IMPORTANT NOTICE

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) OR (2) NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. This notice applies to the base information memorandum dated September 6, 2021 (the "**Base Information Memorandum**") following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Base Information Memorandum. In accessing the Base Information Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer (as defined in the Base Information Memorandum) and the Dealers (as defined in the Base Information Memorandum) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DISCUSSED IN THE ATTACHED BASE INFORMATION MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U. S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, 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 PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED BASE INFORMATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DISCUSSED IN THE ATTACHED BASE INFORMATION MEMORANDUM.

Confirmation of your representation: In order to be eligible to view the attached Base Information Memorandum or make an investment decision with respect to the securities being offered, prospective investors must be either (1) qualified institutional buyers ("**QIBs**") (within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act) or (2) non-U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) located outside the United States. The attached Base Information Memorandum is being provided to you at your request, and by accessing the attached Base Information Memorandum you shall be deemed to have represented to the Issuer and the Dealers that (1) either (a) you and any customers you represent are QIBs or (b) you and any customers you represent are non-U.S. persons located outside of the United States and any electronic mail address that you have provided and to which the Base Information Memorandum may have been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia, and (2) you consent to delivery of such Base Information Memorandum by electronic transmission.

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

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and the Dealer(s) or any affiliate of the Dealer(s) is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Dealer(s) or such affiliate on behalf of the Issuer in such jurisdiction.

The attached Base Information Memorandum may be distributed in the United Kingdom only to, and is directed at (1) persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (2) high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within Article 49(1) of the Order (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on the attached Base Information Memorandum or any of its contents.

PROFESSIONAL INVESTORS ONLY / NO PRIIPS OR U.K. PRIIPS KID – Manufacturer target market (MiFID II (as defined in the Base Information Memorandum) and/or U.K. MiFIR (as defined in the Base Information Memorandum), as applicable, product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs or U.K. PRIIPS key information document ("**KID**") has been prepared as the Notes are not available to retail in the European Economic Area or the United Kingdom.

The attached Base Information Memorandum has been prepared on the basis that any offer of securities in any member state of the European Economic Area or the United Kingdom will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**U.K. Prospectus Regulation**"), as applicable, from the requirement to publish a prospectus for offers of securities. The attached Base Information Memorandum is not a prospectus for the purposes of the Prospectus Regulation or the U.K. Prospectus Regulation.

The attached Base Information Memorandum has been provided to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Dealers, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Information Memorandum provided to you in electronic format and a hard copy version that may be available to you on request from the Dealers.

BASE INFORMATION MEMORANDUM

Danske Bank

U.S.$ 20,000,000,000
U.S. Medium-Term Note Program

Under the U.S. Medium-Term Note Program (the "**Program**") described in this Base Information Memorandum (the "**Base Information Memorandum**"), Danske Bank A/S (the "**Bank**," "**Danske Bank**," the "**Issuer**" and, together with its consolidated subsidiaries, the "**Group**") may, subject to compliance with all relevant laws, regulations and directives, from time to time issue debt instruments (the "**Notes**") denominated in any currency agreed by the Issuer and the relevant Dealer(s) (as defined below). The aggregate principal amount of Notes outstanding will not at any time exceed U.S.$ 20,000,000,000 (or its equivalent in other currencies), subject to any duly authorized increase. The terms of each particular issue of Notes will be established by the Issuer and specified in the relevant Pricing Supplement (as defined below). Under the Program, Notes may be preferred senior notes ("**Preferred Senior Notes**") or non-preferred senior notes ("**Non-Preferred Senior Notes**"), as indicated in the relevant Pricing Supplement. Any Notes issued under the Program on or after the date of this Base Information Memorandum are issued subject to the provisions described herein (as such Base Information Memorandum may be amended or supplemented from time to time).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws and, subject to certain exceptions, may not be offered or sold, directly or indirectly, 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 ("**Regulation S**"). The Notes may be offered for sale only (i) in the United States, to qualified institutional buyers ("**QIBs**") within the meaning of, and in reliance on, Rule 144A under the Securities Act ("**Rule 144A**") or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; or (ii) outside the United States, to non-U.S. persons in reliance on, and in accordance with, Regulation S, in each case, in compliance with applicable laws, regulations and directives. See "*Plan of Distribution—Selling Restrictions*" and "*Transfer and Transfer Restrictions*."

The Notes may be issued on a continuing basis to one or more of the Dealers specified herein and any additional Dealers appointed under the Program from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and, together, the "**Dealers**"). References in this Base Information Memorandum to the "relevant Dealer" shall, in relation to any issue of Notes, be to the Dealer agreeing to subscribe for such Notes or, in the case of each issue of Notes syndicated amongst a group of Dealers, the lead manager of such issue.

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**"), for the approval of this Base Information Memorandum as listing particulars and for the Notes to be issued under the Program during the period of 12 months from the date of this Base Information Memorandum to be admitted to the Official List of Euronext Dublin (the "**Official List**") and to trading on the global exchange market (the "**Global Exchange Market**") which is the exchange-regulated market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") or Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**U.K. MiFIR**"). References in this Base Information Memorandum to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Global Exchange Market and have been admitted to the Official List. However, Notes may also be issued under the Program on an unlisted basis or be admitted to listing, trading and/or quotation by other stock exchanges, listing authorities and/or quotation by other stock exchanges, listing authorities and/or quotation systems, and the Pricing Supplement applicable to a Series (as defined below) of Notes will specify whether or not the Notes of such Series have been admitted to trading on the Global Exchange Market or are unlisted or are admitted to listing, trading and/or quotation by any other stock exchange, listing authority and/or quotation system. This Base Information Memorandum has been prepared on the basis that any offer of securities in any member state of the European Economic Area (the "**EEA**," and each, a "**Member State**") or the United Kingdom (the "**U.K.**") will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**U.K. Prospectus Regulation**"), as applicable, from the requirement to publish a prospectus for offers of securities. This Base Information Memorandum is not a prospectus for the purposes of the Prospectus Regulation or the U.K. Prospectus Regulation.

See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

EACH INITIAL AND SUBSEQUENT PURCHASER OF NOTES OFFERED HEREBY IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF SUCH NOTES AND MAY IN CERTAIN CASES BE REQUIRED TO PROVIDE CONFIRMATION OF COMPLIANCE WITH SUCH RESALE OR OTHER TRANSFER RESTRICTIONS. SEE "*TRANSFER AND TRANSFER RESTRICTIONS*."

In addition, prospective investors are referred to "*Important Information—MiFID II Product Governance/Target Market,*" "*Important Information— U.K. MiFIR Product Governance/Target Market*," "*Important Information—PRIIPs / IMPORTANT – EEA Retail Investors*" and "*Important Information—PRIIPs / IMPORTANT – U.K. Retail Investors*."

Arranger for the Program

BofA Securities

Dealers

BNP PARIBAS	**BofA Securities**	**Citigroup**
Credit Suisse	**Danske Bank**	**Goldman Sachs International**
HSBC	**J.P. Morgan**	**Morgan Stanley**

UBS Investment Bank

The date of this Base Information Memorandum is September 6, 2021.

IMPORTANT INFORMATION

The Bank accepts responsibility for the information contained in this Base Information Memorandum and the Pricing Supplement for each Tranche (as defined below) of Notes issued under the Program. To the best of the knowledge of the Bank (which has taken all reasonable care to ensure that such is the case), the information contained in this Base Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. References herein to this "**Base Information Memorandum**" are to this document, as supplemented from time to time, including the documents incorporated by reference into this Base Information Memorandum.

This Base Information Memorandum constitutes listing particulars for the purpose of the Listing and Admission to Trading Rules of the Global Exchange Market of Euronext Dublin. This Base Information Memorandum has been prepared on the basis that any offer of securities in any Member State or the U.K. will be made pursuant to an exemption under the Prospectus Regulation or the U.K. Prospectus Regulation, as applicable, from the requirement to publish a prospectus for offers of securities. This Base Information Memorandum is not a prospectus for the purposes of the Prospectus Regulation. The Global Exchange Market is not a regulated market within the meaning of MiFID II.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by BofA Securities, Inc. (the "**Arranger**") or the Dealers or any of their affiliates as to the accuracy or completeness of the information contained or incorporated by reference into this Base Information Memorandum or any information provided by the Bank in connection with the Program. No Arranger or Dealer or any of their affiliates accepts any liability in relation to the information contained or incorporated by reference into this Base Information Memorandum or any other information provided by the Bank in connection with the Program.

