Bonds may be issued at any price, as specified in the relevant Final Terms or Pricing Supplement.

Form of Covered Bonds: The Covered Bonds will be issued in bearer form or, in the case of VP Systems Covered Bonds, uncertificated book entry form, as described in “*Form of Covered Bonds*” below. VP Systems Covered Bonds will not be evidenced by any physical covered bond or document of title. Entitlements to VP Systems Covered Bonds will be evidenced by the crediting of VP Systems Covered Bonds to accounts with VP or Euroclear Finland (as the case may be).

In respect of each Tranche of Bearer Covered Bonds, the Issuer will deliver a Temporary Global Covered Bond or a Permanent Global Covered Bond. Interests in each Temporary Global Covered Bond will, not earlier than forty days after the issue date of the relevant Tranche of the Covered Bonds upon certification as to non-U.S. beneficial ownership, be exchangeable for interests in a Permanent Global Covered Bond or, if so specified in the relevant Final Terms or Pricing Supplement, for Definitive Covered Bonds in bearer form in accordance with its terms. Interests in each Permanent Global Covered Bond will be exchangeable for Definitive Covered Bonds in bearer form. Definitive Covered Bonds in bearer form will, if interest-bearing, have Coupons attached and, if

	appropriate, Talons.
Clearing Systems:	Euroclear, Clearstream, Luxembourg, VP and/or Euroclear Finland and/or, in relation to any Tranche of Covered Bonds, any other clearing system as may be specified in the relevant Final Terms or Pricing Supplement.
Status of the Covered Bonds:	The Covered Bonds constitute unsubordinated obligations issued in accordance with, and subject to, the Covered Bonds Act and rank <i>pari passu</i> among themselves and with all other obligations of the Issuer which benefit from the same priority right in the Issuer Cover Pool as the Covered Bonds under the Finnish Act on Priority over Creditors ( <i>Laki velkojien maksunsaantijärjestyksestä</i> 1578/1992), as amended and the Covered Bonds Act. To the extent claims in relation to the Covered Bonds and other claims with the same priority are not met out of the Issuer Cover Pool or the proceeds arising from it, the residual claims will rank <i>pari passu</i> with the claims of ordinary unsecured and unsubordinated creditors of the Issuer.
Fixed Rate Covered Bonds:	Covered Bonds may provide for interest based on a fixed rate (“ <b>Fixed Rate Covered Bonds</b> ”). Interest will be payable on Fixed Rate Covered Bonds on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) (as specified in the relevant Final Terms or Pricing Supplement) and on redemption.
Floating Rate Covered Bonds:	Covered Bonds may provide for interest based on a floating rate (“ <b>Floating Rate Covered Bonds</b> ”). Floating Rate Covered Bonds will bear interest at a rate determined: <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or</li> <li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s), as specified in the relevant Final Terms or Pricing Supplement.</li> </ul> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Covered Bonds.</p>
Other provisions in relation to Floating Rate Covered Bonds:	Floating Rate Covered Bonds may also have a maximum interest rate, a minimum interest rate or

both (as specified in the relevant Final Terms or Pricing Supplement).

Interest on Floating Rate Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).

Zero Coupon Covered Bonds:

Covered Bonds may provide that no interest is payable (“**Zero Coupon Covered Bonds**”). Zero Coupon Covered Bonds will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The relevant Final Terms or Pricing Supplement will indicate the scheduled maturity date of such Covered Bonds (the “**Maturity Date**”) and will also indicate whether such Covered Bonds can be redeemed prior to their stated maturity for taxation reasons or whether such Covered Bonds will be redeemable at the option of the Issuer (“**Call Option**”) and/or at the option of the Covered Bondholders (“**Put Option**”), in each case upon giving the applicable irrevocable notice (as specified in the relevant Final Terms or Pricing Supplement) to the Covered Bondholders or the Issuer, as the case may be, on a date or dates specified in the relevant Final Terms or Pricing Supplement, at the maturity and at a price or prices and on such terms as are specified in the relevant Final Terms or Pricing Supplement.

Extended Maturity Date:

The relevant Final Terms or Pricing Supplement will provide that an Extended Maturity Date applies to each Series of Covered Bonds unless to do so would result in the Issuer being unable to obtain the relevant credit rating(s) from the relevant rating agencies appointed by the Issuer at the relevant time in respect of a Series of Covered Bonds (the “**Extended Maturity Date**”).

If an Extended Maturity Date is specified in the relevant Final Terms or Pricing Supplement as applying to a Series of Covered Bonds and the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date or within three Business Days thereafter, the maturity of the outstanding Covered Bonds and the date on which such Covered Bonds will be due and repayable for the purposes of the Terms and Conditions will be automatically extended up to but no later than the Extended Maturity Date, (A) subject as otherwise provided for in the relevant Final Terms or Pricing Supplement and (B) provided that, (unless to do so would result in the Issuer being unable to maintain the relevant credit rating(s) from the relevant rating agencies appointed by the Issuer at

the relevant time in respect of such Series of Covered Bonds) the Issuer may impose restrictions on the circumstances in which such automatic extension can apply if it determines in its sole and absolute discretion that such restrictions are required to ensure that the relevant Covered Bonds remain compliant with the Covered Bonds Act. In the event that the maturity is automatically extended, the Issuer may redeem all or any part of the principal amount outstanding of the Covered Bonds on any Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise specified in the relevant Final Terms or Pricing Supplement.

As regards interest on Covered Bonds to which an Extended Maturity Date so applies, if the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date or within three Business Days thereafter, the Covered Bonds will bear interest on the principal amount outstanding of the Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date or, if the Covered Bonds are redeemed prior to the Extended Maturity Date, the Interest Payment Date on which they are redeemed, based on a floating rate calculated with reference to EURIBOR or its equivalent depending on the currency of the relevant Covered Bonds and will be payable in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date in arrear or as otherwise provided for in the relevant Final Terms or Pricing Supplement on each Interest Payment Date after the Maturity Date at the rate specified in the relevant Final Terms or Pricing Supplement.

In the case of Covered Bonds which are Zero Coupon Covered Bonds up to (and including) the Maturity Date and for which an Extended Maturity Date applies, the initial outstanding principal amount on the Maturity Date for the above purposes will be the total amount otherwise payable by the Issuer but unpaid on the relevant Covered Bonds on the Maturity Date.

Denominations:

Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the relevant Final Terms or Pricing Supplement save that the minimum denomination of each Covered Bond admitted to trading on a regulated market for the purposes of MiFID II or offered to the public in a Member State in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR 100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the

equivalent amount in such currency at the time of issue) or such other amount as may be allowed or required from time to time by the relevant regulatory authority or any laws or regulations applicable to the relevant Specified Currency.

Taxation:

All payments in respect of the Covered Bonds will be made without deduction for or on account of withholding taxes imposed within Finland, subject as provided in Condition 8 (*Taxation*).

Negative Pledge:

The Covered Bonds will not contain a negative pledge provision.

Cross Default and other Events of Default:

The Covered Bonds will not contain a cross-default provision or any other events of default entitling Covered Bondholders to demand immediate redemption.

Listing and Admission to Trading:

Each Series may be listed on Euronext Dublin and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer(s) and specified in the relevant Final Terms or Pricing Supplement or may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

Governing Law:

The Covered Bonds and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law except for Condition 4 (*Status of the Covered Bonds*), which will be governed by, and construed in accordance with, Finnish law.

VP Systems Covered Bonds must comply with the relevant regulations of VP or Euroclear Finland (as the case may be) and the holders of VP Systems Covered Bonds will be entitled to the rights and are subject to the obligations and liabilities which arise under the relevant Danish or Finnish regulations and legislation.

Ratings:

The Programme and/or each Covered Bond issue has been or may be rated by Moody's Investors Service Limited ("**Moody's**").

Moody's is established in the European Union and is registered under the CRA Regulation and is included in the list of credit rating agencies registered in accordance with the CRA Regulation as of the date of this Base Prospectus. This list is available on the ESMA website at [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) (list last updated on 1 May 2018).

Tranches of Covered Bonds issued under the Programme may be rated or unrated. Where a Series

of Covered Bonds is expected to be rated, such expected rating will be specified in the relevant Final Terms or Pricing Supplement.

Up-to-date information should always be sought by direct reference to the rating agency.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. In addition, there is no guarantee that any rating of the Programme and/or any Series of Covered Bonds assigned by the rating agency will be maintained by the Issuer following the date of this Base Prospectus and the Issuer may seek to obtain ratings of the Programme and/or any Series of Covered Bonds from other rating agencies.

Selling Restrictions:

There are selling restrictions on the offer, sale and transfer of the Covered Bonds in the United States, the European Economic Area, the United Kingdom, Finland, Denmark and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Covered Bonds. See “*Subscription and Sale*”.

For United States securities law only, the Issuer is a Category 2 issuer under Regulation S. Bearer Covered Bonds will be issued in compliance with U.S. Treasury Regulations §1.163-5 (c) (2) (i) (D) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “**D Rules**”) or 1.163-5 (c) (2) (i) (C) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “**C Rules**”), unless the Bearer Covered Bonds are issued in circumstances in which the Bearer Covered Bonds will not constitute “Registration required obligations” for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Final Terms or Pricing Supplement as a transaction to which TEFRA is not applicable.

Exempt Covered Bonds:

The Issuer may agree with any Dealer that Exempt Covered Bonds may be issued in a form not contemplated by the Terms and Conditions of the Covered Bonds and this General Description of the Programme, in which event the relevant provisions will be included in the relevant Pricing Supplement.



## OVERVIEW OF FINNISH LEGISLATION RELATING TO COVERED BONDS

*The following is a brief summary of certain features of the Covered Bonds Act as of the date hereof. The summary does not purport to be, and is not, a complete description of all aspects of the Finnish legislative and regulatory framework for covered bonds. Please also refer to the “Risk Factors” on pages 7 to 23 above.*

### **General**

The Covered Bonds Act entered into force on 1 August 2010. It enables the issue of covered bonds (*katetut joukkolainat*) which are debt instruments secured by a cover pool of eligible assets. The Covered Bonds Act regulates which assets can be used as collateral for the covered bonds and the quality of such assets. They are issued by credit institutions (such as the Issuer) which are authorised to engage in a mortgage credit business (*kiinnitysluottopankkitoiminta*) (each an “**issuer**”).

### **Supervision**

The FIN-FSA is responsible for supervising each issuer’s compliance with the Covered Bonds Act and may issue regulations for risk management and internal control in respect of mortgage credit business operations. If an issuer does not comply with the provisions of the Covered Bonds Act or the conditions of the licence granted by the FIN-FSA, the FIN-FSA shall lay down a period in which that issuer must fulfil any requirements set by the FIN-FSA. If such requirements are not fulfilled within the set period, the FIN-FSA may cancel that issuer’s authorisation to engage in mortgage credit business.

As of the date hereof, the FIN-FSA has issued two regulations on mortgage credit bank operations: Regulation 6/2012 on authorisation procedure and risk management, and Regulation 7/2012 on reporting of mortgage credit bank operations.

### **Authorisation**

Mortgage credit business is a line of banking business which involves the issuing of covered bonds on the basis of loans secured by residential or commercial real estate or, shares in Finnish housing companies or real estate companies as well as claims against public-sector entities. A credit institution must fulfil certain requirements prescribed in the Covered Bonds Act in order to obtain a mortgage credit licence from the European Central Bank or an authorisation from the FIN-FSA to engage in a mortgage credit business. The credit institution must, among other things, have in place suitable procedures and instruments for managing the risk entailed in holding the cover pool assets and in issuing covered bonds and also prove that it intends to engage in a mortgage credit business on a regular and sustained basis. The issuer must have put the appropriate organisational structure and resources into place. Mortgage credit banks, whose activities are exclusively restricted to carrying out a mortgage credit business, may also be authorised to issue covered bonds.

### **Register of covered bonds**

Chapter 5 of the Covered Bonds Act requires the issuer to maintain a register (the “**register**”) for the covered bonds and the collateral which forms the cover pool assets for the covered bonds. Any intermediary loan (see “*Intermediary Loans*” below) shall also be entered in the register. The actual entry of the covered bonds and relevant derivative transactions (as defined below) in the register is necessary to confer the preferential right in the cover pool in favour of, among others, the holders of covered bonds. Further, only assets entered in the register form part of the cover pool.

The register must list, amongst other things, the covered bonds issued by the issuer and the assets in the cover pool and derivative transactions entered into by the issuer to hedge against the risks relating to covered bonds or their underlying collateral and recorded in the register (“**derivative transactions**”) along with any loans made by the bankruptcy administrator of the issuer to secure liquidity or take out liquidity credit in accordance with Section 26 of the Covered Bonds Act recorded in the register (“**bankruptcy liquidity loans**”) entered into on behalf of the issuer. All assets entered in the register shall rank equally as collateral for the covered bonds, unless the collateral has been entered in the register as collateral for specified covered bonds. If mortgage loans, a public sector loan or any supplementary collateral (each as defined below) is placed in the

register as collateral for a particular covered bond, the register must specify the covered bond which that collateral covers. Section 22 of the Covered Bonds Act requires that the information shall be entered in the register no later than on the first business day following the issue of the covered bonds and information on the granting or acquisition of a mortgage loan, a public sector loan or any supplementary collateral which is placed as collateral for the covered bonds shall be entered in the register no later than one business day after granting or acquiring such collateral. Any changes in such information shall be entered in the register without delay (although no specific timeframe is provided for under the Covered Bonds Act). A mortgage loan or a public sector loan shall be removed from the register when it has been fully repaid by the relevant borrower. A loan shall also be removed from the register if it can no longer be deemed to be an eligible asset (as defined below). A mortgage loan, a public sector loan or any supplementary collateral may also be removed from the register if, after its removal, the remaining mortgage loans, public sector loans and supplementary collateral entered in the register are sufficient to meet the requirements prescribed in the Covered Bonds Act. Accordingly, the cover pool is dynamic in the sense that an issuer may supplement or substitute assets in the cover pool.

The duty to maintain the register is with the issuer. The Covered Bonds Act contains no formal requirements for the physical form of the register. The FIN-FSA monitors the standard and form as well as the management of the register including the due and proper recording of assets. The information in the register shall be submitted to the FIN-FSA regularly.

### ***Eligible cover pool assets***

The covered bonds shall be covered at all times by a specific but dynamic cover pool of eligible assets which may consist of mortgage loans, public sector loans and supplementary collateral (“**eligible assets**”), each as defined in the Covered Bonds Act as follows:

“**commercial property loans**” are loans secured by (i) mortgageable property for commercial or office purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Land Code (*Maakaari* 540/1995, as amended); or (ii) shares of a housing company or a real estate company entitling the holder to occupancy of the commercial or office premises; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area;

“**housing loans**” are loans secured by (i) mortgageable property for primarily residential purposes referred to in Chapter 16, Section 1 or Chapter 19, Section 1 of the Land Code (*Maakaari* 540/1995, as amended); or (ii) shares in a housing company referred to in Chapter 1, Section 2 of the Act on Housing Companies (*Asunto-osakeyhtiölaki* 1599/2009, as amended) or shares comparable thereto, participations and rights of occupancy; or (iii) collateral comparable to the aforementioned collateral, situated in another State belonging to the European Economic Area;

“**mortgage loans**” are housing loans or commercial property loans;

“**public sector loans**” are loans which have been granted to the Republic of Finland, a Finnish municipality or other public-sector entity which may, when calculating prudential requirements set out in the CRR, be considered equivalent to the Finnish State or Finnish municipality or a credit which is fully collateralised by a guarantee granted by a public-sector entity or a claim on such entity; and

“**supplementary collateral**” is collateral which may include:

- (i) bonds and other debt obligations issued by a central government, a municipality or another public-sector entity or a credit institution (other than one belonging to the same consolidated group as the issuer);
- (ii) guarantees granted by a public-sector entity or a credit institution referred to in (i) above;
- (iii) credit insurance given by an insurance company other than one belonging to the same “group”, as defined in the Act on Supervision of Finance and Insurance Groups (*Laki rahoitus- ja vakuutusryhmittymien valvonnasta* 699/2004, as amended), as the issuer; or
- (iv) assets of the issuer deposited in the Bank of Finland or a deposit bank; if the issuer is a deposit bank the deposit may not be in a deposit bank belonging to the same consolidated group as the issuer.

Supplementary collateral may only be used as collateral for covered bonds on a temporary basis and in the circumstances set out in the Covered Bonds Act (see “*Supplementary collateral*” below).

At least 90 per cent. of the total amount of collateral shall be housing loans or public sector loans or supplementary collateral unless otherwise provided for in the terms and conditions of a covered bond.

Derivative transactions concluded for hedging against risks related to covered bonds and their underlying collateral must be registered in the register and therefore constitute part of the cover pool assets.

### **Quality of the cover pool assets**

#### *Mortgage lending limit and valuation*

Mortgage loans entered in the register as collateral for a covered bond may not exceed the current value of the shares or real estate standing as collateral. The current value shall be calculated using good real estate evaluation practice applicable to credit institutions in accordance with provisions on the management of capital adequacy and credit risk of credit institutions issued by the FIN-FSA. The issuer shall regularly monitor the value of the shares or real estate entered as collateral for the covered bonds and revise the value of the collateral in accordance with provisions on the management of capital adequacy of credit institutions issued by the FIN-FSA.

#### *Requirements for matching cover*

The Covered Bonds Act seeks to protect the covered bondholders’ positions by requiring that the outstanding principal amount and net present value of the covered bonds must be covered at all times by matching cover pool assets. This is achieved by Section 16 of the Covered Bonds Act, which provides that (a) the total value of cover pool assets must always exceed the aggregate outstanding principal amount of the covered bonds and (b) the net present value of cover pool assets must always be at least 2 per cent. above the net present value of the liabilities under the covered bonds. According to the preparatory works of the Covered Bonds Act (HE 42/2010), the net present value means, in respect of (a) covered bonds and (b) mortgage loans, public sector loans and supplementary collateral, the total value of the future discounted cashflows applying the market rate of interest prevailing from time to time.