The Bank has not authorized any person to give any information or to make any representation not contained in or not consistent with this Base Information Memorandum or any other information supplied in connection with the Program or the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Bank or any of the Arranger or the Dealers.

Neither this Base Information Memorandum nor any other information supplied in connection with the Program or the Notes should be considered as a recommendation by the Bank or the Dealers or any of their affiliates that any recipient of this Base Information Memorandum or any other information supplied in connection with the Program or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the Bank's financial condition and affairs, and its own appraisal of the Bank's creditworthiness. Neither this Base Information Memorandum nor any other information supplied in connection with the Program or the issue of any Notes constitutes an offer or invitation by or on the Bank's behalf or by or on behalf of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Information Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Program 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 Bank's financial condition or affairs during the life of the Program or to advise any investor in the Notes of any information coming to their attention. Investors should review, among other things, the most recently published documents incorporated by reference into this Base Information Memorandum when deciding whether or not to purchase any Notes.

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws. Unless otherwise specified in any supplement to this Base Information Memorandum, each Tranche of Notes is initially being privately placed exclusively to persons reasonably believed by the Dealers to be QIBs within the meaning of Rule 144A or in other transactions exempt from the registration requirements of the Securities Act, including in accordance with Regulation S.

Notes offered in the United States to QIBs in reliance on Rule 144A will be represented by one or more "**Rule 144A Global Notes**" and Notes offered outside the United States in reliance on Regulation S will be represented by one or more "**Regulation S Global Notes**" (together with the Rule 144A Global Notes, the "**Global Notes**"). After their initial private placement, Notes represented by Rule 144A Global Notes may be resold to QIBs in transactions satisfying the requirements of Rule 144A or in transactions exempt from the registration requirements of the Securities Act, including in accordance with Regulation S. For a description of certain restrictions on resale or transfer of the Rule 144A Global Notes, see "*Plan of Distribution—Selling Restrictions*" and "*Transfer and Transfer Restrictions*."

Neither this Base Information Memorandum nor any Pricing Supplement constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Information Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Bank, the Arranger and the Dealers do not represent that this Base Information Memorandum may be lawfully distributed, or that any Notes 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 Bank, the Arranger or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Information

Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Information Memorandum 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. This Base Information Memorandum may only be used for the purposes for which it has been published. Persons into whose possession this Base Information Memorandum or the Notes may come must inform themselves about, and observe any such restrictions on the distribution of this Base Information Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Information Memorandum and the offer or sale of Notes in the United States, see "*Plan of Distribution—Selling Restrictions*" and "*Transfer and Transfer Restrictions*."

The rating of certain Series of Notes to be issued under the Program may be specified in the relevant Pricing Supplement. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union (the "**EU**") and registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**") will be specified in the relevant 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 EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). A list of registered credit rating agencies is available on the European Securities and Markets Authority ("**ESMA**") website at *www.esma.europa.eu/supervision/credit-rating-agencies/risk* (list last updated on May 7, 2021).

In general, U.K. 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 U.K. and registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**U.K. CRA Regulation**"). In the case of ratings issued by third-country non-U.K. credit rating agencies, third-country credit ratings can either be: (a) endorsed by a U.K.-registered credit rating agency; or (b) issued by a third-country credit rating agency that is certified in accordance with the U.K. CRA Regulation. Note this is subject, in each case, to (a) the relevant U.K. registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third-country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the U.K., of existing pre-2021 ratings, provided the relevant conditions are satisfied. In particular, for one year following December 31, 2020, ratings issued or endorsed before this date by an EEA credit rating agency may continue to be used for regulatory purposes in the U.K. provided that the EEA credit rating agency is part of a group in respect of which one of its undertakings is established and registered in the U.K.

Interest and/or other amounts payable under the Notes 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 such a benchmark, the relevant 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 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 Pricing Supplement to reflect any change in the registration status of the administrator.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in the relevant Pricing Supplement may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in accordance with all applicable laws and rules.

MiFID II Product Governance/Target Market – The relevant Pricing Supplement in respect of any Notes may include a legend titled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (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 Notes (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 Notes 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 Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purposes of the MiFID Product Governance Rules.

U.K. MiFIR Product Governance/Target Market – The relevant Pricing Supplement in respect of any Notes may include a legend titled "U.K. MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. A distributor (as defined above) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**U.K. MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (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 Notes about whether, for the purpose of the U.K. MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purposes of the U.K. MiFIR Product Governance Rules.

PRIIPs / IMPORTANT – EEA RETAIL INVESTORS – The Notes 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 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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

U.K. PRIIPs / IMPORTANT – U.K. RETAIL INVESTORS – The Notes 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 U.K. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("**U.K. MiFIR**"). Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**U.K. PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the U.K. has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the U.K. may be unlawful under the U.K. PRIIPs Regulation.

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OVERVIEW

The following overview should be read as an introduction to, in conjunction with, and is qualified in its entirety by, the more detailed information that appears elsewhere in this Base Information Memorandum, including the Group's consolidated financial statements incorporated by reference into this Base Information Memorandum. See "Risk Factors" for a discussion of certain factors that should be considered in connection with an investment in the Notes. Any decision to invest in the Notes should be based on the consideration of this Base Information Memorandum as a whole together with the relevant Pricing Supplement. Certain terms used in this overview are defined elsewhere in this Base Information Memorandum, including under "Terms and Conditions of the Notes."

The following overview is supplemented by, and should be read together with, the Group's Interim report – first half 2021 incorporated by reference into this Base Information Memorandum.

Business Overview

The Group is the leading financial service provider in Denmark (source: the Danish Financial Supervisory Authority (the "**DFSA**")) measured by total working capital as at September 30, 2020, and one of the largest in the Nordic region measured by total assets as at December 31, 2020. 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. The 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 December 31, 2020, the Group's total assets amounted to DKK 4,109 billion and the Group employed 22,376 full-time equivalent employees. As at the same date, the Group had approximately 3.3 million customers and approximately 2.4 million customers used the Group's online services. The Group had 191 branches as at December 31, 2020.

The Bank is the parent company of the Group. Danske Bank is a Nordic bank with bridges to the rest of the world, and its core markets are Denmark, Sweden, Norway and Finland. In these countries, it serves all types of customers, from retail and commercial customers to large corporate and institutional customers. It also operates in Northern Ireland, where it serves both retail and commercial customers. The Group has additional offices in several other European countries including a subsidiary in Luxembourg and branch offices in Poland, Germany and the U.K., where its main offerings are solutions for Nordic and local businesses as well as private banking clients. The Group also conducts broker-dealer activities in the United States.

Group Strategy

In 2019, the Group launched a Better Bank transformation strategy with the ambition of being a simpler and more competitive bank in order to be able to integrate more into the lives of its customers and the Nordic societies as well as to address a number of industry- and Group-specific challenges. The Group set targets for 2023 relating to its customer satisfaction, employee engagement, society and shareholders (achieving a return on shareholders' equity of 9–10 percent and a cost-income ratio in the low 50s). To reach these targets, the Group has implemented agile ways of working for more than 4,000 full-time-equivalent employees ("**FTEs**") working with development, simplified the commercial organization from four to two business units and launched new Purpose and Culture statements. For 2021, the Group's main focus is gaining commercial momentum across its markets while also continuing the work on compliance, digitalization and culture.

Recent Developments

Updates Regarding Anti-Money Laundering Investigations Relating to the Bank's Estonian Branch

Certain recent developments relating to the anti-money laundering ("**AML**") matters at the Bank's Estonian branch and related investigations are discussed under "*Description of the Group—Legal and Arbitration Proceedings*." See also "*Risk Factors—Risks Relating to the Legal and Regulatory Environments in which the Group Operates—The Group is subject to a wide variety of banking, insurance and financial services laws and regulations, which could have an adverse effect on its business. The Group is subject to a variety of ongoing investigations and litigation in connection with the AML matters related to the Bank's Estonian branch, which could have a material adverse effect on the Bank*."