#### *Requirements relating to liquidity*

Under Section 17 of the Covered Bonds Act, the issuer shall ensure that the average maturity date of the covered bonds does not exceed the average maturity date of the loans entered in the register. Further, the issuer shall ensure that the total amount of interest accrued from the cover pool assets, during any 12-month period, is sufficient to cover the total amount payable to the holders of covered bonds as interest and to the counterparties of derivative transactions as payments under such derivative transactions. Before the commencement of liquidation or bankruptcy proceedings against the issuer or a debtor of an intermediary loan (as defined below), a mortgage credit bank may, in respect of collateral granted by a debtor of an intermediary loan, treat the interest payments on such intermediary loans as being the interest accrued from such collateral.

#### *Determination of requirements under Section 16 and 17 of the Covered Bonds Act*

To determine the value of the assets in a cover pool in order to provide the matching cover required by Sections 16 and 17 of the Covered Bonds Act, the issuer shall only take into account:

- (a) an amount not exceeding 70 per cent. of the current value of the shares or real estate placed as collateral for any housing loan;
- (b) an amount not exceeding 60 per cent. of the current value of the shares or real estate placed as collateral for any commercial real estate loan; and
- (c) the book value of any public sector loans and supplementary collateral.

Loans that have been entered in the register which must be booked as non-performing loans at the time of review of such loans, in accordance with the regulations issued by the FIN-FSA, shall not be included as assets in the cover pool in calculating the matching cover.

Derivative transactions concluded in order to hedge the covered bonds and any assets provided as collateral for the derivative transactions shall be taken into account for the purposes of Sections 16 and 17 of the Covered Bonds Act.

#### *Supplementary collateral*

Up to 20 per cent. of the aggregate amount of all assets constituting the statutory security for the covered bonds conferred by the Covered Bonds Act may temporarily consist of supplementary collateral, **provided that** receivables from credit institutions shall not exceed 15 per cent. (or such larger amount as may be approved by the FIN-FSA on the application of the issuer for a specific reason and for a specified period of time) of the total amount of collateral. Supplementary collateral may temporarily be used in situations where (i) mortgage loans or public-sector loans have not yet been granted or registered as collateral for the covered bonds; or (ii) the total amount of collateral does not fulfil the provisions provided for in Sections 16 and 17 of the Covered Bonds Act.

#### *Intermediary Loans*

The Covered Bonds Act allows deposit banks and credit societies to participate indirectly in the issue of covered bonds by means of intermediary loans granted by a mortgage credit bank to such institutions. The intermediary loan shall be entered in the register but shall not be calculated into the cover pool assets of the covered bonds. In addition the debtor of an intermediary loan shall provide collateral in the form of mortgage loans and public sector loans to be registered in the register as security for the covered bonds of the mortgage credit bank. The total priority value of such loans in the cover pool shall always exceed the principal amount of the intermediary loan. Upon the liquidation or bankruptcy of the issuer, the estate of that issuer will be entitled to collect any proceeds from such loans and enter such proceeds in the register as security for the covered bonds. Moreover, the issuer's estate may demand a transfer of title of the loans to the estate or a named third party.

#### *Derivatives*

The issuer may enter into derivative transactions to hedge against the risks relating to covered bonds or their underlying collateral. Details of any such derivative transactions must be entered in the register and registered derivatives will hence form part of the cover pool.

#### *Set-off*

A creditor of the issuer may not set-off its claim against a mortgage loan or a public sector loan entered in the register if it is within the scope of the priority of payment of the holders of covered bonds as provided for in Section 25 of the Covered Bonds Act nor against an intermediary loan entered in the register unless explicitly permitted under the Covered Bonds Act. This restriction on set-off would apply (among others) to deposits in bank accounts.

#### *Prohibition on transfers, pledges, execution and precautionary measures*

The issuer or the debtor under an intermediary loan may not, without the permission of the FIN-FSA, assign or pledge mortgage loans or public sector loans which are included in the cover pool assets. A mortgage credit bank may not assign or pledge any intermediary loan without the permission of the FIN-FSA. An assignment or pledge violating such prohibition will be void.

Mortgage loans, public sector loans or any supplementary collateral entered in the register as collateral for a covered bond or an intermediary loan may not be taken in execution for a debt of an issuer, a deposit bank or a credit entity, nor may precautionary measures be directed at it.

#### *Preferential right in the event of liquidation or bankruptcy*

Under Finnish law, "*selvitystila*" (or liquidation in English) means either a voluntary winding up of a company or a winding up pursuant to specific provisions of Finnish law and "*konkurssi*" (or bankruptcy in English) means the mandatory winding up of a company in the event of its insolvency.

Under Section 25 of the Covered Bonds Act, notwithstanding the liquidation or bankruptcy of the issuer, a covered bond shall be paid until its maturity in accordance with the terms and conditions of the covered bond from the funds accruing on the cover pool assets of the covered bond before other claims. The funds

accruing from collateral for covered bonds after the commencement of liquidation or bankruptcy proceedings against the issuer shall be entered in the register as collateral for such covered bonds. In bankruptcy proceedings the bankruptcy administrator must ensure due maintenance of the register.

Collateral entered in the register in accordance with the Covered Bonds Act may not be recovered pursuant to Section 14 of the Act on Recovery of Assets to a Bankruptcy Estate (*Laki takaisinsaannista konkurssipesään* 758/1991, as amended).

In respect of mortgage loans included in the cover pool for a covered bond, the priority of payment right in accordance with Section 25 of the Covered Bonds Act is limited to a maximum amount which corresponds to 70 per cent. in respect of housing loans and to 60 per cent. in respect of commercial property loans of the current value of shares or real estate which stand as collateral for the loan as entered in the register at the time of commencement of liquidation or bankruptcy proceedings against the issuer. Under the Covered Bonds Act, funds accruing from the cover pool after the commencement of liquidation or bankruptcy shall be entered in the register and constitute part of the cover pool. The bankruptcy administrator shall, nonetheless, assign the share of payments out of any mortgage loans exceeding the preferential right to the general bankruptcy estate, except in the case of non-performing mortgage loans which would primarily be within the scope of the preferential right. According to the legislative proposal relating to the Covered Bonds Act (HE 42/2010), payments deriving from mortgage loans to be booked as non-performing and proceeds from disposal of loans or enforcement of collateral shall, nonetheless, be firstly used for payment of covered bonds up to their preferential portion.

The position set out above in respect of Section 25 of the Covered Bonds Act applies *mutatis mutandis* to the counterparties of the derivative transactions entered in the register and to the providers of bankruptcy liquidity loans. These parties have an equal right with the holders of the covered bonds to payments from the funds entered in the register as collateral for the covered bonds, and from the payments relating to them, and accordingly, such derivative transactions and bankruptcy liquidity loans rank *pari passu* with the covered bonds with respect to such assets in the cover pool.

The bankruptcy administrator may, upon the demand or with the consent of the supervisor appointed by the FIN-FSA (see “*Management of cover pool assets during the liquidation or bankruptcy of an issuer*” below), transfer collateral entered in the register to the issuer’s general bankruptcy estate, if the value and the net present value of the cover pool(s), as provided for in Section 16 of the Covered Bonds Act, considerably exceed(s) the total amount of the covered bonds and it is apparent that the collateral to be transferred shall not be necessary to fulfil the obligations in respect of the covered bonds, derivative transactions and bankruptcy liquidity loans.

#### ***Management of cover pool assets during the liquidation or bankruptcy of an issuer***

When the issuer has entered into liquidation or bankruptcy proceedings, the FIN-FSA shall, without delay, appoint a supervisor in accordance with Section 29 of the Act on the Financial Supervisory Authority (*Laki Finanssivalvonnasta* 878/2008, as amended) to protect the interests of creditors of covered bonds and creditor entities comparable to such and to enforce their right to be heard (a “**supervisor**”). The supervisor shall, in particular, supervise the management of the collateral for the covered bonds and their conversion into cash, as well as the contractual payments to be made to the holders of the covered bonds. The person to be appointed as a supervisor shall have sufficient knowledge of financing and legal issues with regard to the nature and scope of its duties.

In bankruptcy proceedings the courts will by operation of law appoint a bankruptcy administrator to administer the bankruptcy estate. The cover pool will be run by the bankruptcy administrator, but the supervisor will supervise the bankruptcy administrator, acting in the interests of the holders of covered bonds and creditor entities comparable to such. Under Section 26 of the Covered Bonds Act, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, conclude derivative transactions necessary for hedging against risks relating to the covered bonds and the relevant collateral as well as, where necessary, sell a sufficient amount of collateral for the covered bonds in order to fulfil the obligations relating to the covered bonds. In addition, a bankruptcy administrator shall, upon the demand or with the consent of the supervisor, have a right to conclude contractual arrangements to secure liquidity or take out bankruptcy liquidity loans.

Funds which accrue on the collateral of covered bonds after the commencement of liquidation or bankruptcy of an issuer and the bank accounts related to the collateral and its income shall be entered in the register. Correspondingly, a bankruptcy liquidity loan taken out under Section 26 of the Covered Bonds Act and each bank account into which any such funds are deposited shall be entered in the register.

The bankruptcy administrator may, with the permission of the FIN-FSA, transfer the liability for a covered bond and the corresponding collateral to another mortgage credit bank, deposit bank or credit entity that has acquired a licence to issue covered bonds or to a foreign mortgage credit bank which is subject to supervision corresponding to that of the Covered Bonds Act unless the terms of the covered bond provide otherwise.

A bankruptcy administrator has the right to terminate or transfer a derivative transaction to a third party on the demand or with the consent of the supervisor, **provided that** the collateral is transferred or converted into cash, or a right to transfer collateral to the counterparty in the derivative transaction when the interests of the holders of the covered bonds demand such and it is reasonable from the perspective of risk management.

If the requirements for the cover pool of the covered bonds, as provided for in Sections 16 and 17 of the Covered Bonds Act, cannot be fulfilled, the bankruptcy administrator must, upon the request or approval of the supervisor, accelerate the covered bonds and sell the cover pool assets in order to pay the covered bonds.

***Management of cover pool assets upon the liquidation or bankruptcy of the debtor of an intermediary loan***

When the debtor of an intermediary loan has entered into liquidation or bankruptcy proceedings, the FIN-FSA shall without delay appoint a supervisor to protect the interests of the holders of covered bonds issued by the issuer, standing as the creditor of such intermediary loan and will have a right to enforce the holders' right to be heard. The supervisor must, in particular, supervise the management of the collateral for covered bonds and its conversion into cash as well as oversee the contractual payments to be made to the holders of covered bonds and creditor entitles comparable to such. Notwithstanding the liquidation or bankruptcy of the debtor of the intermediary loan, the issuer's obligations under the covered bonds must be paid for the full term of the covered bond, in accordance with its contractual terms, from the collateral entered in the register before other claims can be met, following, where applicable, what is provided for in Section 25 of the Covered Bonds Act in respect of payment priority.

When the debtor of an intermediary loan is in liquidation or bankruptcy, the bankruptcy administrator shall upon the supervisor's demand or with its consent:

- (i) sell to the relevant issuer the mortgage loans or public sector loans, included in the collateral of its covered bond, in such a manner that the substitute claim is set-off partially or wholly against the claim under the intermediary loan of the issuer; or
- (ii) if necessary, sell to a third party a sufficient amount of collateral for covered bonds to comply with its obligations under the covered bonds.

## FORM OF THE COVERED BONDS

*Words and expressions defined in “Terms and Conditions of the Covered Bonds” herein shall have the same meanings in this “Form of the Covered Bonds”.*

The Covered Bonds of each Series will be in bearer form or, in the case of VP Systems Covered Bonds, uncertificated book entry form.

### Form of Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will initially be in the form of either a temporary global covered bond (the “**Temporary Global Covered Bond**”), without interest Coupons, or a permanent global covered bond (the “**Permanent Global Covered Bond**”), without interest Coupons, in each case as specified in the relevant Final Terms or Pricing Supplement. Each Temporary Global Covered Bond or, as the case may be, Permanent Global Covered Bond (each a “**Global Covered Bond**”) which is intended to be issued in CGCB form and not in NGCB form, as specified in the relevant Final Terms or Pricing Supplement, will be deposited on or around the issue date of the relevant Tranche of the Covered Bonds with a depositary or a common depositary for Euroclear and Clearstream, Luxembourg and each Global Covered Bond which is intended to be issued in NGCB form as specified in the relevant Final Terms or Pricing Supplement, will be deposited on or around the relevant issue date with a Common Safe-keeper for Euroclear and/or Clearstream, Luxembourg.

If the Covered Bonds have a maturity of more than 1 year, unless the relevant Final Terms or Pricing Supplement specifies that United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “**TEFRA C Rules**”) are applicable in relation to the Covered Bonds, United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor United States Treasury regulation section, including without limitation, successor regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “**TEFRA D Rules**”) will apply in relation to the Covered Bonds.

### Temporary Global Covered Bond exchangeable for Permanent Global Covered Bond

If the relevant Final Terms or Pricing Supplement specifies the form of Covered Bonds as being “Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond”, then the Covered Bonds will initially be in the form of a Temporary Global Covered Bond which will be exchangeable, in whole or in part, for interests in a Permanent Global Covered Bond, without interest Coupons, not earlier than forty days after the issue date of the relevant Tranche of the Covered Bonds upon certification as to non-U.S. beneficial ownership.

No payments will be made under the Temporary Global Covered Bond unless exchange for interests in the Permanent Global Covered Bond is improperly withheld or refused. In addition, interest payments in respect of the Covered Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Covered Bond is to be exchanged for an interest in a Permanent Global Covered Bond, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Covered Bond, duly authenticated and, in the case of a NGCB, effectuated, to the bearer of the Temporary Global Covered Bond or (in the case of any subsequent exchange of a part of the Temporary Global Covered Bond) an increase in the principal amount of the Permanent Global Covered Bond in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Covered Bond to or to the order of the Fiscal Agent; and
- (ii) in either case, receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Covered Bond shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; provided, however, that in no circumstances shall the principal amount of the Permanent Global Covered Bond exceed the initial principal amount of the Temporary Global Covered Bond.

#### **Temporary Global Covered Bond exchangeable for Definitive Covered Bonds**

If the relevant Final Terms or Pricing Supplement specifies the form of Covered Bonds as being “Temporary Global Covered Bond exchangeable for Definitive Covered Bonds” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Covered Bonds will initially be in the form of a Temporary Global Covered Bond which will be exchangeable, in whole but not in part, for Covered Bonds in definitive form (“**Definitive Covered Bonds**”) not earlier than forty days after the issue date of the relevant Tranche of the Covered Bonds.

If the relevant Final Terms or Pricing Supplement specifies the form of Covered Bonds as being “Temporary Global Covered Bond exchangeable for Definitive Covered Bonds” and the TEFRA D Rules are specified or are deemed to be applicable, then the Covered Bonds will initially be in the form of a Temporary Global Covered Bond which will be exchangeable, in whole or in part, for Definitive Covered Bonds not earlier than forty days after the issue date of the relevant Tranche of the Covered Bonds upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Covered Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Covered Bond is to be exchanged for Definitive Covered Bonds, the Issuer shall procure the delivery (free of charge to the bearer) of such Definitive Covered Bonds, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms or Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Covered Bond to the bearer of the Temporary Global Covered Bond against the surrender of the Temporary Global Covered Bond at the Specified Office of the Fiscal Agent within thirty days of the bearer requesting such exchange save that this paragraph shall not apply if the Final Terms or Pricing Supplement specifies denominations consisting of a minimum Specified Denomination plus one or more integral multiples of another smaller amount.

#### **Permanent Global Covered Bond exchangeable for Definitive Covered Bonds**

If the relevant Final Terms or Pricing Supplement specifies the form of Covered Bonds as being “Permanent Global Covered Bond exchangeable for Definitive Covered Bonds”, then the Covered Bonds will initially be in the form of a Permanent Global Covered Bond which will be exchangeable in whole, but not in part, for Definitive Covered Bonds:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms or Pricing Supplement; or
- (ii) at any time, if so specified in the relevant Final Terms or Pricing Supplement as being at the option of such holder of Permanent Global Covered Bond, upon such holder’s request save that, in relation to Bearer Covered Bonds, this paragraph (ii) shall not apply if the Final Terms or Pricing Supplement specifies denominations consisting of a minimum Specified Denomination plus one or more integral multiples of another smaller amount; or
- (iii) if the relevant Final Terms or Pricing Supplement specifies “in the limited circumstances described in the Permanent Global Covered Bond”, then if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so.

The Permanent Global Covered Bond will also become exchangeable, in whole but not in part and at the option of the Issuer, for Definitive Covered Bonds if, by reason of any change in the laws of Finland, the Issuer will be required to make any withholding or deduction from any payment in respect of the Covered Bonds which would not be required if the Covered Bonds were in definitive form.



Interest-bearing Definitive Covered Bonds will have attached thereto at the time of their initial delivery Coupons. Interest-bearing Definitive Covered Bonds, if so specified in the relevant Final Terms or Pricing Supplement, will have attached thereto at the time of their initial delivery, Talons for further coupons and the expression Coupons shall, where the context so requires, include Talons.

Whenever the Permanent Global Covered Bond is to be exchanged for Definitive Covered Bonds, the Issuer shall procure the delivery (free of charge to the bearer) of such Definitive Covered Bonds, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms or Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Covered Bond to the bearer of the Permanent Global Covered Bond against the surrender of the Permanent Global Covered Bond to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange save that paragraph (ii) above shall not apply if the Final Terms or Pricing Supplement specifies denominations consisting of a minimum Specified Denomination plus one or more integral multiples of another smaller amount.

If the Issuer does not make the required delivery of Definitive Covered Bonds by 6.00 p.m. (London time) on the day on which the relevant notice period expires or, as the case may be, the thirtieth day after the day on which such Permanent Global Covered Bond becomes due to be exchanged, such Permanent Global Covered Bond will become void in accordance with its terms but without prejudice to the rights conferred by the Deed of Covenant.