Overview of Key Risk Factors

An investment in the Notes involves risks. Such risks include, but are not limited to, the risk factors described below and in "*Risk Factors*." Any of these risks could have a material adverse effect on the Bank's business, results of operations, financial position or future prospects or the value of the Notes. Additional risks and uncertainties, including those of which the Bank's executive leadership team (the "**Executive Leadership Team**") is currently unaware or deems immaterial, may also have a material adverse effect on the business, results of operations, financial position or future prospects of the Group or may result in other events that could cause investors to lose all or part of their investment. This Base Information Memorandum also contains forward-looking statements that are subject to future events, risks and uncertainties. The actual outcome could differ materially from the outcome anticipated in these forward-looking statements as a result of many factors, including but not limited to the risks described below and elsewhere in this Base Information Memorandum. See "*Important Information for Investors—Special Notice Regarding Forward-looking Statements*."

Risks related to the markets in which the Group operates include, but are not limited to the following:

- Deterioration in the economic conditions in the markets in which the Group operates can have a material adverse effect on the Group's business, results of operations and financial position.
- Disruptions and volatility in the global financial markets may adversely impact the Group.
- The novel strain of the coronavirus ("**COVID-19**") outbreak has had and continues to have a material adverse effect on the Group's business, results of operations and financial position.
- The Group's profitability may be adversely affected by volatility in interest rates and is affected by periods of low to negative interest rates.
- The Group's financial performance may be adversely affected by the changes in fair value of its holdings of financial instruments and a decline in its net trading income.
- The Group's financial performance may be adversely affected by material fluctuations in foreign currency exchange rates.
- Being part of the financial services industry, the Group faces substantial competitive pressures.
- Catastrophic events, terrorist attacks, acts of war or hostilities, pandemic diseases and other unpredictable events could have an adverse effect on the Group's business and results of operations.

Risks related to the Group include, but are not limited to the following:

- The Group has significant customer and counterparty credit risk exposure.
- Deterioration in counterparties' credit quality may adversely affect the Group's business, results of operations and financial position; additionally, the Group's credit risk is concentrated in the Nordic countries, particularly Denmark.
- The Group's other banking businesses add to the risks of the Group, including counterparty and settlement risks.
- Illiquidity or a decline in the value of the collateral securing the Group's loans could require the Group to increase its loan impairment charges.
- The Group has acquired significant goodwill through its acquisitions and, as a result of mainly higher capital requirements, has made significant goodwill impairment charges and it may be required to further write down its acquisition goodwill.
- Adverse capital and credit market conditions may negatively affect the Group's ability to access liquidity and capital, as well as its cost of funding and capital.
- The Bank's funding and competitive position depend on its credit ratings.
- Non-financial risks, including outsourcing partners and suppliers, can potentially result in financial loss as well as harm the Group's reputation.
- There are risks associated with the Group's complex information technology ("**IT**") systems.
- The Bank's ownership of the Danica Pension Group exposes the Group to insurance risks.
- The Group may incur further liabilities under its defined benefit retirement plans if the value of plan assets is not sufficient to cover potential obligations.
- The risk management methods used by the Group may be insufficient to cover unidentified, unanticipated, or incorrectly quantified risks, which could lead to material losses or material increases in liabilities.
- The Group's loan portfolio may not grow, which could adversely affect net interest income.
- The Group depends on its senior management and employees and it may have difficulty attracting and retaining qualified professionals.

- The Group's accounting policies and methods are critical to how it reports its results of operations and financial condition. They require management to make estimates about matters that are uncertain.

Risks relating to the legal and regulatory environment in which the Group operates include, but are not limited to the following:

- The Group is subject to a wide variety of banking, insurance and financial services laws and regulations, which could have an adverse effect on its business. The Group is subject to a variety of ongoing investigations and litigation in connection with the AML matters related to the Bank's Estonian branch, which could have a material adverse effect on the Bank.
- The Group faces increased capital requirements due to the finalization of the Basel III Framework.
- The Bank may be subject to bail-in under the BRRD, and the exercise of any power under the BRRD could have a material adverse effect on Holders.
- Changes in the Group's accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations.

Risks related to the Notes generally include, but are not limited to the following:

- The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks."
- Future discontinuance of certain benchmark rates (for example, EURIBOR) may adversely affect the value of Floating Rate Notes that are linked to or that reference any such benchmark rate.
- The market continues to develop in relation to SOFR as a reference rate.
- The Non-Preferred Senior Notes rank junior to the Issuer's other unsubordinated creditors.
- Substitution and variation of Notes without Holder consent.
- The qualification of the Notes as "eligible liabilities" is subject to uncertainty.
- The Notes may not be a suitable investment for all investors.
- The Conditions contain provisions that may permit their modification and waiver without the consent of all investors.
- The value of Fixed Rate Notes may be adversely affected by movements in market interest rates
- Changes in law could affect the governing law of the Notes.
- Trading in the Notes could be impacted by denominations involving integral multiples.
- The Notes may be subject to optional redemption by the Issuer.
- The Notes may be redeemed prior to maturity for taxation reasons.
- Notes issued at a substantial discount or premium have certain risks.
- The Notes may be subject to changes in interest rate, which could affect the value of the Notes.
- There are no events of default and limited enforcement events in relation to the Notes.
- Holders of the Issuer's covered bonds will have priority over Holders of the Notes upon bankruptcy of the Issuer.
- Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes and may be lowered, withdrawn or not maintained.
- No right of set-off or counterclaim.
- Legal investment considerations may restrict certain investments.
- Exchange rates and exchange controls may affect investments in the Notes.
- Secondary market risk.

- Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act.
- The Issuer may issue additional Notes that, though consolidated with the outstanding Notes of any series, may not be fungible with such outstanding Notes for U.S. federal income tax purposes.

Summary Consolidated Financial Information and Other Data

The consolidated income statement and balance sheet data presented below have been derived from (i) the audited consolidated financial statements of the Group as at and for the year ended December 31, 2020, together with comparative figures as at and for the year ended December 31, 2019 (the "**2020 Financial Statements**"); and (ii) the audited consolidated financial statements of the Group as at and for the year ended December 31, 2019, together with comparative figures as at and for the year ended December 31, 2018 (the "**2019 Financial Statements**," and together with the 2020 Financial Statements, the "**Consolidated Financial Statements**"). The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board (the "**IASB**"), as adopted by the EU ("**IFRS**") and Danish disclosure requirements for listed financial companies, and are incorporated by reference into this Base Information Memorandum. The Consolidated Financial Statements have been audited by Deloitte. The reports of Deloitte on the respective Consolidated Financial Statements are incorporated by reference into this Base Information Memorandum.

The following information is based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items marked with an asterisk in the tables below deviate from the corresponding figures in the Group's consolidated financial statements as discussed in more detail under "*Important Information for Investors—Presentation of Financial Information*." See notes G1(d), G2(a) and G3 to the 2020 Financial Statements and the 2019 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation.

The information below should be read together with the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum and the sections "*Important Information for Investors—Presentation of Financial Information*," "*Important Information for Investors—Non-IFRS Measures of Financial Performance*" and "*Operating and Financial Review and Prospects*."

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2021 incorporated by reference into this Base Information Memorandum.