### **Terms and Conditions applicable to the Covered Bonds**

The Terms and Conditions applicable to any Covered Bond in global form or any Definitive Covered Bond will be endorsed on that Covered Bond and will consist of the Terms and Conditions set out under “Terms and Conditions of the Covered Bonds” below and the provisions of the relevant Final Terms which completes or (in the case of Exempt Covered Bonds only) the relevant Pricing Supplement which completes and/or amends and/or replaces those Terms and Conditions. For the purpose of any payments made in respect of a Covered Bond in global form, the relevant place of presentation shall be disregarded in the definition of “**Payment Business Day**” set out in Condition 2.1 (*Definitions*).

### **Legend concerning United States persons**

In the case of any Tranche of Bearer Covered Bonds having a maturity of more than one year, the Covered Bonds in global form and the Covered Bonds in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to in such legend provide that a United States person who holds a Covered Bond, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Covered Bond, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

### **Form of VP Systems Covered Bonds**

Each Tranche of VP Systems Covered Bonds will be issued in uncertificated and dematerialised book entry form. Legal title to the VP Systems Covered Bonds will be evidenced by book entries in the records of VP or Euroclear Finland (as the case may be). Issues of VP Systems Covered Bonds are the subject of the VP Systems Agency Agreement. On the issue of such VP Systems Covered Bonds, the Issuer will send a copy of the relevant Final Terms or Pricing Supplement to the Fiscal Agent, with a copy sent to the relevant VP Systems Agent. On delivery of the relevant Final Terms or Pricing Supplement by the relevant VP Systems Agent to VP or Euroclear Finland (as the case may be) and notification to VP or Euroclear Finland (as the case may be) of the subscribers and their VP or Euroclear Finland (as the case may be) account details by the relevant Dealer(s) and/or the relevant VP Systems Agent, acting on behalf of the Issuer, will give instructions to VP or Euroclear

Finland (as the case may be) to credit each subscribing account holder with VP or Euroclear Finland (as the case may be) with a nominal amount of VP Systems Covered Bonds equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VP Systems Covered Bonds in VP or Euroclear Finland (as the case may be) will take place in accordance with market practice at the time of the transaction. Transfers of interests in the relevant VP Systems Covered Bonds will take place in accordance with the rules and procedures for the time being of VP or Euroclear Finland (as the case may be).

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or VP or Euroclear Finland (as the case may be) shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Fiscal Agent, the other Paying Agents and the relevant Covered Bondholders.

Unless otherwise expressly stated, references to “Conditions” in this Base Prospectus are to the terms and conditions of the Covered Bonds in the section “*Terms and Conditions of the Covered Bonds*”.

## TERMS AND CONDITIONS OF THE COVERED BONDS

*The following are the Terms and Conditions of the Covered Bonds which, as completed by the relevant Final Terms or (in the case of Exempt Covered Bonds only) as completed and/or amended and/or replaced by the relevant Pricing Supplement, will be incorporated by reference into each global Covered Bond and each definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such definitive Covered Bond will have endorsed thereon or attached thereto such Terms and Conditions. The Terms and Conditions will also be applicable to each VP Systems Covered Bond. VP Systems Covered Bonds will not be evidenced by any physical covered bond or document of title other than statements of account made by VP or Euroclear Finland (as the case may be). Ownership of VP Systems Covered Bonds will be recorded and transfer effected only through the book entry system and register maintained by VP or Euroclear Finland (as the case may be).*

*The relevant Pricing Supplement in relation to any Tranche of Exempt Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, amend and/or replace the Terms and Conditions for the purpose of such Covered Bonds.*

*Reference should be made to “Form of the Covered Bonds” for a description of the content of the Final Terms or Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Covered Bonds.*

### 1. Introduction

1.1 *Agency Agreement:* This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Danske Mortgage Bank Plc (the “**Issuer**”) pursuant either to:

- (A) an Agency Agreement (as may be amended or supplemented from time to time, the “**Agency Agreement**”) dated 4 October 2018 between the Issuer, Citibank, N.A., London Branch as Fiscal Agent and the other agents named in it; or
- (B) in the case of VP Systems Covered Bonds, an agency agreement (as may be amended or supplemented from time to time, the “**VP Systems Agency Agreement**”) dated 4 October 2018 between the Issuer and the agents named in it and the Agency Agreement to the extent specified therein,

and, except in relation to VP Systems Covered Bonds, with the benefit of a Deed of Covenant (as may be amended or supplemented from time to time, the “**Deed of Covenant**”) dated 4 October 2018 executed by the Issuer in relation to the Covered Bonds.

1.2 References herein to the “**Covered Bonds**” shall be references to the Covered Bonds of this Series and shall mean:

- (i) in relation to any Covered Bonds represented by a global Covered Bond, units of the lowest Specified Denomination in the Specified Currency;
- (ii) (in the case of Bearer Covered Bonds) definitive Bearer Covered Bonds issued in exchange (or part exchange) for a global Covered Bond;
- (iii) any global Covered Bond; and
- (iv) VP Systems Covered Bonds.

References herein to the “**Exempt Covered Bonds**” are to Covered Bonds for which no prospectus is required to be published under the Prospectus Directive.

- 1.3 *Fiscal and Paying Agent:* The fiscal agent, the paying agents and the calculations agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent) and the “**Calculation Agent(s)**”. Each Tranche of VP Systems Covered Bonds will be created and held in uncertificated book entry form in accounts with VP or Euroclear Finland (as the case may be). The relevant VP Systems Agent will act as agent of the Issuer in respect of all dealings with VP or Euroclear Finland (as the case may be) in respect of relevant VP Systems Covered Bonds.
- 1.4 *Interest Bearing Covered Bonds:* Interest bearing definitive Bearer Covered Bonds have interest coupons (“**Coupons**”) and, if specified in the relevant Final Terms or Pricing Supplement, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.
- 1.5 *Final Terms or Pricing Supplement:* Each Tranche of Covered Bonds other than Exempt Covered Bonds is the subject of a final terms document (the “**Final Terms**”) which completes these Terms and Conditions (the “**Conditions**”). Each Tranche of Exempt Covered Bonds is the subject of a pricing supplement (the “**Pricing Supplement**”) which completes and/or amends and/or replaces these Conditions. References to the “relevant Final Terms” or “relevant Pricing Supplement” are to the Final Terms or Pricing Supplement (or the relevant provisions thereof) which are (except in the case of VP Systems Covered Bonds) attached to or endorsed on this Covered Bond. The terms and conditions applicable to any particular Tranche of Covered Bonds are these Conditions as completed by the relevant Final Terms or (in the case of Exempt Covered Bonds only) as completed and/or amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Final Terms or Pricing Supplement, the relevant Final Terms or Pricing Supplement shall prevail.
- 1.6 *Summaries:* The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement. Copies of the Agency Agreement, the VP Systems Agency Agreement and the Deed of Covenant are obtainable during normal business hours at the Specified Office of each of the Paying Agents. If this Covered Bond is admitted to trading on Euronext Dublin’s regulated market, the relevant Final Terms will be available for viewing on the website of Euronext Dublin at [www.ise.ie/Debt-Securities/Individual-Debt-Securities-Data](http://www.ise.ie/Debt-Securities/Individual-Debt-Securities-Data). The Covered Bondholders and the Couponholders are deemed to have notice of all the provisions of the Agency Agreement and the relevant Final Terms or Pricing Supplement which are applicable to them.

## 2. Interpretation

- 2.1 *Definitions:* In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Adjustment Spread**” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the relevant Independent Adviser or the Issuer (as applicable) determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Covered Bondholders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer

(as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or

if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

“**Alternative Reference Rate**” means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of covered bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Reference Rate;

“**Applicable Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms or Pricing Supplement;

“**Applicable Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms or Pricing Supplement;

“**Bearer Covered Bonds**” means Covered Bonds issued in bearer form;

“**Business Day**” means:

- (i) in the case of Interest Determination Dates only, where the relevant Final Terms or Pricing Supplement specifies a “Business Day” preceded by a city for the purposes of the Interest Determination Date(s), a day on which commercial banks and foreign exchange markets are open for general business (including dealing in foreign exchange and foreign currency deposits) in that city; and
- (ii) in all other cases, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Applicable Business Centre, and if TARGET is an Applicable Business Centre, a TARGET Settlement Day;

“**Business Day Convention**”, in relation to any particular date, shall be as specified in the relevant Final Terms or Pricing Supplement and, if so specified in the relevant Final Terms or Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

- (iv) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms or Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
- (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Agent**” means the Fiscal Agent or such other Person specified in the relevant Final Terms or Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms or Pricing Supplement;

“**Calculation Amount**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Call Option**” has the meaning ascribed to such term in the Final Terms or Pricing Supplement;

“**Clearing System Business Day**” means any day other than (i) Saturdays and Sundays and (ii) 1 January and 25 December;

“**Clearstream, Luxembourg**” means Clearstream Banking S.A.;

“**Couponholders**” means the holders of the Coupons, and such expression shall, unless the context otherwise requires, include the holders of Talons;

“**Covered Bondholders**” means the holders for the time being of the Covered Bonds, and such expression shall in relation to any Covered Bonds represented by a global Covered Bond and in relation to VP Systems Covered Bonds, be construed as provided below;

“**Covered Bonds Act**” means Act on Mortgage Credit Bank Operations (*Laki kiinnitysluottopankkitoiminnasta, 688/2010*), as may be supplemented, amended, modified or varied from time to time;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Covered Bond for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period) (the “**Calculation Period**”):

- (i) if “**Actual/Actual (ICMA)**” is specified hereon,
  - (a) if the Calculation Period is equal to or shorter than the Regular Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Regular Period and (y) the number of Regular Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Regular Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (ii) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DayCount Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DayCount Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30; and

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DayCount Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D<sub>2</sub>** will be 30;

“**Designated Maturity**” means, in respect of any Covered Bond for which (i) the Floating Rate Covered Bond Provisions are specified in the relevant Final Terms or Pricing Supplement as being applicable and (ii) Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms or Pricing Supplement, the period of time designated in the relevant Reference Rate;

“**Early Redemption Amount (Tax)**” means, in respect of any Covered Bond, its Outstanding Principal Amount or such other amount as may be specified in, or calculated or determined in accordance with, these Conditions or the relevant Final Terms or Pricing Supplement;

“**Early Termination Amount**” means, in respect of any Covered Bond, its Outstanding Principal Amount or such other amount as may be specified in, or calculated or determined in accordance with, these Conditions or the relevant Final Terms or Pricing Supplement;

“**EONIA**” means the euro overnight index average rate;

“**Euroclear**” means Euroclear Bank SA/NV;

“**Euroclear Finland**” means Euroclear Finland Oy, the Finnish central securities depository;

“**Exempt Covered Bonds**” shall have the meaning given to it in Condition 1.2;

“**Extended Maturity Date**” means the date falling no later than twelve months from the Maturity Date of the Covered Bonds, subject to any adjustments as specified in the relevant Final Terms or Pricing Supplement;

“**Extraordinary Resolution**” has the meaning given in the Agency Agreement;



“**Final Redemption Amount**” means, in respect of any Covered Bond, its Outstanding Principal Amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms or Pricing Supplement;

“**Fixed Coupon Amount**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

“**Interest Amount**” means, in relation to a Calculation Amount and an Interest Period, the amount of interest payable in respect of the Calculation Amount for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms or Pricing Supplement;

“**Interest Determination Date**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Interest Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms or Pricing Supplement and, if a Business Day Convention is specified in the relevant Final Terms or Pricing Supplement:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms or Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“**Interest Period**” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“**ISDA Definitions**” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the relevant Final Terms or Pricing Supplement)) as published by the International Swaps and Derivatives Association, Inc.;

“**Issue Date**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Issuer Cover Pool**” means the pool of assets maintained by the Issuer which has the benefit of a statutory preference under the Covered Bonds Act;

“**Margin**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Maturity Date**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Maximum Redemption Amount**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Member States**” means the member states of the European Economic Area;

“**Minimum Redemption Amount**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Optional Redemption Amount (Call)**” means, in respect of any Covered Bond, its Outstanding Principal Amount, or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms or Pricing Supplement;

“**Optional Redemption Amount (Put)**” means, in respect of any Covered Bond, its Outstanding Principal Amount, or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms or Pricing Supplement;

“**Optional Redemption Date (Call)**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Optional Redemption Date (Put)**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Outstanding Principal Amount**” means, in respect of a Covered Bond, its principal amount outstanding or otherwise as specified in the Final Terms or Pricing Supplement;

“**Payment Business Day**” means:

- (i) if relevant, a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and commercial banks and foreign exchange markets settle payments generally; and
- (ii) in the case of payment by transfer to an account, a day on which commercial banks and foreign exchange markets settle payments generally in each Applicable Financial Centre, and if TARGET is an Applicable Financial Centre, a TARGET Settlement Day;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Prospectus Directive**” means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in a relevant Member State of the European Economic Area;

“**Put Option Notice**” means a notice, in the form available from the Specified Office of any Paying Agent, which must be delivered to a Paying Agent by any Covered Bondholder wanting to exercise its right to require the Issuer to redeem a Covered Bond;

“**Put Option Receipt**” means a receipt issued by a Paying Agent to a depositing Covered Bondholder upon deposit of a Covered Bond with such Paying Agent by any Covered Bondholder wanting to exercise its right to require the Issuer to redeem a Covered Bond;

“**Rate of Interest**” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Covered Bonds specified in the relevant Final Terms or Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms or Pricing Supplement and subject, at all times, if any such rate is below zero, that such rate will be deemed to be zero, unless otherwise stated in the relevant Final Terms or Pricing Supplement;

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, these Conditions or the relevant Final Terms or Pricing Supplement;

“**Reference Banks**” has the meaning given in the relevant Final Terms or Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

“**Reference Price**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Reference Rate**” has the meaning given in the relevant Final Terms or Pricing Supplement, subject as provided in Condition 5.2.4 (*Reference Rate Replacement*). In the case of Covered Bonds other than Exempt Covered Bonds, the Reference Rate shall be any one of LIBOR, EURIBOR or EONIA, subject as provided in Condition 5.2.4 (*Reference Rate Replacement*);

“**Register**” means the register established and maintained by the Issuer pursuant to the Covered Bonds Act;

**“Regular Period”** means:

- (i) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**“Relevant Banking Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in the place of presentation of the relevant Covered Bond or, as the case may be, Coupon;

**“Relevant Date”** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Applicable Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Covered Bondholders;

**“Relevant Financial Centre”** has the meaning given in the relevant Final Terms or Pricing Supplement;

**“Relevant Nominating Body”** means, in respect of a reference rate:

- (i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof;

**“Relevant Screen Page”** means the page, section or other part of a particular information service (including, without limitation, the Reuter Money 3000 Service) specified as the Relevant Screen Page in the relevant Final Terms or Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**“Relevant Time”** has the meaning given in the relevant Final Terms or Pricing Supplement;

**“Series”** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing) except for their respective Issue Dates, the date of the first payment of interest, if any, the amount and/or the Issue Price;

**“Specified Currency”** has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Specified Office**” has the meaning given in the Agency Agreement;

“**Specified Period**” has the meaning given in the relevant Final Terms or Pricing Supplement;

“**Successor Reference Rate**” means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body;

“**Talon**” means a talon for further Coupons;

“**TARGET Settlement Day**” means any day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) System (“**TARGET**”) which was launched on 19 November 2007 or any successor thereto is open for the settlement of payments in euro;

“**Tranche**” means Covered Bonds which are identical in all respects (including as to listing);

“**Treaty**” means the Treaty on the Functioning of the European Union, as amended;

“**VP**” means VP Securities Services (*Værdipapircentralen A/S*), the Danish central securities depository;

“**VP Systems Agent**” means:

- (a) in the case of VP Systems Covered Bonds cleared through VP, Danske Bank A/S; or
- (b) in the case of VP Systems Covered Bonds cleared through Euroclear Finland, Danske Bank A/S, Finland Branch,

and such expression shall, in either case, include any successor of such agent;

“**VP Systems Covered Bonds**” means Covered Bonds issued in uncertificated book entry form cleared through VP or Euroclear Finland (as the case may be); and

“**Zero Coupon Covered Bonds**” means a Covered Bond specified as such in the relevant Final Terms or Pricing Supplement.

## 2.2 *Interpretation:* In these Conditions:

- (i) Covered Bonds and Covered Bondholders shall be deemed to include references to Coupons and Coupon-holders, respectively, where relevant;
- (ii) if Talons are specified in the relevant Final Terms or Pricing Supplement as being attached to the Covered Bonds at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms or Pricing Supplement as being attached to the Covered Bonds at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*), any premium payable in respect of a Covered Bond and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 8 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Covered Bonds being “outstanding” shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the relevant Final Terms or Pricing Supplement, but the relevant Final Terms or Pricing

Supplement gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Covered Bonds;

- (viii) any reference to the Agency Agreement or the Deed of Covenant shall be construed as a reference to the Agency Agreement or the Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Covered Bonds;
- (ix) VP Systems Covered Bonds are in dematerialised form, and any references in these Conditions to Coupons and Talons shall not apply to VP Systems Covered Bonds and no global or definitive Covered Bonds will be issued in respect thereof; and
- (x) if the Covered Bonds are Zero Coupon Covered Bonds, references to Coupons and Couponholders are not applicable.

2.3 *Final Terms or Pricing Supplement prevails:* Words and expressions defined in the Agency Agreement or used in the relevant Final Terms or Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that in the event of any inconsistency between the Agency Agreement and the relevant Final Terms or Pricing Supplement, the relevant Final Terms or Pricing Supplement will prevail.

### **3. Form, Denomination and Title**

3.1 *Form of the Covered Bonds:* The Covered Bonds are issued in bearer form (the Bearer Covered Bonds) or, in the case of VP Systems Covered Bonds, uncertificated book entry form as specified in the relevant Final Terms or Pricing Supplement and, in the case of definitive Covered Bonds, serially numbered, in the Specified Currency and the Specified Denomination(s).

3.2 *No Exchange:* VP Systems Covered Bonds may not be exchanged for Bearer Covered Bonds and vice versa.

The Covered Bonds are Fixed Rate Covered Bonds, Floating Rate Covered Bonds, Zero Coupon Covered Bonds or a combination of any of the foregoing, depending upon the Interest Basis shown in the relevant Final Terms or Pricing Supplement.

3.3 *Title to Covered Bond in definitive form:* Subject as set out below, title to the Bearer Covered Bonds and Coupons will pass by delivery. The Issuer and the Replacement Agent (as defined in the Agency Agreement) and any Paying Agent may deem and treat the bearer of any Bearer Covered Bond or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes however, in the case of any global Covered Bond, without prejudice to the provisions set out in Condition 3.4 (*Title to Global Covered Bond*).

3.4 *Title to Global Covered Bond:* For so long as any of the Covered Bonds is represented by a global Covered Bond held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by such clearing system as to the nominal amount of such Covered Bonds standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes, including any form of statement or print out of electronic records provided by the relevant clearing system in accordance with its usual procedures and in which the holder of a particular nominal amount of such Covered Bonds is clearly identified together with the amount of such holding) shall be treated by the Issuer, the Fiscal Agent, the Replacement Agent and any other Paying Agent as the holder of such nominal amount of such Covered Bonds for all purposes other than (in the case only of Covered Bonds not being VP Systems Covered Bonds) with respect to the payment of principal or interest on the Covered Bonds, for which purpose, in the case of Covered Bonds represented by a global Covered Bond, the bearer of the relevant global

Covered Bond shall be treated by the Issuer, the Fiscal Agent and any other Paying Agent as the holder of such Covered Bonds in accordance with and subject to the terms of the relevant global Covered Bond and the expressions “Covered Bondholder” and “Covered Bondholders” and related expressions shall be construed accordingly.

- 3.5 *Title to VP Systems Covered Bonds:* Title to the VP Systems Covered Bonds will pass by registration in the registers between the direct or indirect accountholders at VP or Euroclear Finland (as the case may be) in accordance with the rules and procedures of VP or Euroclear Finland (as the case may be). Where a nominee is so evidenced, it shall be treated by the Issuer as the holder of the relevant VP Systems Covered Bond. The holder of a VP Systems Covered Bond will be the person evidenced as such by a book entry in the records of VP or Euroclear Finland (as the case may be).

#### **4. Status of the Covered Bonds**

The Covered Bonds constitute unsubordinated obligations issued in accordance with, and subject to, the Covered Bonds Act and rank *pari passu* among themselves and with all other obligations of the Issuer which benefit from the same priority right in the Issuer Cover Pool as the Covered Bonds under the Finnish Act on Priority over Creditors (*Laki velkojien maksunsaantijärjestyksestä* 1578/1992), as amended and the Covered Bonds Act. To the extent claims in relation to the Covered Bonds and other claims with the same priority are not met out of the Issuer Cover Pool or the proceeds arising from it, the residual claims will rank *pari passu* with the claims of ordinary unsecured and unsubordinated creditors of the Issuer.

#### **5. Interest**

##### *5.1 Interest on Fixed Rate Covered Bonds*

- 5.1.1 *Interest:* Each Fixed Rate Covered Bond bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

- 5.1.2 *Fixed Coupon Amount and Broken Amount:* Except as provided in the relevant Final Terms or Pricing Supplement, the amount of interest payable in respect of the Calculation Amount for any Interest Period shall be the relevant Fixed Coupon Amount or the relevant Broken Amount, as the case may be. Where the Specified Denomination of a Covered Bond is the Calculation Amount, the amount of interest payable in respect of such Covered Bond shall be the relevant Fixed Coupon Amount or the relevant Broken Amount, as the case may be. Where the Specified Denomination of a Covered Bond comprises more than one Calculation Amount, the amount of interest payable in respect of such Covered Bond shall be the aggregate of the Fixed Coupon Amounts or the Broken Amounts, as the case may be, for each Calculation Amount comprising the Specified Denomination.

- 5.1.3 *Calculation of Interest Amount:* If interest is required to be calculated for a period other than an Interest Period or if no Fixed Coupon Amount or Broken Amount is specified in the relevant Final Terms or Pricing Supplement, the amount of interest payable per Calculation Amount shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product thereof by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Covered Bond is the Calculation Amount, the amount of interest payable in respect of such Covered Bond shall be the amount (determined in the manner provided above) for the Calculation Amount. Where the Specified Denomination of a Covered Bond comprises more than one Calculation Amount, the amount of interest payable in respect of such Covered Bond shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination, without any further rounding.

## 5.2 *Interest on Floating Rate Covered Bonds*

5.2.1 *Interest:* Each Floating Rate Covered Bond bears interest at the Rate(s) of Interest as specified in the relevant Final Terms or Pricing Supplement on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear for each Interest Period on either:

- (i) the Interest Payment Date(s) in each year specified in the relevant Final Terms or Pricing Supplement; or
- (ii) if no Interest Payment Date(s) is/are specified in the relevant Final Terms or Pricing Supplement, each date, which falls the number of months or other period specified as the Specified Period in the relevant Final Terms or Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

5.2.2 *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms or Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate(s) of Interest applicable to the Covered Bonds for each Interest Period will be the relevant ISDA Rate plus or minus (as specified in the relevant Final Terms or Pricing Supplement) the Margin (if any). For the purposes of this Condition 5.2.2, “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent was acting as Calculation Agent (as such term is defined in the ISDA Definitions) for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option is as specified in the relevant Final Terms or Pricing Supplement;
- (ii) the Designated Maturity is a period specified in the relevant Final Terms or Pricing Supplement; and
- (iii) the relevant Reset Date is the day specified in the relevant Final Terms or Pricing Supplement.

For the purposes of this Condition 5.2.2, “Floating Rate”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

5.2.3 *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms or Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of Condition 5.2.3(i) above, such rate does not appear on that page or, in the case of Condition 5.2.3(ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (a) request the principal Relevant Financial Centre office of each the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (b) determine the arithmetic mean of such quotations; and

- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Covered Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Covered Bonds in respect of the last preceding Interest Period.

#### 5.2.4 Reference Rate Replacement:

If:

- (i) Reference Rate Replacement is specified in the relevant Final Terms or Pricing Supplement as being applicable and Screen Rate Determination is specified in the relevant Final Terms or Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined; and
- (ii) notwithstanding the provisions of Condition 5.2.3 (*Screen Rate Determination*), the Calculation Agent (in consultation with the Issuer) determines that the Reference Rate has ceased to be published on the Relevant Screen Page as a result of the Reference Rate ceasing to be calculated or administered when any Rate of Interest (or component thereof) remains to be determined by reference to the Reference Rate,

then the following provisions shall apply to the relevant Series of Covered Bonds:

- (a) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine:
  - (A) a Successor Reference Rate; or
  - (B) if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**IA Determination Cut-off Date**”), for the purposes of determining the Rate of Interest applicable to the Covered Bonds for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 5.2.4 during any other future Interest Period(s));

- (b) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer fails to determine a Successor Reference Rate or an Alternative Reference Rate (as applicable) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine:
  - (A) a Successor Reference Rate; or
  - (B) if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**Issuer Determination**”



**Cut-off Date**”), for the purposes of determining the Rate of Interest applicable to the Covered Bonds for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 5.2.4 during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

- (c) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 5.2.4:
  - (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.2.4);
  - (B) if the relevant Independent Adviser or the Issuer (as applicable):
    - (x) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.2.4); or
    - (y) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5.2.4); and
  - (C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:
    - (x) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) the Applicable Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre, Relevant Screen Page and/or Relevant Time applicable to the Covered Bonds and (2) the method for determining the fallback to the Rate of Interest in relation to the Covered Bonds if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
    - (y) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Covered Bonds for all future Interest Periods (subject to the subsequent operation of this Condition 5.2.4); and

- (d) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 5.2.4(c)(C) to the Fiscal Agent, (in the case of VP System Covered Bonds) the relevant VP Systems Agent, the Calculation Agent and the Covered Bondholders in accordance with Condition 12 (*Notices*).

No consent of the Covered Bondholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 5.2.4 or such other relevant changes pursuant to Condition 5.2.4(c)(C), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement and/or (if applicable) the VP Systems Agreement (if required).

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 5.2.4 prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 5.2.3 (*Screen Rate Determination*).

- 5.2.5 *Linear Interpolation*: Where Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms or Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the relevant Final Terms or Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.
- 5.2.6 *Maximum or Minimum Rate of Interest*: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms or Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- 5.2.7 *Determination of Rate of Interest and Calculation of Interest Amounts*: The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period and will calculate the amount of interest (the “**Interest Amount**”) payable per Covered Bond in respect of the Floating Rate Covered Bonds for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Covered Bond for any Interest Period shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product thereof by the applicable Day Count Fraction for such Interest Period, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. Where the Specified Denomination of a Covered Bond is the Calculation Amount, the amount of interest payable in respect of such Covered Bond shall be the amount (determined in the manner provided above) for the Calculation Amount. Where the Specified Denomination of a Covered Bond comprises more than one Calculation Amount, the amount of interest payable in respect of such Covered Bond shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination, without any further rounding.
- 5.2.8 *Notification of Rate of Interest and Interest Amounts*: The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be

notified to the Issuer, the Fiscal Agent, each of the other Paying Agents, the Covered Bondholders and any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and, in the case of VP Systems Covered Bonds, VP or Euroclear Finland (as the case may be) and the relevant VP Systems Agent (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Covered Bonds have been admitted to listing or trading are for the time being listed and to the Covered Bondholders in accordance with Condition 12 (*Notices*).

- 5.2.9 *Certificates to be Final*: All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, by the Calculation Agent or, in the circumstances described in Condition 5.2.4 (*Reference Rate Replacement*), an Independent Adviser shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the other Paying Agents, the relevant VP Systems Agent (if applicable), the Calculation Agent (if applicable) and all Covered Bondholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Covered Bondholders or the Couponholders shall attach to the Calculation Agent or, if applicable, such Independent Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.
- 5.3 *Accrual of Interest*: Subject as provided in Condition 5.4 (*Interest Payments up to the Extended Maturity Date*), each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue in accordance with these Conditions.
- 5.4 *Interest Payments up to the Extended Maturity Date*: If an Extended Maturity Date is specified in the relevant Final Terms or Pricing Supplement as applying to a Series of Covered Bonds and the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with Condition 7.9 (*Extension of Maturity Date*):
- (i) the Covered Bonds shall bear interest from (and including) the Maturity Date to (but excluding) the Extended Maturity Date or, if the Covered Bonds are redeemed prior to the Extended Maturity Date, the Interest Payment Date on which they are redeemed, subject to Condition 5.3 (*Accrual of Interest*). In that event, interest shall be payable on those Covered Bonds at the rate determined in accordance with Condition 5.4(ii) on the principal amount outstanding of the Covered Bonds on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the relevant Final Terms or Pricing Supplement. The final Interest Payment Date shall fall no later than the Extended Maturity Date;
  - (ii) the rate of interest payable from time to time under Condition 5.4(i) will be as specified in the relevant Final Terms or Pricing Supplement and, where applicable, determined by the Calculation Agent so specified, three Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the relevant Final Terms or Pricing Supplement; and
  - (iii) in the case of Covered Bonds which are Zero Coupon Covered Bonds, for the purposes of this Condition 5.4, the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

## 6. Payments

### 6.1 *Method of Payment:* Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account denominated in that currency and maintained by the payee with, a bank in the Applicable Financial Centre of that currency; and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

All payments in respect of the Covered Bonds are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto. References to “Specified Currency” will include any successor currency under applicable law.

### 6.2 *Presentation of Covered Bonds and Coupons:*

6.2.1 *Covered Bonds:* Payments of principal in respect of definitive Bearer Covered Bonds will (subject as provided below) be made in the manner provided in Condition 6.1 (*Method of Payment*) above only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of definitive Bearer Covered Bonds, and payments of interest in respect of definitive Bearer Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of Coupons, in each case at the Specified Office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

6.2.2 *Coupons for Fixed Rate Covered Bonds:* Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

6.2.3 *Coupons for Floating Rate or Long Maturity Covered Bonds:* Upon the date on which any Floating Rate Covered Bond or Long Maturity Covered Bond in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Covered Bond**” is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long

Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Covered Bond.

- 6.2.4 *Payments other than in respect of Matured Coupons:* If the due date for redemption of any definitive Bearer Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such definitive Bearer Covered Bond from (and including) the preceding Interest Payment Date or Interest Commencement Date, as the case may be, shall be payable only against surrender of the relevant definitive Bearer Covered Bond.
- 6.2.5 *Global Covered Bonds:* Payments of principal and interest (if any) in respect of Covered Bonds represented by any global Covered Bond will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Covered Bonds and otherwise in the manner specified in the relevant global Covered Bond against presentation or surrender, as the case may be, of such global Covered Bond at the Specified Office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of such global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such global Covered Bond by such Paying Agent and such record shall be prima facie evidence that the payment in question has been made.
- 6.2.6 *Entitlement to Payment in respect of global Covered Bonds:* The holder of a global Covered Bond shall be the only person entitled to receive payments in respect of Covered Bonds represented by such global Covered Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such global Covered Bond in respect of each amount so paid. Each of the persons shown in the records of Euroclear and Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Covered Bonds represented by such global Covered Bond must look solely to Euroclear and Clearstream, Luxembourg for its share of each payment so made by the Issuer to, or to the order of, the holder of such global Covered Bond.
- 6.2.7 *Payments in New York City:* Notwithstanding Condition 6.2.6 (*Entitlement to Payment in respect of global Covered Bonds*), if any amount of principal and/or interest in respect of Bearer Covered Bonds is payable in U.S. Dollars, such U.S. Dollar payments of principal and/or interest in respect of such Bearer Covered Bonds will be made at the Specified Office of a Paying Agent in the United States if:
- (i) the Issuer has appointed Paying Agents with Specified Offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such Specified Offices outside the United States of the full amount of principal and interest on the Covered Bonds in the manner provided above when due;
  - (ii) payment of the full amount of such principal and interest at all such Specified Offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and
  - (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.
- 6.2.8 *VP Systems Covered Bonds:* Payments of principal and interest in respect of VP Systems Covered Bonds will be made to the Covered Bondholders shown in the relevant records of VP or Euroclear Finland (as the case may be) in accordance with and subject to the rules and regulations from time to time governing VP or Euroclear Finland (as the case may be).
- 6.3 *Payment Date:* If the due date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Business Day, the holder thereof shall not be entitled to payment until the next following Payment Business Day in the relevant place and shall not be entitled to any further interest or other payment in respect of such delay.
- 6.4 *Exchange of Talons:* On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the Specified Office of the Fiscal Agent or any other Paying Agent in exchange for a further Coupon

sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

## 7. Redemption and Purchase

7.1 *Scheduled Redemption*: Unless previously redeemed or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the relevant Final Terms or Pricing Supplement in the relevant Specified Currency on the Maturity Date, subject as provided below if an Extended Maturity Date is specified in the relevant Final Terms or Pricing Supplement.

7.2 *Redemption for Tax Reasons*: The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving no less than thirty nor more than sixty days' notice to the Fiscal Agent (and, in the case of VP Systems Covered Bonds, to the relevant VP Systems Agent) and, in accordance with Condition 12 (*Notices*), to the Covered Bondholders (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Finland or any political subdivision or any authority thereof or any authority or agency therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Covered Bonds; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than ninety days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due. Covered Bonds redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.5 (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 *Redemption at the Option of the Issuer (Call Option)*: If the Call Option is specified in the relevant Final Terms or Pricing Supplement, the Issuer shall, having given not less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms or Pricing Supplement to the Covered Bondholders in accordance with Condition 12 (*Notices*) (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date (Call) and at the Optional Redemption Amount (Call) specified in, or determined in the manner specified in, the relevant Final Terms or Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date (Call). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Maximum Redemption Amount in each case as may be specified in the relevant Final Terms or Pricing Supplement. In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed ("**Redeemed Covered Bonds**") will be (i) selected individually by lot without involving any part only of a Bearer Covered Bond, in the case of Redeemed Covered Bonds represented by definitive Covered Bonds; (ii) selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), as the case may be, in the case of Redeemed Covered Bonds represented by a global Covered Bond and (iii) selected in accordance with the rules of VP or Euroclear Finland (as the case may be) in the case of VP Systems Covered Bonds (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Covered Bonds represented by definitive Covered Bonds,

a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 12 (*Notices*) not less than fifteen days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by definitive Covered Bonds shall be (so far as may be practicable) pro rata to their principal amounts, provided always that the amount redeemed in respect of each Covered Bond shall be equal to the minimum denomination thereof or an integral multiple thereof, subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange or quotation systems on which the Covered Bonds may be listed, traded or quoted. No exchange of the relevant global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 12 (*Notices*) at least five days prior to the Selection Date.

7.4 *Redemption at the Option of the Covered Bondholders (Put Option)*: If the Put Option is specified in the relevant Final Terms or Pricing Supplement, upon the holder of any Covered Bond giving to the Issuer in accordance with Condition 12 (*Notices*) not less than the minimum nor more than the maximum period of notice specified in the relevant Final Terms or Pricing Supplement, the Issuer will, upon the expiry of such notice, redeem, in whole (but not in part), such Covered Bond on the Optional Redemption Date (Put) and at the Optional Redemption Amount (Put) together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date (Put).

If the Covered Bond is in definitive form and held outside Euroclear and/or Clearstream, Luxembourg (as the case may be) to exercise the right to require redemption of this Covered Bond, the Covered Bondholder must deliver such Covered Bond at the Specified Office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any Specified Office of any Paying Agent (a “**Put Option Notice**”) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 7.

If the Covered Bond is represented by a global Covered Bond or is a Covered Bond in definitive form and held through Euroclear and/or Clearstream, Luxembourg, to exercise the right to require redemption of this Covered Bond, the Covered Bondholder must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (as the case may be) (which may include notice being given on its instruction by Euroclear and/or Clearstream, Luxembourg or any common depositary for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear and/or Clearstream, Luxembourg (as the case may be), from time to time and, if this Covered Bond is represented by a global Covered Bond in bearer form, at the same time present or procure the presentation of the relevant global Covered Bond to the Fiscal Agent for notation accordingly.