	For the year ended December 31,		
	2020	**2019**	**2018**
	(DKK in millions)		
INCOME STATEMENT DATA			
Net interest income*	21,875	21,877	23,571
Net fee income*	15,137	15,201(1)	15,402
Net trading income*	4,856	5,441(1)	4,676
Other income*	514	2,463(1)	716
Total income*	42,383	44,982	44,365
Operating expenses*	(28,103)	(27,193)(1)	(25,011)
Goodwill impairment charges	–	(1,603)	–
Impairment charges, other intangible assets*	(379)	(355)(1)	–
Profit before loan impairment charges*	13,901	15,831	19,354
Loan impairment charges*	(7,001)	(1,516)	650
Profit before tax, core*	6,900	14,315	20,004
Profit before tax, Non-core*	(596)	(493)	(282)
Profit before tax	6,304	13,822	19,722*
Tax	(1,715)	1,249(2)	(4,548)*(3)
Net profit for the year	4,589	15,072	15,174*(3)
Attributable to additional tier 1 etc.	551	786	781

	As at December 31,		
	2020	2019	2018
	(DKK in millions)		
BALANCE SHEET DATA			
Assets			
Due from credit institutions and central banks*	345,938	174,377(1)	169,237
Repo loans*	257,883	346,708	316,362
Loans*	1,838,126	1,821,309	1,769,438
Trading portfolio assets*	682,945	495,313	415,811
Investment securities	296,769	284,873	276,424
Assets under insurance contracts	545,708	494,993(4)	377,369
Total assets in Non-core*	2,797	7,519	14,346
Other assets*	139,064	135,958(1)(4)	239,480
Total assets	4,109,231	3,761,050	3,578,467
Liabilities			
Due to credit institutions and central banks*	125,267	98,828	148,095
Repo deposits*	223,973	232,271	262,181
Deposits*	1,193,173	962,865	894,495
Bonds issued by Realkredit Danmark*	775,844	795,721	741,092
Other issued bonds*	360,127	350,190	330,477
Trading portfolio liabilities*	499,331	452,190	390,222
Liabilities under insurance contracts	591,930	535,891(4)	417,279
Total liabilities in Non-core*	2,975	2,501	4,014
Other liabilities*	135,596	128,353(4)	204,243
Subordinated debt	32,337	31,733	23,092
Additional tier 1	8,508	14,237	14,300
Shareholders' equity	160,171	156,271	148,976
Total liabilities and equity	4,109,231	3,761,050	3,578,467

	As at and for the year ended December 31,		
	2020	2019	2018
Ratios and Key Figures			
Earnings per share,(5) DKK	4.7	16.7	16.5(3)
Return on average shareholders' equity,(6) percent	2.6	9.6	9.8(3)
Net interest income as percent per annum of loans and deposits(7)	0.75	0.80	0.88
Cost/income ratio,(8) percent	67.2	64.8	56.4
Total capital ratio,(9) percent	23.0	22.7	21.3
Common equity tier 1 capital ratio,(10) percent	18.3	17.3	17.0
Full-time-equivalent staff (end of period)	22,376	22,006	20,683

* The tables above are based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items and figures marked with an asterisk deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under "*Important Information for Investors—Presentation of Financial Information*." See notes G1(d) and G3 to the 2020 Financial Statements and the 2019 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation.

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2019*," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2019, in the 2020 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures as at and for the year ended December 31, 2019, but include figures as at and for the year ended December 31, 2018, that have not been restated for these changes and, therefore, are not directly comparable in all respects with the information presented as at and for the years ended December 31, 2020, and 2019.

(2) The line item tax includes net income of DKK 4,134 million from reversal of a deferred tax liability for the Danish international joint taxation scheme and increased provisions for deferred tax on assets and liabilities measured at amortized cost for the year ended December 31, 2019.

(3) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2019*," the Group has restated the comparative financial highlights for the year ended December 31, 2018, in the 2019 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures for the year ended December 31, 2018.

(4) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2020*," the Group has reclassified a portfolio of unit-linked contracts of DKK 31 billion from investment contracts to insurance contracts in the 2020 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures as at December 31, 2019, but includes figures as at December 31, 2018, that have not been restated for these changes and, therefore, are not directly comparable in all respects with the information presented as at December 31, 2020, and 2019.

(5) Net profit for the year divided by the average number of shares outstanding during the year. Net profit for the year is stated after the deduction of interest net of tax on equity-accounted additional tier 1 capital.

(6) Net profit for the year divided by quarterly average shareholders' equity. Net profit for the year and shareholders' equity are stated as if the equity-accounted additional tier 1 capital was classified as a liability. In the numerator, net profit is reduced by interest expenses of DKK 551 million for 2020, DKK 786 million for 2019 and DKK 781 million for 2018, and the denominator represents equity excluding

additional tier 1 capital and other non-controlling interests equal to a reduction in the quarterly average of equity of DKK 13,526 million for 2020, DKK 17,744 million for 2019 and DKK 18,396 million for 2018.

(7) Net interest income* divided by the daily average of the sum of loans* and deposits*.

(8) Operating expenses* divided by total income*.

(9) Total capital divided by the total REA (as defined herein). Calculated in accordance with the CRR (as defined herein), taking transitional rules into account as stipulated by the DFSA.

(10) Common equity tier 1 capital divided by the total REA (as defined herein). Calculated in accordance with the CRR (as defined herein), taking transitional rules into account as stipulated by the DFSA.

General Description of the Program

This general description of the Program does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Base Information Memorandum. Terms not defined in this section are defined elsewhere in this Base Information Memorandum.

Issuer	Danske Bank A/S.
Description	U.S. Medium-Term Note Program.
Program Amount.......................	The aggregate principal amount of Notes outstanding at any time shall not exceed U.S.$ 20,000,000,000 or the approximate equivalent in another currency calculated as at the issue date of the relevant Notes. The Program size may be increased from time to time without the consent of the holders of the Notes (the "**Holders**").
Arranger.....................................	BofA Securities, Inc.
Dealers...	BNP Paribas Securities Corp. BofA Securities, Inc. Citigroup Global Markets Inc. Credit Suisse Securities (USA) LLC Danske Bank A/S Goldman Sachs International HSBC Securities (USA) Inc. J.P. Morgan Securities LLC Morgan Stanley & Co. LLC UBS Securities LLC and any other Dealer appointed from time to time by the Issuer either generally in respect of the Program or in relation to a particular Tranche of Notes.
Fiscal Agent................................	U.S. Bank National Association.
Listing Agent..............................	Matheson.
Currencies	Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Maturities...................................	Such maturities as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price	Notes may be issued on a fully paid basis and at an issue price which is at par or at a discount to, or premium over, par as specified in the relevant Pricing Supplement.
Form and Denomination of Notes...	Notes will be issued only in registered form and in minimum denominations of U.S.$ 200,000 (or, in the case of Notes not denominated in U.S. dollars, the equivalent thereof in such foreign currency, rounded down to the nearest 100,000 units of such foreign currency, but so that in no event will the minimum denomination be lower than EUR 100,000 or its equivalent at the date of issue of the relevant Notes) and integral multiples of U.S.$ 1,000 (or, in the case of Notes not denominated in U.S. dollars, 1,000 units of such foreign currency) in excess thereof. Unless otherwise specified in any supplement to this Base Information Memorandum, Notes offered in the United States to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Notes and Notes offered

outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes. Copies of the Global Notes will be available for inspection at the specified office of the Fiscal Agent.

Global Notes representing the Notes will be held by or on behalf of The Depository Trust Company ("**DTC**") for the benefit of participants in DTC, including Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**").

Status of the Notes..................... The Issuer may issue Preferred Senior Notes or Non-Preferred Senior Notes under the Program, as specified in the relevant Pricing Supplement.

Preferred Senior Notes are intended to constitute MREL/TLAC Eligible Liabilities.

Preferred Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank:

(i) *pari passu* without any preference among themselves;

(ii) at least *pari passu* with all other ordinary, unsubordinated and unsecured obligations of the Issuer, present and future, save for certain mandatory exceptions provided by law (including obligations benefitting from a preferred ranking to the Preferred Senior Notes); and

(iii) senior to any Non-Preferred Senior Liabilities as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

Non-Preferred Senior Notes are intended to constitute MREL/TLAC Eligible Liabilities.

Non-Preferred Senior Notes will constitute direct, unconditional and unsecured Non-Preferred Senior Liabilities and will at all times rank:

(i) *pari passu* without any preference among themselves;

(ii) *pari passu* with all other Non-Preferred Senior Liabilities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;

(iii) senior to holders of the Ordinary Shares and any subordinated obligations or instruments that rank or are expressed to rank junior to the Non-Preferred Senior Liabilities, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and

(iv) junior to present or future claims of (a) depositors of the Issuer and (b) other unsubordinated creditors of the Issuer that are not creditors in respect of Non-Preferred Senior Liabilities (including, without limitation, excluded liabilities of the Issuer pursuant to Article 72a(2) of the CRR), in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

Issuance in Series....................... The Notes will be issued in separate series (each, a "**Series**") under the Agency Agreement and each Series may comprise one or more tranches of Notes (each, a "**Tranche**") issued on different issue dates. The Notes of each Tranche that constitute the same Series will be subject to identical terms, except that the issue date, the issue price or the first payment of interest (if any) may be different in respect of different Tranches of the same Series.

Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may change between the issue date and the maturity date of the relevant Series. Notes may also have reset provisions pursuant to which the relevant Notes will, in respect of an initial period, bear interest at an initial fixed rate of interest specified in the relevant Pricing Supplement. Thereafter, the fixed rate of interest will be reset on one or more date(s) by reference to the CMT Rate (as defined in the Conditions) in each case relating to the relevant Specified Currency, and for a period equal to the Reset Period, as adjusted for any applicable margin, in each case as may be specified in the relevant Pricing Supplement.
Interest Payments	Interest may be paid monthly, quarterly, semiannually, annually or at such other intervals as are specified in the relevant Pricing Supplement.
Redemption	The Pricing Supplement will specify the scheduled maturity date for the Notes. The Pricing Supplement will indicate whether Notes may be redeemed early (other than for taxation reasons) at the option of the Issuer on a date or dates specified and at a price or prices and on such terms as are specified in the relevant Pricing Supplement.
Redemption upon the occurrence of a MREL/TLAC Disqualification Event	Subject to the provisions of Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*), if the MREL/TLAC Disqualification Event Redemption Option is specified in the relevant Pricing Supplement as being applicable, early redemption will be permitted at the option of the Issuer upon the occurrence of a MREL/TLAC Disqualification Event in relation to the relevant Series of Notes as described in Condition 11.3 (*Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event*).
Substitution and variation of Notes	If the MREL/TLAC Disqualification Event Substitution/Variation Option is specified in the relevant Pricing Supplement as being applicable, subject to the provisions of Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*), if a MREL/TLAC Disqualification Event has occurred in relation to the relevant Series of Notes and is continuing, or to ensure the effectiveness or enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Holders, so that they become or remain Qualifying Notes. See Condition 11.9 (*Substitution and Variation of Notes*).
Withholding Taxes	All payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in Denmark unless such withholding or deduction is required by law. In the event payments are subject to withholding or deduction of tax, subject to certain exceptions, the Issuer will pay such additional amounts as will result in receipt by Holders of the amount that would have been received in the absence of such withholding or deductions. The Issuer gross-up obligations with respect to the Notes are limited only to payments of interest on the Notes. See Condition 13 (*Taxation*).
Taxation	For certain Danish and U.S. tax considerations, see "*Taxation*."
Enforcement Events in relation to the Notes	There will be enforcement events relating only to the liquidation or bankruptcy of the Issuer, provided that a Holder may not itself file for the liquidation or bankruptcy of the Issuer. See Condition 14 (*Enforcement Events*).
Negative Pledge	None.
Cross Default	None.

Listing and Admission to Trading.................................... Each Series of Notes may be listed on the Official List of Euronext Dublin and admitted to trading on the exchange-regulated market of 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 Pricing Supplement or may be issued on the basis that a Series of Notes will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

Governing Law .... The Notes and all related contractual documentation will be governed by, and construed in accordance with, English law, except for Condition 5 (*Status of the Notes*), Condition 11.2 (*Early Redemption Following a Tax Event*), Condition 11.3 (*Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event*), Condition 14 (*Enforcement Events*) and Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), which will be governed by, and shall be construed in accordance with, Danish law.

Selling Restrictions.................... The Notes have not been and will not be registered under the Securities Act or any state securities laws and, subject to certain exceptions, may not be offered or sold directly or indirectly within the United States or to or for the benefit of U.S. persons. In addition, there are certain restrictions on the offer, sale and transfer of the Notes in the EEA and the U.K. and such other restrictions as may be required in connection with the offer and sale of a particular Tranche of Notes. See "*Plan of Distribution*" and "*Transfer and Transfer Restrictions*."

Risk Factors .... There are certain factors that may affect the Issuer's ability to fulfill its obligations under the Notes. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

Ratings.. The Program and the Issuer have been or may be rated by at least one of the following rating agencies: S&P Global Ratings Europe Limited (or any successor thereto) ("**S&P**"), Fitch Ratings Limited (or any successor thereto) ("**Fitch**"), Scope Ratings GmbH (or any successor thereto), Moody's Investors Service Limited (or any successor thereto) ("**Moody's**") and Nordic Credit Ratings AS (or any successor thereto). Up-to-date information should always be sought by direct reference to the relevant rating agency. See also "*Operating and Financial Review and Prospects—Credit Ratings*" for information on the Issuer's long-term debt credit ratings.

There is no guarantee that any rating of the Program and/or the Issuer assigned by any such rating agency will be maintained following the date of this Base Information Memorandum, and the Issuer may seek to obtain ratings of the Program and/or the Issuer from other rating agencies.

Series of Notes issued under the Program may be rated or unrated. Where a Series of Notes is rated, such rating (which may be an expected rating) will not necessarily be the same as the ratings assigned to the Program and/or the same as the rating(s) assigned to previous Series of Notes already issued, and will be specified in the relevant Pricing Supplement. There is no guarantee that any of the rating(s) of any Series of Notes will be maintained following the date of the relevant Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Up-to-date information should always be sought by direct reference to the relevant rating agency.

RISK FACTORS

An investment in the Notes involves a high degree of risk. Prospective investors should carefully consider the following risk factors, together with the information set out elsewhere in this Base Information Memorandum, prior to making any investment decision with respect to the Notes. The risks described below could have a material adverse effect on the Bank's business, results of operations, financial position or future prospects, or the value of the Notes. Additional risks and uncertainties, including those of which the Group's management is not currently aware or deems immaterial, may also have an adverse effect on the Group's business, results of operations, financial position or future prospects, or may result in other events that could cause investors to lose all or part of their investment.

This Base Information Memorandum also contains forward-looking statements that involve risks and uncertainties. Actual results of operations of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Group, described below and elsewhere in this Base Information Memorandum. The order in which the following risks are presented is not intended to be an indication of the probability of their occurrence or the magnitude of their potential effects. The risk factors set out below are the ones that the Bank believes are the most significant risks facing the Group.

The following risk factors are supplemented by, and should be read together with, the Group's Interim report – first half 2021 incorporated by reference into this Base Information Memorandum.

Risks Related to the Markets in which the Group Operates

Deterioration in the economic conditions in the markets in which the Group operates can have a material adverse effect on the Group's business, results of operations and financial position.

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. The Group's performance is in particular significantly influenced by the general economic conditions of the countries in which it operates, in particular the Nordic markets (Denmark, Sweden, Norway and Finland) and Northern Ireland. See "*Operating and Financial Review and Prospects—Primary Factors Affecting the Group's Results of Operations—Macroeconomic Environment*" for more details on recent economic developments. As Nordic countries are small, open economies, they are sensitive to disruptions in the regional and global economies or the free flow of goods and services, such as the disruptions caused by the COVID-19 outbreak discussed under "*—COVID-19 outbreak could continue to have a material adverse effect on the Group's business, results of operations and financial position*" below. Accommodating central bank monetary policy and low interest rates have had, and continue to have, an impact on the Group's net interest income, see "*—The Group's profitability may be adversely affected by volatility in interest rates and is affected by periods of low to negative interest rates*" below. Adverse economic developments have affected and will continue to affect the Group's business in a number of ways, including, among others, the income, wealth, liquidity, business and/or financial condition of the Group's customers, particularly its small- and medium-sized enterprise ("**SME**") customers, which, in turn, could further reduce the Group's credit quality (resulting in increased impairment charges) and demand for the Group's financial products and services. As a result, any or all of the conditions described above could continue to have a material adverse effect on the Group's business, results of operations and financial position, and measures implemented by the Group might not be satisfactory to reduce any credit, market and liquidity risks.

Disruptions and volatility in the global financial markets may adversely impact the Group.