If the Covered Bond is a VP Systems Covered Bond, to exercise the right to require redemption of the VP Systems Covered Bonds, the holder of the VP Systems Covered Bonds, must, within the notice period, give notice to the relevant VP Systems Agent of such exercise in accordance with the standard procedures of VP or Euroclear Finland (as the case may be) from time to time.

Any Put Option Notice given by any Covered Bondholder shall be irrevocable.

7.5 *Early Redemption Amounts*: For the purpose of Condition 7.2 (*Redemption for Tax Reasons*) above, the relevant Series of Covered Bonds will be redeemed at the Early Redemption Amount as follows:

- (i) at their Early Redemption Amount (Tax), together with accrued interest (if any) thereon; or
- (ii) in the case of Zero Coupon Covered Bonds, at an amount equal to the sum of (A) the Reference Price; and (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Covered Bond becomes due and payable; provided that, where such calculation is to be made for a period which is not

a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms or Pricing Supplement for the purposes of this Condition 7.5 or, if none is so specified, a Day Count Fraction of 30E/360; or

- (iii) on such other calculation basis as may be specified in the relevant Final Terms or Pricing Supplement.

7.6 *Purchases:* The Issuer, or any of its Subsidiaries may at any time purchase beneficially or procure others to purchase beneficially for its account Covered Bonds (provided that, in the case of definitive Bearer Covered Bonds, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Covered Bonds purchased by or on behalf of the Issuer or any of its Subsidiaries may be held, reissued, resold or surrendered to any Paying Agent for cancellation.

7.7 *Cancellation:* All Covered Bonds which are redeemed will forthwith be cancelled (together with, in the case of definitive Bearer Covered Bonds, all unmatured Coupons attached thereto or surrendered therewith at the time of redemption). The details of all Covered Bonds so cancelled and any Covered Bonds purchased and cancelled pursuant to Condition 7.6 (*Purchases*) (together, in the case of definitive Bearer Covered Bonds, with all unmatured Coupons cancelled therewith) shall be forwarded to the Fiscal Agent and, in the case of VP Systems Covered Bonds, shall be deleted from the records of VP or Euroclear Finland (as the case may be) and cannot be reissued or resold.

7.8 *Late payment on Zero Coupon Covered Bonds:* If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Conditions 7.1 (*Scheduled Redemption*), 7.2 (*Redemption for Tax Reasons*), 7.3 (*Redemption at the Option of the Issuer (Call Option)*) or 7.4 (*Redemption at the Option of the Covered Bondholders (Put Option)*) above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in Condition 7.5(ii) above as though the references therein to the date fixed for the redemption were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Fiscal Agent and notice to that effect has been given to the Covered Bondholders in accordance with Condition 12 (*Notices*).

7.9 *Extension of Maturity Date:*

- (i) *Extended Maturity Date:* An Extended Maturity Date shall be specified in the relevant Final Terms or Pricing Supplement as applying to each Series of Covered Bonds unless to do so would result in the Issuer being unable to obtain the relevant credit rating(s) from the relevant rating agencies appointed by the Issuer at the relevant time in respect of a Series of Covered Bonds.
- (ii) *Automatic Extension:* If an Extended Maturity Date is specified in the relevant Final Terms or Pricing Supplement as applying to a Series of Covered Bonds and the Issuer fails to redeem the relevant Covered Bonds in full on the Maturity Date or within three Business Days thereafter, the maturity of the outstanding Covered Bonds and the date on which such Covered Bonds will be due and repayable for the purposes of these Conditions will be automatically extended up to but no later than the Extended Maturity Date, (A) subject as otherwise provided for in the relevant Final Terms or Pricing Supplement, and (B) provided that, (unless to do so would result in the Issuer being unable to maintain the relevant credit rating(s) from the relevant rating agencies appointed by the Issuer at the relevant time in respect of such Series of



Covered Bonds) the Issuer may impose restrictions (which restrictions shall be effective upon notice being given to the Covered Bondholders as described below) on the circumstances in which such automatic extension can apply if it determines in its sole and absolute discretion that such restrictions are required to ensure that the relevant Covered Bonds remain compliant with the Covered Bonds Act. If the Issuer imposes restrictions on the circumstances in which such automatic extension can apply as described above, the Issuer shall give notice (which notice shall be irrevocable) to the Covered Bondholders (in accordance with Condition 12 (*Notices*)) and the Paying Agents at least five Business Days prior to the Maturity Date.

In the event that the maturity is automatically extended, the Issuer may redeem all or any part of the principal amount outstanding of the Covered Bonds on any Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the relevant Final Terms or Pricing Supplement. If the Maturity Date is extended in accordance with this Condition 7.9, the Issuer shall give notice to the Covered Bondholders (in accordance with Condition 12 (*Notices*)) and the Paying Agents of its intention to redeem all or any of the principal amount outstanding of the Covered Bonds at least five Business Days prior to the relevant Interest Payment Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date, or give rise to rights to any such person.

- (iii) *Zero Coupon Bonds*: In the case of Covered Bonds which are Zero Coupon Covered Bonds to which an Extended Maturity Date is specified under the relevant Final Terms or Pricing Supplement, for the purposes of this Condition 7.9 the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.
- (iv) *Extension Irrevocable*: Any extension of the maturity of Covered Bonds under this Condition 7.9 shall be irrevocable. Where this Condition 7.9 applies, any failure to redeem the Covered Bonds on the Maturity Date or any extension of the maturity of Covered Bonds under this Condition 7.9 shall not constitute an event of default or acceleration of payment for any purpose or give any Covered Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Covered Bonds other than as expressly set out in these Conditions.
- (v) *Payments*: In the event of the extension of the maturity of Covered Bonds under this Condition 7.9, Interest Rates, Interest Periods and Interest Payment Dates on the Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the relevant Final Terms or Pricing Supplement and Condition 5.4 (*Interest Payments up to the Extended Maturity Date*).
- (vi) *Partial Redemption after Maturity Date*:

In the case of any partial redemption of the Covered Bonds, the Covered Bonds to be redeemed (the “**Extension Period Redeemed Covered Bonds**”) will be:

- (a) in the case of Extension Period Redeemed Covered Bonds represented by definitive Covered Bonds, selected individually by lot without involving any part only of a Bearer Covered Bond;
- (b) in the case of Extension Period Redeemed Covered Bonds represented by a global Covered Bond, selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion); and
- (c) in the case of Extension Period Redeemed Covered Bonds which are VP Systems Covered Bonds, selected in accordance with the standard procedures of VP or Euroclear Finland (as the case may be),

in any such case, not more than four days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Extension Period Selection Date**”).

In the case of Extension Period Redeemed Covered Bonds represented by definitive Covered Bonds, a list of the serial numbers of such Extension Period Redeemed Covered Bonds will be published in accordance with Condition 12 (*Notices*) not less than three days prior to the date fixed for redemption. No exchange of the relevant global Covered Bond will be permitted during the period from (and including) the Extension Period Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.9 and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 12 (*Notices*) at least two days prior to the Extension Period Selection Date.

- (vii) *Restriction on Further Issues:* If the maturity of any Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 7.9, subject as otherwise provided for in the relevant Final Terms or Pricing Supplement, for so long as any of those Covered Bonds remains outstanding, the Issuer shall not issue any further Covered Bonds, unless the proceeds of issue of such further Covered Bonds are applied by the Issuer on issue to redeem in whole or in part the relevant Covered Bonds in accordance with the terms hereof.

## 8. Taxation

8.1 *Gross up:* All payments of principal and interest in respect of the Covered Bonds and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Finland or any political subdivision or any authority or agency thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Covered Bonds or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds or Coupons, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Covered Bond or Coupon:

- (i) in respect of any demand made for payment in Finland; or
- (ii) in respect of any demand made for payment by or on behalf of a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such Covered Bond or Coupon by reason of it having some connection with Finland other than the mere holding of such Covered Bond or Coupon; or
- (iii) held by, or on behalf of, a Covered Bondholder who would not be liable or subject to the withholding or deduction by making a declaration of non residence or other similar claim for exemption to the relevant tax authority; or
- (iv) in respect of any demand made for payment more than thirty days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on making such demand for payment on or before the expiry of such period of thirty days; or
- (v) in respect of any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder or any official interpretations thereof.

As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or, in the case of VP Systems Covered Bonds, the holders of the VP Systems Covered Bonds, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having

been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 12 (*Notices*).

- 8.2 *Taxing jurisdiction*: If the Issuer becomes subject at any time to any taxing jurisdiction other than Finland, references in these Conditions to Finland shall be construed as references to Finland and/or such other jurisdiction.

## 9. Prescription

The Covered Bonds (whether in bearer or uncertificated book entry form) and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 (*Presentation of Covered Bonds and Coupons*) or any Talon which would be void pursuant to Condition 6.2 (*Presentation of Covered Bonds and Coupons*).

## 10. Replacement of Covered Bonds, Coupons and Talons

If any Covered Bond, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Replacement Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

## 11. Agents

- 11.1 *Fiscal Agent, Paying Agents and VP Systems Agents*: The names of the initial Fiscal Agent, other Paying Agents and VP Systems Agents and their initial Specified Offices are set out in the Agency Agreement or the VP Systems Agreement, as applicable.

- 11.2 *Variation of Appointment*: The Issuer is entitled to vary or terminate the appointment of any Paying Agent, any VP Systems Agent or any Calculation Agent and/or appoint additional or other Paying Agents, VP Systems Agents or Calculation Agents and/or approve any change in the Specified Office through which any Paying Agent, VP Systems Agent or Calculation Agent acts, provided that:

- (i) so long as the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a Paying Agent (which may be the Fiscal Agent) with a Specified Office in such place as may be required by the rules and regulations of such stock exchange or other relevant authority;
- (ii) there will at all times be a Paying Agent (which may be the Fiscal Agent) with a Specified Office in a city in continental Europe outside Finland;
- (iii) there will at all times be a Fiscal Agent;
- (iv) in the case of VP Systems Covered Bonds, there will at all times be a VP Systems Agent authorised to act as an account holding institution with VP or Euroclear Finland (as the case may be) and one or more Calculation Agent(s) where the Terms and Conditions of the relevant VP Systems Covered Bonds so require; and
- (v) in the circumstances described in Condition 6.2.7 (*Payments in New York City*), a Paying Agent having a Specified Office in New York City.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than thirty nor more than forty-five

days' prior notice thereof shall have been given to the Covered Bondholders in accordance with Condition 12 (*Notices*).

- 11.3 *Agents of the Issuer:* In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## **12. Notices**

- 12.1 *Bearer Covered Bonds:* Notices to Bearer Covered Bondholders will be deemed to be validly given if published in a leading English language daily newspaper having general circulation in Europe, and, if such Covered Bonds are listed on the Official List of Euronext Dublin and admitted to trading on the regulated market of Euronext Dublin (so long as such Covered Bonds are listed on the Official List of Euronext Dublin and the rules of that exchange so permit), if published on the website of Euronext Dublin ([www.ise.ie](http://www.ise.ie)).

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Covered Bonds are for the time being listed or by which they have been admitted to trading.

Any notice so given will be deemed to have been validly given, in the case of any Bearer Covered Bonds, on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Covered Bondholders in accordance with this Condition 12 (*Notices*).

*Notwithstanding Condition 12 (Notices), while all the Covered Bonds are represented by one or more global Covered Bonds and such global Covered Bonds are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Covered Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein and, in any case, such notices shall be deemed to have been given to the Covered Bondholders in accordance with Condition 12 (Notices) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.*

- 12.2 *VP Systems Covered Bonds:* Notices to VP Systems Covered Bondholders shall be given (i) in accordance with the procedures of VP or Euroclear Finland (as the case may be) and (ii) if such VP Systems Covered Bonds are listed on the Official List and admitted to trading on the regulated market of Euronext Dublin (so long as such VP Systems Covered Bonds are listed on the Official List of Euronext Dublin and the rules of that exchange so permit), if published on the website of Euronext Dublin ([www.ise.ie](http://www.ise.ie)).

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the VP Systems Covered Bonds are for the time being listed or by which they have been admitted to trading.

Any such notice will be deemed to have been given on the date it is published in accordance with the procedures of VP or Euroclear Finland (as the case may be).

## **13. Meetings of Covered Bondholders**

- 13.1 *Meetings of Covered Bondholders other than VP Systems Covered Bondholders:* This Condition 13.1 is applicable only in relation to Covered Bonds other than VP System Covered Bonds. The Agency

Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of Covered Bondholders of any Series (other than VP Systems Covered Bonds) to consider matters relating to such Series of Covered Bonds, including (without limitation) the modification by Extraordinary Resolution (as defined in the Agency Agreement) of any provision of these Conditions and the Deed of Covenant insofar as the same may apply to such Covered Bonds. Any Extraordinary Resolution duly passed at any such meeting of Covered Bondholders of any Series will be binding on all Covered Bondholders of such Series, whether present or not at the meeting and on all Couponholders relating to Covered Bonds of such Series.

In addition, a resolution in writing signed by or on behalf of all Covered Bondholders who for the time being are entitled to receive notice of a meeting of Covered Bondholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Covered Bondholders.

13.2 *Modification of Covered Bonds other than VP Systems Covered Bonds:* This Condition 13.2 is applicable only in relation to Covered Bonds other than VP Systems Covered Bonds. The Issuer may, with the consent of the Fiscal Agent, amend the Covered Bonds, these Conditions and the Deed of Covenant without the consent of the Covered Bondholders or Couponholders to correct a manifest error. Subject as aforesaid, no other modification may be made to these Conditions or the Deed of Covenant except with the sanction of an Extraordinary Resolution.

13.3 *Meeting of VP Systems Covered Bondholders:* This Condition 13.3 is applicable only in relation to VP Systems Covered Bonds. Meetings of VP Systems Covered Bondholders shall be held in compliance with the relevant regulations of VP or Euroclear Finland (as the case may be).

13.4 *Modification of VP Systems Covered Bonds:* This Condition 13.4 is applicable only in relation to VP Systems Covered Bonds. The Issuer may amend the Covered Bonds and these Conditions without the consent of the Covered Bondholders to correct a manifest error. Subject as aforesaid, no other modification may be made to these Conditions except as provided below.

In addition, the Covered Bonds and these Conditions may be modified by a resolution in writing signed by or on behalf of all Covered Bondholders or pursuant to a meeting of VP Systems Covered Bondholders in accordance with Condition 13.3 above (*Meeting of VP Systems Covered Bondholders*) above.

#### **14. Further Issues**

Subject to Condition 7.9 (*Extension of Maturity Date*), the Issuer shall be at liberty from time to time without the consent of the Covered Bondholders or Couponholders to create and issue further covered bonds (“**Further Covered Bonds**”) having terms and conditions the same as the Covered Bonds or the same in all respects save for the amount, the date of the first payment of interest, if any, thereon and/or the issue price thereof and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds.

#### **15. Governing law and Submission to Jurisdiction**

15.1 *Governing Law:* The Agency Agreement, the Covered Bonds, the VP Systems Covered Bonds and the Coupons and all non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law except that the provisions of the Covered Bonds under Condition 4 (*Status of the Covered Bonds*) shall be construed in accordance with Finnish law and regulations. In the case of registration of the Covered Bonds in VP and Euroclear Finland, these shall be governed by Danish and Finnish laws and regulations, respectively.

15.2 *Submission to Jurisdiction:* The Issuer agrees, for the exclusive benefit of the Paying Agents, the Covered Bondholders and the Couponholders that the courts of England are to have jurisdiction to

settle any disputes which may arise out of or in connection with the Agency Agreement, the Covered Bonds and/or the Coupons and that accordingly, any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Agency Agreement, the Covered Bonds and the Coupons may be brought in such courts.

- 15.3 *Waiver of Objection:* The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the courts of England shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.
- 15.4 *No limitation of Rights:* Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- 15.5 *Appointment of English Process Agent:* The Issuer appoints Danske Bank A/S at its registered office for the time being at 75 King William Street, London EC4N 7DT as its agent for service of process, and undertakes that, in the event of Danske Bank A/S ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Fiscal Agent as its agent for service of process in England in respect of any Proceedings.
- 15.6 Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

**16. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any Term or Condition of the Covered Bonds under the Contracts (Rights of Third Parties) Act 1999.

**PRO FORMA FINAL TERMS FOR COVERED BONDS OTHER THAN EXEMPT COVERED BONDS**

**Pro Forma Final Terms** for an issue of Covered Bonds other than Exempt Covered Bonds by Danske Mortgage Bank Plc under the EUR 10,000,000,000 Programme for Issuance of Covered Bonds.

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][*Include unless the Final Terms specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”*]

**[MiFID II product governance / Professional investors and eligible counterparties only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [MiFID II/Directive 2014/65/EU (as amended, “**MiFID II**”)]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Details of any negative target market to be included if applicable*]. Any person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[MiFID II product governance / Retail investors, professional investors and eligible counterparties target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); *EITHER* [(ii) all channels for distribution of the Covered Bonds are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] *OR* [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Covered Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor’s (as defined below) suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable].]

[Amounts payable under the Covered Bonds will be calculated by reference to [*specify benchmark (as this term is defined in the Benchmarks Regulation)*] which is provided by [*legal name of the benchmark administrator*]. As at the date of these Final Terms, [*legal name of the benchmark administrator*] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”).

[As far as the Issuer is aware, [*specify benchmark (as this term is defined in the Benchmarks Regulation)*] [does not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that regulation/the transitional provisions in Article 51 of the Benchmarks Regulation apply] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]

**FINAL TERMS DATED [●]**

Series No. [●]

Tranche No. [●]

**DANSKE MORTGAGE BANK PLC**

**EUR 10,000,000,000**

**Programme for Issuance of Covered Bonds**

Issue of

[*Aggregate Nominal Amount of Tranche*] [*Title of Covered Bonds*]

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Base Prospectus dated 4 October 2018 [and the Prospectus Supplement No. [●] dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of [Directive 2003/71/EC (as amended) (the “**Prospectus Directive**”)] [the Prospectus Directive]. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at, and copies may be obtained from, the Central Bank of Ireland’s website at [www.centralbank.ie](http://www.centralbank.ie). The Final Terms are available for viewing at the website of Euronext Dublin at [www.ise.ie](http://www.ise.ie).

*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing any Final Terms, consideration should be given as to whether any information required to complete the Final Terms constitutes “significant new factors” and consequently triggers the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

1.
  - (i) Series Number: [●]
  - (ii) Tranche Number: [●]
  - (iii) Date on which the Covered Bonds will be consolidated and form a single Series: [Not Applicable]/[The Covered Bonds will be consolidated and form a single Series with [*identify earlier Tranche(s)*] on [the Issue Date/exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph [●] below, which is expected to occur on or about [*date*].]
2. Specified Currency or Currencies: [●]
3. Aggregate Nominal Amount: [[●]]
  - (i) [[Series:]] [●]



- (ii) Tranche: [●]<sup>1</sup>
4. Issue Price: [●] per cent. of the Aggregate Nominal Amount [(plus [amount] accrued interest from [insert date]) (if applicable)]
5. (i) Specified Denomination(s): [●] [and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. [No Definitive Covered Bonds will be issued with a denomination above [EUR 199,000].]]
- (ii) Calculation Amount: [●]
- (If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [●]
7. (i) Maturity Date: [specify date][, subject to adjustment in accordance with the Business Day Convention][(NB: include adjustment wording for Floating Rate Covered Bonds)]
- (ii) Extended Maturity Date: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sections of this subparagraph)*
- The Extended Maturity Date is [specify date][, subject to adjustment in accordance with the Business Day Convention]<sup>2</sup>[(NB: include adjustment wording for Floating Rate Covered Bonds)]
- [If applicable, complete relevant sections regarding interest, etc.]*
8. Interest Basis: [[●] per cent. Fixed Rate][from (and including) the Issue Date to (but excluding) the Maturity Date]
- [Thereafter] [[T/t]he relevant [currency] LIBOR / EURIBOR / EONIA] Floating Rate specified in paragraph 13 (vii) [plus/minus] the relevant Margin specified in paragraph 13 (x)]
- [Zero Coupon]
- (further particulars specified below at paragraph [12] [13] [14])
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Maturity Date at [100.00/[●]] per cent. of their

<sup>1</sup> Only need subsections if issue is an increase.

<sup>2</sup> If applicable, specified date should be that falling one year after the Maturity Date.

- nominal amount.
10. Change of Interest Basis: [Not Applicable/cross refer to paragraph 8 above or paragraphs 12 and 13 below]
11. Put/Call Options: [Call Option/Put Option/Not Applicable]  
[(see paragraphs 15 and 16 below)]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

12. **Fixed Rate Covered Bond Provisions** [Applicable [until the Maturity Date]/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable [annually/semi-annually/ quarterly/monthly] in arrear
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [Not Applicable]/[[●] per Calculation Amount payable on [●]] *(Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[s])*
- (v) Day Count Fraction: [30/360 / Actual/Actual ([ICMA]/ISDA)]
13. **Floating Rate Covered Bond Provisions** [Applicable [if the Issuer does not redeem the Covered Bonds in full on the Maturity Date or within three Business Days thereafter]/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period: [Not Applicable/[●]]  
*(Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert “Not Applicable”)*
- (ii) Interest Payment Date(s): [Not Applicable/[●]]  
*(Specified Period and Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert “Not Applicable”)*
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (iv) Applicable Business Centre(s): [Not Applicable/insert Applicable Business Centres]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the [●]

Rate(s) of Interest and Interest Amount(s):

- (vii) Screen Rate Determination: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- Reference Rate: [●] month [[*currency*] LIBOR / EURIBOR / EONIA]
  - Interest Determination Date(s): [●]
  - Relevant Screen Page: [●]
  - Relevant Time: [●] in the Relevant Financial Centre
  - Relevant Financial Centre: [London/Brussels/Stockholm/Oslo/Copenhagen]
  - Reference Banks: [●]
  - Reference Rate Replacement: [Applicable/Not Applicable]
- (viii) ISDA Determination: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (ix) Linear Interpolation: [Applicable/Not Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using linear interpolation in accordance with Condition [5.2.5] (*specify for each short or long interest period*)]
- (x) Margin(s): [Plus/Minus][●] per cent. per annum
- (xi) Minimum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xii) Maximum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xiii) Day Count Fraction: [●]
14. **Zero Coupon Covered Bond Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [●] per cent. per annum
  - (ii) Reference Price: [●]

**PROVISIONS RELATING TO REDEMPTION**

15. **Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Call):
  - (ii) Optional Redemption Amount [●] per Calculation Amount

(Call) of each Covered Bond:

- (iii) If redeemable in part: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Minimum Redemption Amount: [●]
- (b) Maximum Redemption Amount: [●]
- (iv) Notice periods: [Minimum period: [●] days  
 Maximum period: [●] days]  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*

16. **Put Option**

- [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Put): [●]
- (ii) Optional Redemption Amount (Put): [●] per Calculation Amount
- (iii) Notice periods: [Minimum period: [●] days  
 Maximum period: [●] days]  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*

17. **Final Redemption Amount**

[Outstanding Principal Amount/[●] per Calculation Amount]

18. **Early Redemption Amount [(Tax)] or Early Termination Amount**

Early Redemption Amount [(Tax)] or Early Termination Amount or other early redemption: [As set out in the Conditions]

**GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

19. Form of Covered Bonds: [Bearer Covered Bonds] [Initially represented by a

[Temporary/Permanent] Global Covered Bond.]  
 [Specify. If nothing is specified and these Final Terms do not specify that TEFRA C Rules apply, the Covered Bonds will be represented initially by a Temporary Global Covered Bond. If these Final Terms specify that TEFRA C Rules apply, the Covered Bonds will be represented by a Permanent Global Covered Bond]

[Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds on [●] days' notice/at any time/in the limited circumstances described in the Permanent Global Covered Bond.]

[Temporary Global Covered Bond exchangeable for Definitive Covered Bonds on [●] days' notice/at any time/in the limited circumstances described in the Temporary Global Covered Bond.]

[Permanent Global Covered Bonds exchangeable for Definitive Covered Bonds on [●] days' notice/at any time/in the limited circumstances described in the Permanent Global Covered Bond.]

*(N.B. In the case of Bearer Covered Bonds, the exchange upon notice/at any time options as specified above and in the Conditions should not be expressed to be applicable if the Specified Denomination of the Covered Bonds in paragraph 5 includes language substantially to the following effect: "[EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof and up to and including [EUR 199,000]].")*

[VP Systems Covered Bonds issued in uncertificated and dematerialised book entry form. See further item [5] of Part B below.]

- 20. New Global Covered Bond Form: [Applicable/Not Applicable]
- 21. Applicable Financial Centre(s): [Give details. See definition of Payment Business Day in the Conditions. Note that this item relates to the date and place of payment, and not to Interest Payment Dates]
- 22. Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [Yes/No. If yes, give details]

Signed on behalf of the Issuer:

By: .....  
 Duly authorised

By: .....  
 Duly authorised

CC: Citibank, N.A., London Branch, as Fiscal Agent

**PART B - OTHER INFORMATION**

**1. Listing and Admission to Trading**

- (i) Listing: [The Official List of Euronext Dublin]
- (ii) Admission to trading: [Application has been made for the Covered Bonds to be admitted to trading on [Euronext Dublin’s] regulated market with effect on or about [●]]  
*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)*
- (iii) Estimate of total expenses relating to admission to trading: [[●]/Not Applicable]

**2. Ratings**

- Ratings: [Not Applicable]/[The Covered Bonds to be issued [[have been]/[are expected to be]] rated [*insert details*] by Moody’s Investors Service Limited (“**Moody’s**”).  
[There is no guarantee that the above rating will be maintained following the date of these Final Terms. Up-to-date information should always be sought by direct reference to Moody’s.]  
*(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*  
[Moody’s is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

**3. [Interests of Natural and Legal Persons involved in the [Issue/Offer]**

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

Save as discussed in the “Subscription and Sale” and “General Information” sections of the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer.]

**[4.] [Fixed Rate Covered Bonds only – Yield**

- Indication of yield: [●]  
As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

**[5.] Operational Information**

- [ISIN Code/Securities Identification [●]  
Number]:
- Common Code: [●]

New Global Covered Bond intended to be held in a manner which would allow Eurosystem eligibility:

[Not Applicable] (*For VP Systems Covered Bonds only*)

[Yes. Note that the designation “Yes” simply means that the Covered Bonds are intended upon issue to be deposited with one of Euroclear Bank SA/NV and/or Clearstream Banking S.A. [(together, the “**ICSDs**”)] as common safe-keeper and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]

[Yes. Note that the designation “Yes” does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] (*Include for issues of relevant VP Systems Covered Bonds only*)

[No. Whilst the designation is specified as “No” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them, the Covered Bonds may then be deposited with one of Euroclear Bank SA/NV and/or Clearstream Banking S.A. [(together, the “**ICSDs**”)] as common safe-keeper. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]]

Any clearing system(s) other than Euroclear Bank SA/NV or Clearstream Banking S.A. and the relevant identification number(s):

[Not Applicable/VP/Euroclear Finland/ *give name(s)*][The Issuer shall be entitled to obtain certain information from the register maintained by VP or Euroclear Finland, as the case may be, for the purpose of performing its obligations under the issue of VP Systems Covered Bonds] (*delete as applicable*)

Settlement Procedures:

[Specify whether customary covered bond/other settlement and payment procedures apply]

Delivery:

Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):

[●]

[6.] **Distribution**

- |       |   |  |
|-------|---|--|
| (i)   | Method of distribution:                       | [Syndicated/Non-syndicated]  |
| (ii)  | If syndicated, names of Managers:             | [Not Applicable/ <i>give names</i> ]   |
| (iii) | Date of Subscription Agreement:               | [Not Applicable/[●]]   |
| (iv)  | Stabilising Manager(s) (if any):              | [Not Applicable/ <i>give name</i> ]  |
| (v)   | If non-syndicated, name of relevant Dealer:   | [Not Applicable/ <i>give name</i> ]  |
| (vi)  | U.S. Selling Restrictions:                    | [As set out in the [current] Base Prospectus/TEFRA C Rules apply/Not Applicable]<br><br><i>(Specify whether the automatic position in the Base Prospectus applies (ie. TEFRA D Rules apply) or TEFRA C Rules apply or whether TEFRA Rules are not applicable.)</i> |
| (vii) | Prohibition of Sales to EEA Retail Investors: | [Applicable/Not Applicable]<br><br><i>(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products, “Applicable” should be specified.)</i>                                   |

[7.] **Third Party Information**

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]  
[delete if not applicable]



## PRO FORMA PRICING SUPPLEMENT FOR EXEMPT COVERED BONDS

**Pro Forma Pricing Supplement** for an issue of Exempt Covered Bonds by Danske Mortgage Bank Plc under the EUR 10,000,000,000 Programme for Issuance of Covered Bonds.

*The Pricing Supplement in respect of each Tranche or, as the case may be, Series of Exempt Covered Bonds will be substantially in the following form, duly completed to reflect the particular terms of the relevant Covered Bonds and their issue. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][*Include unless the Pricing Supplement specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”*]

**[MiFID II product governance / Professional investors and eligible counterparties only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [MiFID II/Directive 2014/65/EU (as amended, “**MiFID II**”)]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. [*Details of any negative target market to be included if applicable*]. Any person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[MiFID II product governance / Retail investors, professional investors and eligible counterparties target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); *EITHER* [(ii) all channels for distribution of the Covered Bonds are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] *OR* [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Covered Bonds to retail clients are appropriate – investment advice[,/and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor’s (as defined below) suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable].]

**PRICING SUPPLEMENT DATED [●]**

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED FOR THIS ISSUE OF COVERED BONDS.**

Series No. [●]

[Tranche No. [●]]

**DANSKE MORTGAGE BANK PLC****EUR 10,000,000,000****Programme for Issuance of Covered Bonds**

Issue of

*[Aggregate Nominal Amount of [Tranche/Series]] [Title of Covered Bonds]***PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Covered Bonds (the “**Conditions**”) set forth in the Base Prospectus dated 4 October 2018 [and the Prospectus Supplement No. [●] dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”). Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus is available for viewing at, and copies may be obtained from, the Central Bank of Ireland’s website at [www.centralbank.ie](http://www.centralbank.ie).

*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Pricing Supplement.]*

- |    |       |  |  |
|----|-------|--|--|
| 1. | (i)   | Series Number:   | [●]  |
|    | (ii)  | Tranche Number:  | [[●]/Not Applicable]   |
|    | (iii) | Date on which the Covered Bonds will be consolidated and form a single Series: | [Not Applicable]/[The Covered Bonds will be consolidated and form a single series with <i>[identify earlier Tranche(s)]</i> on [the Issue Date]] |
| 2. |       | Specified Currency or Currencies:  | [●]  |
| 3. |       | Aggregate Nominal Amount:  | [[●]]  |
|    | (i)   | [[Series:]]  | [●]  |
|    | (ii)  | Tranche:   | [●] <sup>1</sup>   |
| 4. |       | Issue Price:   | [●] per cent. of the Aggregate Nominal Amount <i>[plus [amount] accrued interest from [insert date] (if applicable)]</i>                         |
| 5. | (i)   | Specified Denomination(s):   | [●]  |
|    | (ii)  | Calculation Amount:  | [●]  |
| 6. | (i)   | Issue Date:  | [●]  |
|    | (ii)  | Interest Commencement Date:  | [●]  |

<sup>1</sup> Only need subsections if issue of Covered Bonds is an increase.

7. (i) Maturity Date: [*specify date*][, subject to adjustment in accordance with the Business Day Convention][*(NB: include adjustment wording for Floating Rate Covered Bonds)*]
- (ii) Extended Maturity Date: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sections of this subparagraph)*  
 The Extended Maturity Date is [*specify date*][, subject to adjustment in accordance with the Business Day Convention.]<sup>2</sup>*[(NB: include adjustment wording for Floating Rate Covered Bonds)]*  
*[If applicable, complete relevant sections regarding interest, etc.]*
8. Interest Basis: [[●] per cent. Fixed Rate][for the period from (and including) the Issue Date to (but excluding) the Maturity Date]  
 [Thereafter] [[T/t]he relevant [*currency*] [*reference rate*]] Floating Rate specified in paragraph 13 (vii) [plus/minus] the relevant Margin specified in paragraph 13 (x)  
 [Zero Coupon]  
 (further particulars specified below)
9. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Maturity Date at 100.00 per cent. of their nominal amount.
10. Change of Interest Basis: [*Not Applicable/or specify details of any provision for convertibility of Covered Bonds into another interest basis or cross refer to paragraph 8 above or paragraphs 12 and 13 below if details are included there*]
11. Put/Call Options: [Call Option/Put Option/Not Applicable]  
 [(see paragraphs 15 and 16 below)]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

12. **Fixed Rate Covered Bond Provisions** [Applicable [until the Maturity Date]/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/ quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount

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<sup>2</sup> If applicable, specified date should be that falling one year after the Maturity Date.

- (iv) Broken Amount(s): [Not Applicable]/[●] per Calculation Amount payable on [●] (*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[s]*)
- (v) Day Count Fraction: [30/360 / Actual/Actual ([ICMA]/ISDA)]
13. **Floating Rate Covered Bond Provisions** [Applicable [if the Issuer does not redeem the Covered Bonds in full on the Maturity Date or within three Business Days thereafter]/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period: [●]
- (Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (ii) Interest Payment Date(s): [●]
- (Specified Period and Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (iv) Applicable Business Centre(s): [Not Applicable/*insert Applicable Business Centres*]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s): [●]
- (vii) Screen Rate Determination: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- Reference Rate: [●]
  - Interest Determination Date(s): [●]
  - Relevant Screen Page: [●]
  - Relevant Time: [●] in the Relevant Financial Centre
  - Relevant Financial Centre: [●]
  - Reference Banks: [●]
  - Reference Rate Replacement: [Applicable/Not Applicable]
- (viii) ISDA Determination: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]
- (ix) Linear Interpolation: [Applicable/Not Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using linear interpolation in accordance with Condition [5.2.5] (*specify for each short or long interest period*)]
- (x) Margin(s): [Plus/Minus][●] per cent. per annum
- (xi) Minimum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xii) Maximum Rate of Interest: [Not Applicable/[●] per cent. per annum]
- (xiii) Day Count Fraction: [●]

**14. Zero Coupon Covered Bond Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Accrual Yield: [●] per cent. per annum
- (ii) Reference Price: [●]

**PROVISIONS RELATING TO REDEMPTION**

**15. Call Option**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s) (Call):
- (ii) Optional Redemption Amount (Call) [●] per Calculation Amount of each Covered Bond and method, if any, of calculation of such amount(s):
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [●]
  - (b) Maximum Redemption Amount: [●]
- (iv) Notice periods: [Minimum period: [●] days  
Maximum period: [●] days]

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and*

*custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*

16. **Put Option**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s) (Put): [●]
- (ii) Optional Redemption Amount (Put): [●] per Calculation Amount

- (iii) Notice periods: [Minimum period: [●] days  
Maximum period: [●] days]

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*

17. **Final Redemption Amount**

[Outstanding Principal Amount/[●] per Calculation Amount]

18. **Early Redemption Amount [(Tax)] or Early Termination Amount**

Early Redemption Amount [(Tax)] or Early Termination Amount or other early redemption: [As set out in the Conditions]

**GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

19. Form of Covered Bonds:

[Bearer Covered Bonds] [Initially represented by a [Temporary/Permanent] Global Covered Bond.] *[Specify. If nothing is specified and these Final Terms do not specify that TEFRA C Rules apply, the Covered Bonds will be represented initially by a Temporary Global Covered Bond. If these Final Terms specify that TEFRA C Rules apply, the Covered Bonds will be represented by a Permanent Global Covered Bond]*

[Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds on [●] days' notice/at any time/in the limited circumstances described in the Permanent Global Covered Bond.]

[Temporary Global Covered Bond exchangeable for Definitive Covered Bonds on [●] days' notice/at any time/in the limited circumstances described in the Temporary Global Covered Bond.]

[Permanent Global Covered Bonds exchangeable for

Definitive Covered Bonds on [●] days' notice/at any time/in the limited circumstances described in the Permanent Global Covered Bond.]