Global financial markets have experienced significant disruptions and volatility in the past, including from August 2007 through the early part of 2009, when the global financial system experienced unprecedented credit and liquidity conditions and disruptions leading to a reduction in liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency in money and capital markets interest rates. Since January 2015, the European Central Bank (the "**ECB**") has maintained a policy of extremely low interest rates in response to low inflation and low inflation expectations. Inflation has increased due to higher food and fuel prices, but core inflation remains below the ECB target. The ECB's asset purchase program continued to support low yields and tight spreads in the eurozone through 2018. Between January 2019 and October 2019, the ECB no longer increased its asset holdings, but continued to reinvest the principal payments from its assets. In September 2019, the ECB decided to restart net purchases of assets as from November 1, 2019, while continuing to reinvest the principal payments from its assets stating that it will continue to do so for an extended period. On March 18, 2020, the ECB introduced a Pandemic Emergency Purchase Program as a response to the COVID-19 pandemic in order to contain the credit risk. The U.K.'s withdrawal from the EU on January 31, 2020 ("**Brexit**"), and the end of the transition period on December 31, 2020, continue to induce uncertainty in the European market. The U.S. tax reform, fiscal spending and a strong outlook for the U.S. economy led the Federal Reserve to hike the policy rates in 2018. In 2019, the Federal Reserve lowered the policy rates and long-term bond yields also declined. In 2018 and 2019, there were periods of heightened market volatility driven, among other things, by concerns over trade disputes between the

United States and China and the related protectionist initiatives that have been introduced, and concerns over the U.S. and global economic outlook. In March 2020, the Federal Reserve cut policy rates to zero, first by 50 and then by 100 basis points. At the same time, the Federal Reserve has relaunched the quantitative easing program to buy U.S. treasuries and mortgage backed securities, among other measures. During the first five months of 2021, commodity prices and inflation increased, and there was an increase in long-term bond yields. The market conditions have also been, and are likely to continue to be, affected by concerns over increased geopolitical tensions, including those related to the Middle East and eastern Ukraine, tensions on the Korean peninsula and the ongoing effects of the COVID-19 pandemic. The global economy has been and is expected to continue to be adversely affected to a significant extent by COVID-19 and related counter-measures as discussed under "*—COVID-19 outbreak could continue to have a material adverse effect on the Group's business, results of operations and financial position*" below.

There can be no assurances that a potential tightening of liquidity conditions in the future as a result of, for example, further deterioration of public finances of certain European countries will not lead to new funding uncertainty, resulting in increased volatility and widening of credit spreads. Risks related to the economic development in emerging markets have also had, and may continue to have, a negative impact on global economic activity and the global financial markets. If these conditions continue to persist, or should there be further turbulence in these or other markets, this could have a material adverse effect on the Group's ability to access capital and liquidity on financial terms acceptable to the Group. Further, any of the foregoing factors could have a material adverse effect on the Group's business, results of operations and financial position.

COVID-19 outbreak could continue to have a material adverse effect on the Group's business, results of operations and financial position.

COVID-19, identified in China in late 2019, has spread throughout the world, and on March 11, 2020, the World Health Organization confirmed that its spread and severity had escalated to the point of pandemic. The outbreak of COVID-19 has resulted in authorities, including those in the Nordic countries, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, curfews, lockdowns, quarantines and shutdowns of businesses and workplaces, and has led to materially increased volatility and declines in financial markets and significant worsening of the macroeconomic situation. Restrictions have at various times been eased and re-introduced. Such restrictions could be prolonged, or they could be re-introduced once removed, and even stricter measures may be put in place. Such restrictions are already in place in all of the Group's markets. As at July 29, 2021, a relatively large share of the Nordic countries' populations had received at least one dose of the COVID-19 vaccine: 72.2 percent in Denmark, 63.0 percent in Sweden, 65.8 percent in Norway and 66.1 percent in Finland, as compared to 59.0 percent in the EU as a whole (source: Our World in Data). However, it is uncertain how long-lasting the effect of the vaccines is, and the vaccines may not be fully effective, especially as new variants of COVID-19 may be resistant to the vaccines.

The spread of COVID-19 has led the Group to modify its operational practices, and it may take further actions required by authorities or that it determines are in the best interests of its employees, customers and other stakeholders. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19, and the implementation of such measures (or their insufficiency) could harm the Group's ability to perform some of its critical functions and serve its customers. The pandemic and related counter-measures have affected and continue to affect some of the Group's customers adversely, which in some cases may be material, which, in turn, have had and could continue to have an adverse impact on the Group (for example, through deteriorations in credit quality and higher impairments). In the jurisdictions in which the Group operates, schemes have been initiated by both the Group and national governments to provide financial support to parts of the economy most impacted by the COVID-19 outbreak. The Group has launched a number of initiatives to help both commercial and retail customers that find themselves in a difficult financial situation as a result of the COVID-19 outbreak, including, among others, deferred payments, new or extended overdraft and credit facilities, bridge financing, interest-only loans, and raising the threshold for the charging of negative interest on deposits. The details of how these schemes and initiatives will operate, the impact on the Group's customers and, therefore, the impact on the Group remain largely uncertain at this stage.

The full economic impact of COVID-19 is outside of the Group's control and will depend on the spread of the virus and the response of the local authorities and the global community. COVID-19 had a negative impact on the Group's financial results for the year ending December 31, 2020 as loan impairment charges increased due to more severe scenarios. As a result of the impact of the COVID-19 pandemic, uncertainty is higher than usual, reflecting the limited visibility of the macroeconomic situation and developments in the financial markets. The ability of the Group's customers to serve their contractual obligations, including to the Group, may also be materially adversely affected. Other potential risks include credit rating migration, which could negatively impact the Group's risk-weighted assets and capital position, and potential liquidity stress due to, among other factors, increased customer drawdowns, notwithstanding the significant initiatives that governments and central banks have put in place to support funding and liquidity. The degree to which COVID-19 impacts the Group's results of operations, liquidity, access to funding and financial position will depend on future developments, which, as at the date of this Base Information Memorandum, remain highly uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of COVID-19, its severity, actions taken to contain the virus or treat its impact, the extent and effectiveness of economic stimulus taken to contain the virus or treat its impact and how quickly and to what extent normal economic and business activity can resume. The macroeconomic outlook and its impact on the Group remains subject to uncertainty and depends on items discussed above and general economic conditions, including developments in monetary policy at central banks.

The factors described above could, together or individually, have a material adverse effect on the business, results of operations, financial position and liquidity of the Group.

The Group's profitability may be adversely affected by volatility in interest rates and is affected by periods of low to negative interest rates.

The Group earns interest from loans and other assets and pays interest to its depositors and other creditors. The Group's results of operations are, therefore, dependent to a great extent on the Group's net interest income. Net interest income represented 51.6 percent of the Group's total income in 2020, as compared to 48.6 percent in 2019 and 53.1 percent in 2018. The Group's net interest margin, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities, varies according to prevailing interest rates and is a significant factor in determining the profitability of the Group. Net interest margins, particularly deposit margins, tend to be compressed in a low to negative interest rate environment, as discussed in more detail below. Reductions in interest rates, a prolonged period of low interest rates, compression of the interest rate spread, or any sharp or unexpected increase in interest rates may result in a decrease in the amount of net interest income generated by the Group and in its net interest margin, either of which could have a material adverse effect on the Group's business, results of operations and financial position. During the periods under review, margins, especially deposit margins, have been under pressure due to the prolonged negative interest rate environment in Denmark, Finland and Sweden.

Interest rates are highly sensitive to many factors beyond the Group's control, including fiscal and monetary policies of governments and central banks in the jurisdictions in which the Group operates. In particular, the effect of the EU's Economic and Monetary Union and the policies of the governments of the four Nordic countries (Denmark, Sweden, Norway and Finland, together the "**Nordic countries**," "**Nordic region**" or "**Nordics**") in which the Group operates and the U.K. are significant for the Group and are unpredictable in nature. For example, central banks have reduced interest rates to record lows and the interest rates have remained low since 2013, and have even reached negative levels in various jurisdictions. In a low to negative interest rate environment, many deposit rates have been reduced to a level close to or below zero. In Denmark, Danmarks Nationalbank (the "**Danish Central Bank**") decreased the certificate of deposit rate to negative 0.75 percent, the lowest level historically, on September 13, 2019, down from a negative deposit rate of 0.65 percent effective from January 8, 2016. As at the date of this Base Information Memorandum, the certificate of deposit rate is negative 0.50 percent after increases in March 2020 and March 2021, and the Danish Central Bank lending rate is negative 0.35 percent. With deposit rates at levels close to or below zero, it is difficult to compensate for any further decline in interest rates with further reductions in these deposit rates. Consequently, lower interest rates resulting from monetary policy adversely affect the Group's deposit margin with a consequent adverse effect on net interest income. A zero to negative interest rate environment may also adversely affect the Group's yield on excess liquidity placed by it with the central banks and yield on its liquidity bond portfolio and its trading and bond portfolio maintained for client facilitation. The Group's net interest income from 2018 through to 2020 was adversely affected by the low to negative interest rate environment and very low deposit margins. The Group cannot predict when these low interest rate policies may be reversed.