*(N.B. In the case of Bearer Covered Bonds, the exchange upon notice/at any time options as specified above and in the Conditions should not be expressed to be applicable if the Specified Denomination of the Covered Bonds in paragraph 5 includes language substantially to the following effect: "[EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof and up to and including [EUR 199,000].")*

[VP Systems Covered Bonds issued in uncertificated and dematerialised book entry form. See further item [2] of Part B below.]

- 20. New Global Covered Bond Form: [Applicable/Not Applicable] [*Will likely be not applicable for all Exempt Covered Bonds.*]
- 21. Applicable Financial Centre(s) or other special provisions relating to Payment Business Day: [*Give details. See definition of Payment Business Day in the Conditions. Note that this item relates to the date and place of payment, and not to Interest Payment Dates*]
- 22. Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on which such Talons mature): [Yes/No. *If yes, give details*]

Signed on behalf of the Issuer:

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

CC: Citibank, N.A., London Branch, as Fiscal Agent

**PART B - OTHER INFORMATION****1. Listing and Admission to Trading**

- (i) Listing: [Specify/Not Applicable]
- (ii) Admission to trading: [Application has been made for the Covered Bonds to be admitted to trading on [specify] with effect from [●]/Not Applicable.]  
*(Where documenting a fungible issue, need to indicate that original securities are already admitted to trading.)*
- (iii) Estimate of total expenses relating to admission to trading: [[●]/Not Applicable]

**2. Ratings**

Ratings: [Not Applicable]/[The Covered Bonds to be issued [[have been]/[are expected to be]] rated *[insert details]* by Moody's Investors Service Limited ("Moody's").  
[There is no guarantee that the above rating will be maintained following the date of this Pricing Supplement. Up-to-date information should always be sought by direct reference to Moody's.]  
*(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*  
[Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

**[3.] Operational Information:**

[ISIN Code/Securities Identification Number]: [[●]/Not Applicable]

Common Code: [[●]/Not Applicable]

Intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable]

[Yes. Note that the designation "Yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of Euroclear Bank SA/NV and/or Clearstream Banking S.A. [(together, the "ICSDs")] as common safe-keeper and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such



recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]

[Yes. Note that the designation “Yes” does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]  
(Include for issues of relevant VP Systems Covered Bonds only)

[No. Whilst the designation is specified as “No” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of Euroclear Bank SA/NV and/or Clearstream Banking S.A. [(together, the “ICSDs”)] as common safe-keeper. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):

[Not Applicable/VP/Euroclear Finland *give name(s)*][The Issuer shall be entitled to obtain certain information from the register maintained by VP or Euroclear Finland, as the case may be, for the purpose of performing its obligations under the issue of VP Systems Covered Bonds] (*delete as appropriate*)

Settlement Procedures:

[Specify whether customary covered bond/other settlement and payment procedures apply]

Delivery:

Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):

[●]

[4.] **Distribution**

- |       |   |                                      |
|-------|---|--------------------------------------|
| (i)   | Method of distribution:                     | [Syndicated/Non-syndicated]          |
| (ii)  | If syndicated, names of Managers:           | [Not Applicable/ <i>give names</i> ] |
| (iii) | Date of Subscription Agreement:             | [Not Applicable/[●]]                 |
| (iv)  | Stabilising Manager(s) (if any):            | [Not Applicable/ <i>give name</i> ]  |
| (v)   | If non-syndicated, name of relevant Dealer: | [Not Applicable/ <i>give name</i> ]  |

- (vi) U.S. Selling Restrictions: [As set out in the [current] Base Prospectus/TEFRA C Rules apply/Not Applicable]
- (Specify whether the automatic position in the Base Prospectus applies (ie. TEFRA D Rules apply) or TEFRA C Rules apply or whether TEFRA Rules are not applicable.)*
- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products, “Applicable” should be specified.)*

[5.] **Third Party Information**

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

## **USE OF PROCEEDS**

The net proceeds from each issue of Covered Bonds will be used by the Issuer to meet part of its general financing requirements.

## DESCRIPTION OF THE ISSUER

### General

The Issuer is a mortgage credit bank with limited liability pursuant to the Finnish Companies Act (*Osakeyhtiölaki*, 624/2006), as amended. The legal name of the Issuer is Danske Kiinnitysluottopankki Oyj, the English translation of which is Danske Mortgage Bank Plc. The Issuer's domicile is Helsinki, Finland and it is registered in the trade register with business identity code 2825892-7. The Issuer's registered address is Televisiokatu 1, FI-00075 Danske Bank, Finland. The Issuer's telephone number is + 358 (0)200 2580.

The Issuer was incorporated on 31 October 2017 by way of a Finnish law partial demerger from Danske Bank Plc for the purpose of assuming the Finnish mortgage credit bank operations of (the former) Danske Bank Plc. Danske Bank Plc and all its other businesses were subsequently merged into Danske Bank A/S (“**Danske Bank**” or the “**Parent**”), specifically into Danske Bank A/S, Finland Branch, on 31 December 2017. The Issuer is authorised to operate as a credit institution under the Finnish Act on Credit Institutions (*Laki luottolaitostoiminnasta*, 610/2014), as amended and holds a mortgage credit bank licence under the Covered Bonds Act enabling it to assume the liabilities in respect of the covered bonds previously issued by Danske Bank Plc and to issue further covered bonds under, and in accordance with, the Covered Bonds Act.

The Issuer's share capital is EUR 70,000,000 which comprises 106,000 shares. The Issuer is a wholly-owned subsidiary of Danske Bank and was established for the purpose of managing the Group's issuance of Covered Bond under the Covered Bonds Act. The Issuer has no subsidiaries of its own, nor does it own any shares in other Group companies. Danske Bank holds the entire share capital of Danske Mortgage Bank Plc.

As at 30 June 2018, the Issuer had five employees. The Issuer conducts its activities in close cooperation with Danske Bank A/S, Finland Branch, and Danske Bank and purchases all essential support services from the same. Among other things, Danske Bank A/S, Finland Branch, originates mortgage loans and thus handles the credit processes and is solely responsible for decisions regarding the mortgage loans contained in the Issuer Cover Pool until they are transferred to the Issuer. Once the mortgage loans are transferred, Danske Bank A/S, Finland Branch, manages the mortgage loans and performs certain accounting and reporting tasks for the Issuer.

### Operational overview

The Issuer operates solely as a mortgage credit bank. The objective of the Issuer is to acquire Finnish collateral eligible loans from Danske Bank A/S, Finland Branch, and to fund such activity with the issuance of covered bonds. The acquired mortgages will be included in the Issuer Cover Pool and must comply with the requirements under the Covered Bonds Act. The Issuer may also hold supplementary collateral (as defined in “*Overview of Finnish Legislation Relating to Covered Bonds*”) in the Issuer Cover Pool.

The Issuer is responsible for maintaining the Covered Bond register as required by the Covered Bonds Act.

The Issuer is not a deposit bank and does not engage in any activities other than mortgage credit bank operations.

The Issuer's operations are under the supervision of the FIN-FSA.

### Business model and funding

The objective of the Issuer is to maintain a reliable and cost-efficient long-term funding source for the Group's mortgage lending activities in Finland. This is executed through regular issuance of covered bonds. Covered bonds are issued under the Covered Bonds Act. Even at times of severe market stress, the issuance of covered bonds has been possible and as such can be considered a reliable source of long term funding.

The mortgage loans are originated initially from Danske Bank A/S, Finland Branch, and purchased by the Issuer from time to time. The mortgage loans are redeeming over time, and hence further loans are needed to be acquired into the Issuer Cover Pool on a regular basis to keep the size of the Issuer Cover Pool sufficient to cover the Covered Bonds.

Initially, the Issuer intends to acquire residential mortgage loans granted to private individuals. In a subsequent phase, the Issuer intends to acquire residential mortgage loans granted to housing companies and public-sector credits. In addition to this, the Issuer may, in the future, grant intermediary credits to a deposit bank as referred to in section 8 of the Covered Bonds Act.

The interest payable and principal repayable by borrowers on the mortgage loan assets in the Issuer Cover Pool are the Issuer's primary source of funds for the service of its payment obligations under the Covered Bonds.

To enable the Issuer to finance the ongoing further purchases of mortgage loans from Danske Bank A/S, Finland Branch, and for the funding of maturing Covered Bonds, Danske Bank A/S, Finland Branch (originally Danske Bank plc) has made a liquidity line available to the Issuer in the amount of EUR 3,000,000,000 under which loans with maturities varying from one month to 5 years can be drawn.

### **The register**

All mortgage loans (included mortgage loans connected to an intermediary loan) and other eligible assets (each as defined in "*Overview of Finnish Legislation Relating to Covered Bonds*") serving as collateral for the covered bonds are entered into the register that the Issuer is required to maintain in relation to the covered bonds, pursuant to Chapter 5 of the Covered Bonds Act. The register must list, amongst other things, the covered bonds and the mortgage loans, public sector loans (as defined in "*Overview of Finnish Legislation Relating to Covered Bonds*") and other eligible assets in the Issuer Cover Pool, intermediary loans granted to a member credit institution and any derivative transactions related thereto. According to Section 20 of the Covered Bonds Act, if certain collateral secures specific covered bonds, the register shall indicate that such collateral is collateral for such covered bonds only.

### **The Issuer's licence and the Issuer Cover Pool**

On 29 September 2017, the Issuer received an authorisation from the European Central Bank to carry out mortgage credit bank activities.

As of the date of this Base Prospectus, none of the assets entered in the register maintained by the Issuer is entered as security for specific covered bonds only. Accordingly, all assets in the register maintained by the Issuer form a single cover pool for all covered bonds previously issued under the covered bond programmes of Sampo Housing Loan Bank plc (a former subsidiary of Danske Bank Plc which merged with the same on 31 December 2011) and Danske Bank Plc, all derivative transactions entered in the register maintained by the Issuer and any bankruptcy liquidity loans that may be drawn during the insolvency proceedings of the Issuer.

As of the date of this Base Prospectus, the Issuer Cover Pool comprises only housing loans (as defined in "*Overview of Finnish Legislation Relating to Covered Bonds*") secured by mortgageable property or shares for primarily residential purposes. Supplementary collateral, public sector loans or housing company loans may be included in the Issuer Cover Pool at any time in accordance with the provisions of the Covered Bonds Act.

Below is an overview of certain current characteristics of the Issuer Cover Pool assets and the Issuer's policies in respect of those assets.

### **Characteristics of the housing loans and their obligors**

On the date of inclusion of the relevant housing loan in the Issuer Cover Pool (hereinafter, the "**Inclusion Date**"), the general characteristics of the obligors in respect of the housing loans included in the Issuer Cover Pool include, but are not limited to the following:

- (a) such loan was originated by a member of the Group in accordance with its standard lending criteria at the time of origination;
- (b) at least one payment of interest has been made by the borrower or borrowers in respect of such loan or no such payments have yet fallen due and payable;
- (c) each borrower is an individual resident in, or a citizen of, Finland with a designated social security number in Finland;

- (d) the property granted as collateral was at the time of origination of loan insured against loss caused by reason of damage caused by fire; and
- (e) none of the borrowers has, within the immediately preceding three years prior to the Inclusion Date, been bankrupt or the subject of a court judgment requiring them to make a payment of money or subject to debt reorganisation pursuant to the Act on Debt Reorganisation of Private Individuals (*Laki yksityishenkilön velkajärjestelystä, 57/1993*), as amended.

There are no rights or obligations to make further advances in any of the housing loans included in the Issuer Cover Pool.

The principal lending criteria of the Danske Bank A/S, Finland Branch, include, but are not limited to, the following:

- (a) the customer is creditworthy;
- (b) the customer has sufficient repayment ability for the repayment of the loan;
- (c) public payment defaults are verified in *Suomen Asiakastieto Oy*'s register;
- (d) internal payment defaults are verified in the Issuer's internal payment default register;
- (e) the customer is of age and has legal capacity;
- (f) the customer is not of an age such that the repayment of the loan might be endangered;
- (g) the loan-to-value ratio is normally no more than 80 per cent.; and
- (h) the loan to value ratio, being the ratio of the balance of the loan to the value of the relevant property securing a loan, shall not exceed the limit and shall be calculated in accordance with the Covered Bonds Act.

The terms and conditions of the pledges relating to a property or shares must contain a provision according to which the pledgor undertakes to maintain sufficient insurance over the assets subject to a security interest. When a mortgage security is created over real estate, the assets subject to such mortgage must additionally be insured through an insurance policy covering at least fire damage. The Issuer has also insured each property in case the debtor neglects its own fire insurance and an accident were to happen.

### **Valuation of collateral**

The value of a relevant residential property or shares is assessed and determined in connection with the credit decision.

The collateral values of residential properties and shares are updated automatically in the collateral management system of the Issuer on a quarterly basis using price indices received from Statistics Finland (*Tilastokeskus*), the national public authority of statistics. If the automatic index revision cannot be performed due to, for example, incomplete collateral system data, the collateral must be revised separately at least once a year.

The Issuer currently only accepts or acquires collateral that is located or incorporated in Finland but it may not be excluded that it in future also occasionally accepts or acquires collateral that is located or incorporated in other EEA countries. Pursuant to the Covered Bonds Act, an external valuation report has to be obtained on the security of any housing loan in excess of EUR 3,000,000.

### **Risk classification of borrowers**

Loan customer risk is appraised before the credit decision is made. The risk associated with a specific borrower is addressed based on the existing customer relationship, an analysis of an ability to repay the debt, taking into consideration the customer's available cash flow and a verification of the information in the public registers of delinquent payments. A stress test, which takes into account a higher loan servicing cost (arising as a result of an assumed increase in interest rates), is conducted in conjunction with any new credit decision.

## **Derivative transactions**

The Issuer may enter into one or more derivative transactions (as defined in “*Overview of Finnish Legislation Relating to Covered Bonds*”) in order to hedge against interest rate risk, foreign exchange risk, liquidity risk or other risks between the Issuer Cover Pool and the Covered Bonds. Details of any such derivative transactions must be entered in the register. Under the Covered Bonds Act, the counterparty to a derivative transaction entered in the register will rank *pari passu* with the holders of Covered Bonds in respect of the assets in the Issuer Cover Pool in the liquidation or bankruptcy of the Issuer.

Each derivative transaction entered into between the Issuer and a counterparty will be evidenced by a confirmation and such confirmation will supplement and form part of an agreement between the Issuer and such counterparty in the form of an ISDA Master Agreement (including a schedule and confirmation(s)) (each such agreement a “**Derivative Agreement**”). The Issuer currently anticipates that each such Derivative Agreement will contain terms to the effect set out in this section, but there can be no assurance that all counterparties will agree to such terms and/or that such counterparties will not require certain amendments to be made. Each Derivative Agreement will be terminable by one or both of the parties if Cross-Default or a Termination Event (each as defined in the relevant Derivative Agreement) occurs.

The current counterparty of the Issuer in Derivative Agreements is Danske Bank.

## **Subordination Agreement**

For the purposes of managing subordination in respect of certain joint collateral, securing a loan of both the Issuer and the Parent, the Issuer and the Parent have entered into an agreement dated 4 December 2017. According to the agreement in case a mortgage loan covering a covered bond issued by the Issuer and any receivable or claim owed to the Parent are secured by the same loan security, the mortgage loan in the cover pool shall have the first priority. Any enforcement relating to such loan security may be initiated only with the prior approval of the Issuer. Any proceeds derived from the enforcement of such loan security shall be used firstly towards payments under the mortgage loan in the Issuer Cover Pool and secondly towards payments under such receivables and claims owed to the Parent.

## **Outsourcing Agreement**

For achieving efficiency within the Group and for the Issuer, the Issuer and Parent have agreed that the Parent shall provide most of the services needed for the Issuer to be able to carry out its business operations. These services include, among others, IT-services, administration of mortgage loans, accounting, regulatory reporting, compliance, legal and internal audit.

## **Share and shareholder information**

The Issuer is a wholly-owned subsidiary of the Parent, and the Issuer is not aware of any events or other circumstances that could result in a change of control of the Issuer. According to the Finnish Companies Act (*Osaakeyhtiölaki 624/2006*) the Parent, as shareholder of the Issuer, is vested with the ultimate decision making power in the Issuer and it exercises this right at the general meetings of the Issuer.

## **Dependency on the Parent**

The majority of the Issuer’s operations are outsourced to the Parent. The Issuer also uses the “Danske” brand in its covered bond issuances. The Issuer will thus be dependent on the Parent to be able to conduct its business and to market its covered bonds to investors.

## **Board of Directors**

At the date of this Base Prospectus, the Issuer’s Board of Directors consists of the following members:

<u>Name</u>	<u>Board member since</u>	<u>Position</u>	<u>Employment</u>
Glenn Söderholm	2018	Chairman	Member of the Executive Board and Head of Banking Nordic, Danske Bank A/S
Tomi Dahlberg	2017	Member	Chief Executive Officer (Executive consultancy), Tomi Dahlberg Oy
Maisa Hyrkkänen	2017	Member	Chief Financial Officer, Yleisradio Oy
Robert Wagner	2018	Member	Senior Vice President, Head of Group Capital, Danske Bank A/S
Kenneth Kaarnimo	2018	Member	Senior Adviser, Management and Strategy Office, Danske Bank A/S, Finland Branch
Lisbet Kragelund	2018	Member	Senior Vice President, Head of Group Accounting, Group Finance, Danske Bank A/S

The members of the Board of Directors have been appointed for an indefinite term.

The business address of the Board of Directors is Televisiokatu 1, FI-00075 Danske Bank, Finland.

### **Management**

Pekka Toivonen is the Managing Director of the Issuer and Leena Antila is the Deputy Managing Director and Chief Risk Officer.

### **Auditors**

The Issuer's current auditor is Deloitte Ltd. of Porkkalankatu 24, 00180 Helsinki, Finland with Aleksi Martamo (authorized public accountant) as the key audit partner.

### **Conflicts of interest**

As far as the Board of Directors is aware, no member of the Board of Directors or any member of the management have any personal interest that could conflict with the interests of the Issuer. However, the individuals in the Board of Directors (except for Tomi Dahlberg and Maisa Hyrkkänen) hold similar senior positions in the other Group companies, and the risk of conflicts of interest among the Group companies can thus not be excluded. However, such risk should be minimal, since the Issuer's main purpose is to acquire Finnish mortgage loans from the Danske Bank A/S, Finland Branch, and fund them through the issuance of covered bonds, thus providing the Group with funding of its Finnish mortgage assets.

### **Dividends**

In accordance with the proposal of the Board of Directors, it was decided at the Annual General Meeting of the Issuer on 14 March 2018 that a dividend of EUR 3,568,594,22 would be paid for the financial year ended 31 December 2017. The dividend was paid on 16 March 2018 in accordance with the Annual General Meeting decision.

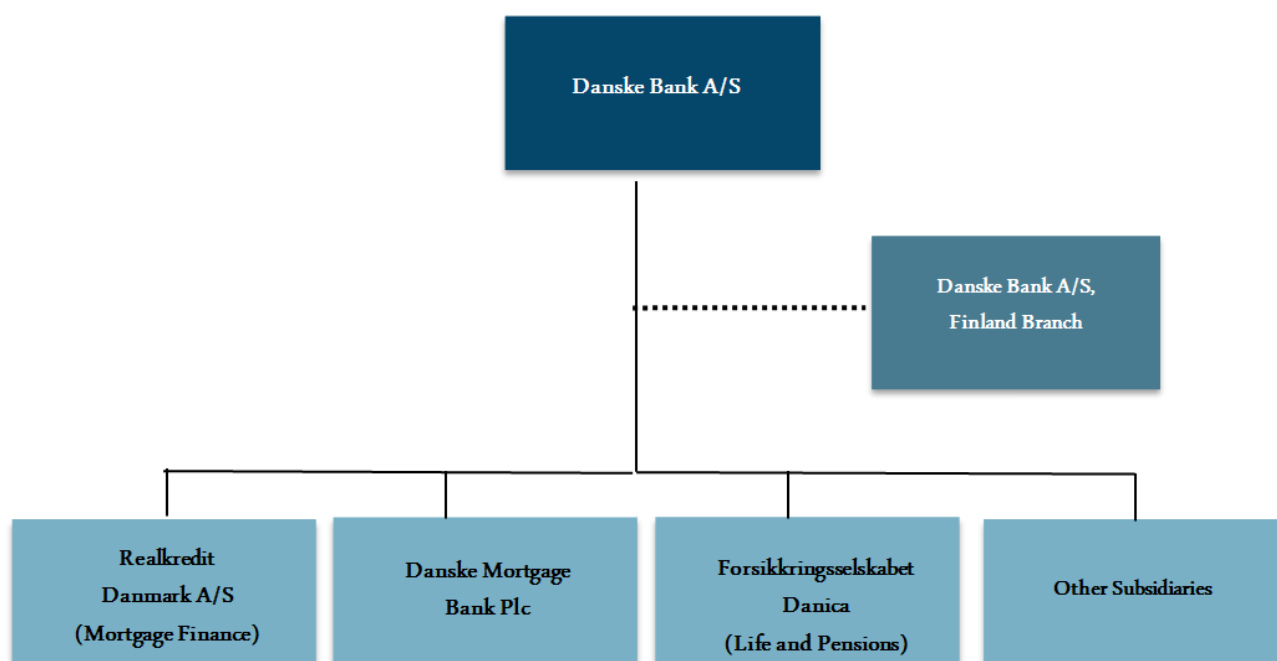


## DESCRIPTION OF THE GROUP

The Issuer forms part of the Group. The parent company of the Group is the Parent. The Parent was founded in Denmark and registered on 5 October 1871 and has, through the years, merged with a number of financial institutions. The Parent is a commercial bank with limited liability and carries on business under the Danish Financial Business Act (Consolidated Act No. 1140 of 26 September 2017, as amended (*Lov om finansiel virksomhed*)). The Parent is registered with the Danish Business Authority and is under the supervision of the DFSA. The registered office of the Parent is at 2-12 Holmens Kanal, DK-1092 Copenhagen K, Denmark, with telephone number +45 33 44 00 00 and Danish corporate registration number 61126228.

The Parent is conducting its lending operations in Finland through the Finland Branch. The structure of the Group is set out in the structure chart below.

The general corporate structure of the Group (the “**Group**”) is as shown below:



### Overview

The Group is the leading financial service provider in Denmark (source: the DFSA) measured by total working capital (defined as deposits, issued bonds, subordinated debt and shareholders’ equity) as at 30 September 2017, and one of the largest in the Nordic region measured by total assets as at 31 December 2017. The Group offers customers a wide range of services in the fields of banking, mortgage finance, insurance, pension, real-estate brokerage, asset management and trading in fixed income products, foreign exchange and equities. Danske Bank is the largest bank in Denmark (source: the DFSA), is one of the larger banks in Finland and Northern Ireland, and has challenger positions in Sweden and Norway. As at 31 December 2017, the Group’s total assets amounted to DKK 3,540 billion (EUR 475.4 billion)<sup>1</sup> and the Group employed 19,768 full-time equivalent employees. As at the same date, the Group had approximately 3.4 million customers and approximately 2.2 million customers used the Group’s online services. The Group had 250 branches as at 31 December 2017. The Group has five business units, a Non-core unit and Other Activities. The five business units consist of: (i) Banking DK, (ii) Banking Nordic, (iii) Corporates & Institutions, (iv) Wealth Management and (v) Northern Ireland. The Wealth Management business unit includes Danica Pension, Danske Capital and parts of the private banking operations.

<sup>1</sup> Unless specified, DKK amounts are converted into EUR FX rate = 7.4451 DKK per EUR.

### **Legal Proceedings**

The Parent has conducted detailed and thorough money laundering investigations into the former so-called “non-resident portfolio” in the Parent’s Estonian Branch covering the period 2007-2015. The investigations were mandated by the Parent’s Board of Directors and led by external Danish legal counsel. On 19 September 2018 the Parent made public the conclusions from the investigations.

## TAXATION

*The following is not a comprehensive analysis of the tax consequences arising in respect of the Covered Bonds. Prospective purchasers of Covered Bonds are advised to consult their tax advisers as to the tax consequences under the tax laws of the country of which they are residents of a purchase of Covered Bonds, including, but not limited to, the consequences of receipts of interest and sale or redemption of Covered Bonds.*

### 1. Finnish Taxation

The following summary outlines certain Finnish tax consequences of the acquisition, ownership and disposal of Covered Bonds. The summary is based on the laws of Finland as currently in effect and is intended to provide general information only. The summary is not exhaustive and thus does not address all potential aspects of Finnish taxation that may be relevant for a potential investor in Covered Bonds and is neither intended to be nor should be construed as legal or tax advice. Specific tax consequences may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies, or to certain classes of persons such as dealers. Specific tax consequences may also apply to partnerships. Such tax consequences are not described below. The below only relates to persons who are the absolute beneficial owners of the Covered Bonds. Investors should consult their professional tax advisors regarding the Finnish and foreign tax consequences (including the applicability and effect of tax treaties) of acquiring, owning and disposing of Covered Bonds in their particular situation. It should be noted that Finnish tax laws may be amended with retroactive effect.

### 2. Taxation of Finnish residents

#### 2.1 Taxation of individuals

Holders of interest bearing Covered Bonds who are resident in Finland for tax purposes will be subject to Finnish tax on interest payments and on gains realised in the sale or redemption of the Covered Bonds. For Zero Coupon Covered Bonds the difference between sale or redemption price and subscription or acquisition price is in general deemed as interest income for Finnish tax purposes. The payer withholds tax from interest payments made to natural persons who are Finnish tax residents. The current withholding tax rate is 30 per cent. (in 2018). The capital gain or loss realised in connection with the sale or redemption of interest bearing Covered Bonds is calculated as the difference between sale or redemption price less sales expenses and acquisition costs. Under certain circumstances capital gains or losses may also be realised in respect of Zero Coupon Covered Bonds. For resident individuals capital losses realised on the sale or redemption of the Covered Bonds are deductible from capital gains and from other capital income derived in the same year as the year of the relevant loss or in the five subsequent tax years. Special tax provisions may apply to small capital gains and losses. Any interest that has accrued to an interest bearing Covered Bond in the secondary market prior to the due date of the payment of the interest is payable by the buyer, and deductible from taxable capital income as an expense incurred in acquiring of capital income. Correspondingly, the payment (*jälkimarkkinahyvitys*) is taxable as capital income in the hands of a Finnish resident natural person.

Interest income and capital gains received by a natural person are taxed under the Finnish Income Tax Act as capital income, at a rate of 30 per cent. up to EUR 30,000 in a calendar year. The tax rate increases to 34 per cent. for capital income exceeding the above-mentioned threshold in a calendar year.

#### 2.2 Taxation of legal entities

For holders of Covered Bonds who are limited companies or other entities resident in Finland for tax purposes and subject to corporate income tax, interest income and capital gains under the Covered Bonds are regarded as taxable income. The current tax rate for limited companies and other entities subject to corporate tax is 20 per cent. Payments made to corporations are not generally subject to tax withholding.

### 3. **Taxation of non-Finnish residents**

Holders of Covered Bonds who are not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment in Finland will not be subject to Finnish taxes on payments in respect of interest bearing Covered Bonds or gains realised in the sale or redemption of the Covered Bonds. The payer has the obligation to ascertain that the recipient is not a Finnish tax resident, and the recipient has the obligation to disclose its non-resident investor status to the payer. In case the recipient fails to provide such information, the Issuer will be obliged to withhold or deduct amounts from a payment in respect of the Covered Bonds, if it is required to do so under Finnish law, and the Issuer will not be required to pay the recipient any additional amounts.

### 4. **Reporting requirements**

The Issuer has the obligation to report to the Finnish Tax Administration all interest payments made to resident individual holders and all non-resident holders of interest bearing Covered Bonds. In addition, any paid or received compensation for accrued interest and capital gains and losses derived from the interest bearing Covered Bonds shall be reported to the Finnish Tax Administration as required under Finnish law.

### 5. **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as “**FATCA**”, a “**foreign financial institution**” (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions, including Finland, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA provisions and IGAs to instruments such as the Covered Bonds, including whether withholdings would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA, or an IGA with respect to payments on instruments such as the Covered Bonds, such withholding would not apply prior to 1 January 2019 and the Covered Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Covered Bonds (as described under “*Terms and Conditions of the Covered Bonds – Further Issues*”) that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Covered Bonds.

### 6. **The Proposed Financial Transaction Tax (“FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Covered Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate. Prospective holders of Covered Bonds are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Covered Bonds may be sold from time to time by the Issuer to any one or more of BNP Paribas and Danske Bank A/S (the “**Dealers**”). Covered Bonds may also be sold by the Issuer directly to institutions who are not Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers set out in dealership agreement dated 4 October 2018 (the “**Dealership Agreement**” which expression shall include any amendments or supplements thereto or any amendment and restatement thereof) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of the appointment of the existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Covered Bonds.

### United States

*Regulation S Category 2; TEFRA D, unless TEFRA C is specified as applicable in the relevant Final Terms or Pricing Supplement.*

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

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver Covered Bonds of any Series (i) as part of the distribution thereof at any time or (ii) until forty days after the later of the commencement of the offering and the completion of the distribution, as determined by the Paying Agents, of all Covered Bonds of the Tranche of which such Covered Bonds are a part as determined and certified to the Fiscal Agent or the Issuer (the “**Distribution Compliance Period**”) within the United States or to, or for the account or benefit of, U.S. persons. The Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will have sent to each dealer to which it sells the Covered Bonds during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Covered Bonds, an offer or sale of Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Any resale or other transfer, or attempted resale or other transfer of Covered Bonds made other than in compliance with the restrictions set out above and below shall not be recognised by the Issuer or any of its agents. The certificates for the Covered Bonds sold in the United States shall bear a legend to this effect.

Bearer Covered Bonds having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

### European Economic Area

Unless the Final Terms or Pricing Supplement in respect of any Covered Bonds specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering

contemplated by the Base Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds.

If the Final Terms or Pricing Supplement in respect of any Covered Bonds specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable” in relation to each Member State which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

## **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) **Financial promotion:** 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 Covered Bonds in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

- (b) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

## **Finland**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not publicly offer the Covered Bonds or bring the Covered Bonds into general circulation in Finland other than in compliance with all applicable provisions of the laws of Finland and especially in compliance with the Finnish Securities Market Act (*Arvopaperimarkkinalaki 2012/746*), as amended and any regulation or rule made thereunder, as supplemented and amended from time to time.

## **Denmark**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any Covered Bonds directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Consolidated Act No. 12 of 8 January 2018 on Trading in Securities, as amended, and any Executive Orders issued thereunder and in compliance with Executive Order No. 330 of 7 April 2016, as amended, supplemented or replaced from time to time, to the Danish Financial Business Act.

## **Japan**

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”) and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **General**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Fiscal Agent, the Arranger nor any other Dealer shall have any responsibility therefor.

None of the Issuer, the Fiscal Agent, the Arrangers and any of the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.



## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Covered Bonds have been duly authorised by a resolution of the meeting of the Board of Directors of the Issuer dated 18 July 2018.

### Listing and Admission to Trading of Covered Bonds on Euronext Dublin

Application has been made to Euronext Dublin for Covered Bonds issued under the Programme (other than Exempt Covered Bonds) during the period of twelve months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market.

However, Covered Bonds may be issued pursuant to the Programme which will not be admitted to listing on the Official List and admitted to trading and/or quotation by the regulated market of Euronext Dublin or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

### Documents Available

For as long as the Programme remains valid with the Central Bank, hard copies of the following documents will be available, upon request, free of charge, from the registered office of the Issuer and from the Specified Office of the Paying Agent for the time being in London (where applicable, with an English translation thereof):

- (i) the Articles of Association of the Issuer; and
- (ii) the Dealership Agreement, the Agency Agreement (including the forms of the Temporary Global Covered Bonds, the Permanent Global Covered Bonds, the definitive Bearer Covered Bonds, the Coupons and the Talons) and the Deed of Covenant.

For as long as the Programme remains valid with the Central Bank, copies of the following documents will be available on the website of the Central Bank at [www.centralbank.ie](http://www.centralbank.ie):

- (i) a copy of this Base Prospectus; and
- (ii) any supplements to this Base Prospectus, any future base prospectuses relating to the Programme and any supplements to any future base prospectuses relating to the Programme.

For as long as the Programme remains valid with the Central Bank, copies of the following documents will be available on the website of the Issuer at <https://danskebank.com/investor-relations/debt/danske-mortgage-bank> (see “*Documents Incorporated by Reference*” for more details):

- (i) the Annual Report 2017 (as defined in “*Documents Incorporated by Reference*”); and
- (ii) any other documents incorporated herein by reference from time to time.

### Third Party Information

Where information in this Base Prospectus has been secured from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

### Clearing Systems

The Bearer Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Covered Bonds allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms or Pricing Supplement. If the Covered Bonds are to clear through an additional or alternative clearing system (including VP or Euroclear Finland),

the appropriate information will be specified in the relevant Final Terms or Pricing Supplement. Euroclear, Clearstream, Luxembourg, VP and Euroclear Finland (as the case may be) are the entities in charge of keeping the records.

The address of Euroclear is 3 Boulevard du Roi Albert III, B.1210 Brussels, Belgium; the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg, the address of VP is Helgeshøj Allé 61, DK-2630 Taastrup, Denmark and the address of Euroclear Finland is Urho Kekkosen katu 5 C, FI-00101 Helsinki, Finland.

## **Yield**

In relation to any Tranche of Fixed Rate Covered Bonds, an indication of the yield in respect of such Covered Bonds will be specified in the relevant Final Terms or Pricing Supplement. The yield is calculated at the Issue Date of the Covered Bonds on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Covered Bonds and will not be an indication of future yield.

## **Conditions for Determining Price**

The issue price and amount of the Covered Bonds of any Tranche to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of the issue of such Tranche in accordance with prevailing market conditions.

## **Material Change and Significant Change**

- (i) There has been no significant change in the financial position of the Issuer since 30 June 2018, the last day of the financial period in respect of which the most recent financial statements of the Issuer have been prepared; and
- (ii) there has been no material adverse change in the prospects of the Issuer since 31 December 2017, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer have been prepared.

## **Litigation**

There are no governmental, legal or arbitration proceedings against or affecting the Issuer (and no such proceedings are pending or threatened of which the Issuer is aware) during a period covering at least the previous twelve months which have or may have in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of the Issuer.

## **Auditors**

The Issuer's current auditors are Deloitte Ltd of Porkkalankatu 24, 00180 Helsinki, Finland ("**Deloitte**"). Deloitte is a member of the Finnish Institute of Authorised Public Accountants (*Suomen Tilintarkastajat Ry*).

## **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued

under the Programme. Any such short positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**Issuer Legal Entity Identifier Code**

The Legal Entity Identifier (LEI) code of the Issuer is 7437003G88EHT2TMK409.

**Language**

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

**Irish Listing Agent**

The Irish Listing Agent is Matheson and the address of its registered office is 70 Sir John Rogerson's Quay, Dublin 2, Ireland. Matheson is acting solely in its capacity as listing agent for the Issuer in connection with the Covered Bonds and is not itself seeking admission of the Covered Bonds to trading on the regulated market of Euronext Dublin.

**URLs**

In this Base Prospectus, references to websites or uniform resource locators (each, a "URL") are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Base Prospectus.

**REGISTERED OFFICE OF THE ISSUER**

**Danske Mortgage Bank Plc**  
Televisiokatu 1  
FI-00075 Danske Bank  
Helsinki  
Finland

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United Kingdom

**Danske Bank A/S**  
2-12 Holmens Kanal  
DK-1092 Copenhagen K  
Denmark

**AUDITORS OF THE ISSUER**

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Porkkalankatu 24  
00180 Helsinki  
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**Citibank, N.A., London Branch**  
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**(for VP Systems Covered Bonds cleared through VP)**

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**VP SYSTEMS AGENT**

**(for VP Systems Covered Bonds cleared through Euroclear Finland)**

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