The Group's financial performance may be adversely affected by the changes in fair value of its holdings of financial instruments and a decline in its net trading income.

The Group's trading portfolio assets amounted to DKK 682,945 million as at December 31, 2020, DKK 495,313 million as at December 31, 2019, and DKK 415,811 million as at December 31, 2018. The fair value of financial instruments held by the Group, including bonds (government, corporate and mortgage), equity investments, investments in private equity and hedge funds, commodities and derivatives (including credit derivatives), is sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. If the fair value of the Group's trading portfolio assets were to decline, the Group would be required to record fair value losses. In addition, the fair value of certain financial instruments is determined by using financial models incorporating assumptions, judgments and estimates that are inherently uncertain and may change over time or may ultimately be inaccurate. Moreover, market volatility and illiquidity could make it difficult to value certain of the Group's holdings. Any of these factors could require the Group to recognize fair value losses, which may have a material adverse effect on the Group's business, results of operations and financial position. In addition, because the Group's net trading income depends to a great extent on the performance of financial markets, volatile market conditions could result in a significant decline in the Group's net trading income, or result in a trading loss, which, in turn, could have a material adverse effect on the Group's business, results of operations and financial position.

The Group's financial performance may be adversely affected by material fluctuations in foreign currency exchange rates.

The Group has operations in a number of jurisdictions. As a result, the Group's operations are conducted in many different currencies, all of which must be translated into Danish Kroner at the applicable exchange rates for inclusion in the Group's consolidated financial statements. Because the Group's consolidated financial statements are stated in Danish Kroner, the translation effect of these material foreign currency fluctuations may have an adverse effect on the results of operations and financial position of the Group and may affect the comparability of its results between financial periods. The Group also has liabilities in currencies other than Danish Kroner and trades currencies on behalf of its customers and for its own account, thus maintaining open currency positions. Adverse movements in foreign exchange rates may impact the Group and its customers negatively, particularly with respect to the Group's liabilities denominated in foreign currencies and its customers' open currency positions. Adverse currency movements may also impact the Group's deposit base and certain borrowers and the Group's exposure to its lenders. Accordingly, fluctuations in foreign currency exchange rates, in particular if such fluctuations are unanticipated or sudden, may adversely affect the Group's cash flows as well as its balance sheet positions, and over the long term, its results of operations, and may have a material adverse effect on the Group's business, results of operations, capital ratios and financial position.

The Danish Kroner is pegged to the euro. In 2015, the Danish Kroner faced strong appreciation pressure due to the change in monetary policy in Switzerland and the significant current account surplus in Denmark. To ensure a stable currency, the Danish Central Bank lowered interest rates to below the levels in Europe to reduce appreciation pressure as it defended the peg to the euro. Since spring 2015, the appreciation pressure has eased significantly. As the foreign exchange reserves returned to the same level as at the end of 2014, the Danish Central Bank increased the certificate of deposit rate to negative 0.65 percent from negative 0.75 percent in January 2016. However, following the ECB's decision in September 2019 to lower its monetary policy rates (in particular to lower its deposit facility interest rates), the Danish Central Bank followed suit and decreased the certificate of deposit rate to negative 0.75 percent. The Danish Central Bank increased the rate by 15 basis points following an increasing downward pressure on the Danish Kroner through March 2020. It further increased the rate by 10 basis points in March 2021 as part of a reform of its system of interest rates. The certificate of deposit rate is negative 0.50 percent as at the date of this Base Information Memorandum. As discussed under "*—The Group's profitability may be adversely affected by volatility in interest rates and is affected by periods of low to negative interest rates*" above, low to negative interest rates can adversely affect the Group. Accordingly, any action taken by the Danish Central Bank in response to the pressure on the Danish Kroner, including further interest rate cuts, could have a material adverse effect on the Group's business, results of operations and financial position.

Being part of the financial services industry, the Group faces substantial competitive pressures.

There is substantial competition in Denmark, the other Nordic countries and the other jurisdictions in which the Group operates for banking services and other products and services that the Group provides. Such competition is strongest in the Group's core geographic markets in Denmark and the other Nordic countries where it faces competition from regional banks and from a number of local banks. In recent years, for example, the Group has lost market share in lending in certain markets. See "*Description of the Group—Competitive Position and Main Markets*" for more information on the Group's market shares. The Group's banking operations in its other markets also face varying levels of competition. The Group seeks to maintain customer loyalty and retention, which can be influenced by a number of factors, including service levels, the prices and attributes of products and services, financial strength and actions taken by competitors. If the Group is unable to effectively compete through offering attractive and profitable products and service offerings, it may lose market share or incur losses on some or all of its activities.

Competition in the financial services industry is affected by a high level of consolidation, both at national and international levels, in the markets in which the Group operates as well as by the emergence of alternative distribution channels for many of the products offered by the Group. Consumer demand, technological changes disruptive to the established banking industry, regulatory actions and other factors also affect the competition that the Group faces. The failure by the Group to manage these competition risks could have a material adverse effect on the Group's business, results of operations and financial position.

Catastrophic events, terrorist attacks, acts of war or hostilities, pandemic diseases and other unpredictable events could have an adverse effect on the Group's business and results of operations.

Catastrophic events, terrorist attacks, acts of war or hostilities, pandemic diseases (such as COVID-19 discussed under "—*COVID-19 outbreak could continue to have a material adverse effect on the Group's business, results of operations and financial position*" above) and other similar unpredictable events, and responses to those events or acts, may create economic and political uncertainties that could have a negative impact on the economic conditions in the countries where the Group operates and, more specifically, could interrupt the Group's business and result in substantial losses. Such events or acts and losses resulting therefrom are difficult to predict and may relate to property, financial assets, trading positions or key employees. If the Group's business continuity plans do not fully address such events or cannot be implemented under the circumstances, such losses may increase. Unforeseen events can also lead to additional operating costs, such as higher insurance premiums and the implementation of redundant back-up systems. Insurance coverage for certain unforeseeable risks may be unavailable, and thus increase the risk of the Group. The Group's inability to effectively manage these risks could have a material adverse effect on the Group's business, results of operations and financial position.

Risks Related to the Group

The Group has significant customer and counterparty credit risk exposure.

As a large and diverse financial organization, the Group is subject to a broad range of general credit risks. Through its banking operations in Denmark and in certain other jurisdictions, the Group engages in traditional banking businesses, including lending to retail, corporate and institutional customers. These activities expose the Group to credit risk. The Group is also exposed to credit risk with respect to customers and third parties who owe the Group money, securities or other assets and who may not pay or perform their obligations. These customers and third parties include borrowers of loans made to them by the Group, issuers whose securities the Group holds, trading counterparties, counterparties under swap, credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Group due to bankruptcy, lack of liquidity, downturns in the economy or declines in asset values, operational failures or other reasons. For information on the Group's credit exposure, see "*Risk Management—Credit Risk—Credit Exposure*."

Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing and other relationships. Even perceived lack of creditworthiness or questions about a counterparty's solvency may lead to market-wide liquidity problems and losses or defaults by the Group or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges. The Group routinely executes a high volume of transactions with counterparties in the financial services industry and systemic risk could have a material adverse effect on the Group's ability to raise new funding and on its business, results of operations and financial position. Volatility in foreign exchange and fixed income markets could increase counterparty credit risk. Credit risk also includes the risk of losses due to a country's financial difficulties, the imposition of sanctions relating to or affecting a country, political decisions on nationalization and expropriation, or if the country's credit rating is downgraded, or there is an expectation of a potential downgrade.

In addition, the Group is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations the Group holds could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of the Group's counterparties could also have a material adverse effect on the Group's income and risk weightings applied to the Group's assets, leading to increased capital requirements. While in many cases the Group is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral the Group is entitled to receive and the value of pledged assets. The Group may also be unable to realize or liquidate collateral held by it at prices sufficient to recover the full amount of the counterparty exposure.

If any of the events described above materialize, it could have a material adverse effect on the Group's business, results of operations and financial position.

Deterioration in counterparties' credit quality may adversely affect the Group's business, results of operations and financial position; additionally, the Group's credit risk is concentrated in the Nordic countries, particularly Denmark.

The Group is a leading provider of credit to retail, corporate and institutional customers in Denmark and also has significant banking operations in Finland, Norway and Sweden. The Group is exposed to the risk that its borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans, if any, may not be sufficient. The Group's principal credit exposures are to retail and corporate customers, financial institutions and credit institutions. The Group's largest exposure is related to lending to personal customers, which consists to a large extent of mortgage products in the Nordic countries. The main risks in the personal customer portfolio relate to elevated asset prices in growth regions and short-term adjustable rate (floating interest rate) mortgages and interest-only loans in Denmark.

The Group is, therefore, monitoring rapid asset price appreciation on residential and commercial properties in Copenhagen and growth areas in Norway and Sweden. In Denmark, Sweden and Norway, house prices had been increasing for a long period, especially in the growth regions (Copenhagen and Århus in Denmark, Stockholm in Sweden and Oslo/Akershus in Norway), driven by higher demand and low interest rates. However, initial signs that the housing market was cooling were starting to show in the growth regions, and house prices in Sweden and Norway decreased in 2017, partially due to macroprudential measures in the two countries. After rather stable 2018, prices continued to increase gradually in Sweden and Norway in 2019. The Finnish housing market was stable in 2019, however with widening regional differences. The Danish housing market experienced additional uplift after having stagnated through most of 2018 and early 2019. Most of the Nordic housing markets saw increased demand for housing in 2020, which resulted in increases in house prices not seen since the years leading up to the financial crisis of 2007-2008. The exception was Finland, which did not experience significant price increases. In general, payment performance remains strong, and the Bank has included a downside on property prices in the calculation of its "*IFRS 9 – Financial Instruments*" ("**IFRS 9**") provisions, as further described below. A decline in property prices in the Nordic countries or the Group's customers' loan payment performance could have an adverse effect on the Group's business, results of operations and financial position.

In 2020, the credit quality of the personal customer portfolio remained strong despite the increasing uncertainty about the future created by the second wave of the COVID-19 pandemic. The credit quality of the personal customer portfolio continued to benefit from low interest rates and favorable macroeconomic conditions. However, the Bank expects that the COVID-19 pandemic will have lagged effects on the personal customer portfolio due to factors such as increased unemployment rates and payment holidays/interest-only payments expiring, which are expected to lead to higher delinquencies and defaults when government support packages expire. Generally, increases in historically low interest rates could put pressure on customer affordability. Even though a stress test of the portfolio showed that customers with floating interest rates are exposed to changes in current interest rates, the stress levels are highly acceptable and interest rate vulnerability is decreasing. The Group works actively to recommend loans with a lower interest-rate sensitivity and has strengthened incentives for customers to choose mortgage products with amortization. This, along with the COVID-19-induced decline in long-term interest rates, has had a noticeable effect on interest rate sensitivity, with 73 percent of the portfolio in Denmark consisting of loans with an interest rate set for five years or more as at December 31, 2020 (up from 70 percent as at December 31, 2019, and 65 percent as at December 31, 2018). As at December 31, 2020, interest-only mortgages with high loan-to-value ("**LTV**") (greater than 80 percent) that will reset before December 31, 2025, amounted to DKK 1.7 billion. Combined with a significant increase in the savings rates of Danish households since the financial crisis, this reduces the risk of losses and improves the financial stability of the households in question.

In the Group's agricultural portfolio, a major risk is low output prices and/or high input prices, which are largely dependent on global and local supply and demand, and which are in turn affected by many factors outside of the Group's customers' control, such as weather conditions and diseases. In 2018, a combination of poor weather conditions in Denmark and low prices particularly for pork producers led to significant declines in earnings for Danish farmers, which led to increases in impairments to agricultural customers in 2018. Market conditions improved in 2019 as pork prices increased towards new highs in the second half of 2019 driven by strong demand from China where the local supply was hit by the African Swine Fever. Against this background and the 2018 drought being less severe than expected, the Group reduced management overlays (that cover the outlook for particular high-risk portfolios not appropriately captured in the expected credit loss ("**ECL**") model) against pork producers in 2019. This led to a decline in total ECLs and an improved credit quality measured by rating classification. In 2020, African Swine Fever and the COVID-19 pandemic caused uncertainty and turbulence in the markets for agricultural commodities, especially the prices of piglets and pork. Despite the challenging circumstances, the Danish agricultural sector in general performed well in 2020 and is expected to also do well in 2021. However, the uncertainty and decreases in the price of piglets caused by the outbreak of African Swine Fever in Eastern Germany in September 2020 resulted in increased management overlays. Due to COVID-19, all mink in Denmark were culled in the fourth quarter of 2020, which was a de facto closure of the industry. The Group's gross exposure to mink farmers was DKK 0.5 billion as at December 31, 2020. As at December 31, 2020, the Group's gross exposure to the agricultural industry amounted to DKK 73.1 billion. Of this gross exposure, 4.3 percent was non-performing with 76.2 percent of the uncollateralized non-performing exposure being covered by the allowance account. Overall, high indebtedness and a very high proportion of variable-rate loans remained major risks, and the Group focused on reducing its customers' interest rate sensitivity and continued workout plans with its weakest customers.

The persistently difficult market conditions in the offshore shipping industry continued to affect the portfolio's credit quality as the restructurings carried out in recent years have proven insufficient given the protracted recovery of investment levels in the industry. Some customers are undergoing second round restructurings, which has led to increased impairment charges against the sector in 2019. In 2020, the market conditions for the offshore shipping industry continued to experience structural challenges with oversupply and low earnings. The changes in impairment charges for the shipping, oil and gas industry increased to 906 basis points in 2020. The Group also wrote off part of its exposure to certain customers in 2020. As at December 31, 2020, the Group's gross exposure to these oil-related activities (mainly offshore and oil majors, which are included in the shipping, oil and gas portfolio) amounted to DKK 23.3 billion. The recent volatility and downward pressure on oil price has made the operating environment in the oil and gas sector more challenging. The Group is also exposed to the economic conditions in its other core Nordic markets, Northern Ireland and the other countries in which it operates. Deterioration in the economic conditions in the Group's markets, or the failure of large borrowers in these countries to perform their obligations to the Group, could have a material adverse effect on the Group's business, results of operations and financial position.

The Group records loan impairment charges aimed at covering estimated ECLs inherent in its loan portfolio in accordance with IFRS 9. The Group's loan impairment charges follows the IFRS 9 requirements to segment exposures into stages depending on the development in credit risk since origination. For performing loans in stages 1 and 2, the impairment levels are modelled with a focus on historical loss rates combined with economic scenarios provided by the Group's macroeconomists, which lead to a forward-looking calculation of the ECL. For exposures in stage 1, the impairment amount equals the ECL over a 12-month horizon. For exposures in stage 2, the impairment amount equals the ECL over the lifetime of the exposure. Staging is primarily driven by changes to the customer's credit classification, combined with qualitative indicators of a decrease in credit quality, for instance the granting of forbearance measures to the customer. In stage 3, impairment levels are more specific to the individual customers and are based on, among other things, the customer's likely repayment capacity and the valuation of the underlying assets, as well as numerous other portfolio and case specific assumptions. These internal analyses and assumptions may give rise to inaccurate predictions of credit performance, and the Group may experience unexpected reductions in profitability or increased losses as a result.

The Group's loan impairment charges amounted to a net charge of DKK 7,001 million in 2020, a net charge of DKK 1,516 million in 2019 and a net reversal of DKK 650 million in 2018. Due to improved economic conditions and credit quality, the Group's reversals remained steady in 2018. However, the net reversal turned into a net charge in 2019, resulting mainly from increased impairments against a few single-name exposures at the Corporates & Institutions business unit ("**C&I**") and Banking Nordic and lower reversals on non-performing loans in Denmark. Although credit quality overall remained strong in 2020, loan impairment charges increased significantly due primarily to two factors. Firstly, the Group recorded significant impairment charges in the first quarter of 2020 relating to changes in the forward-looking macroeconomic scenarios driven by the COVID-19 pandemic. Most of these impairments were later released as key economic indicators performed better than expected. The Group, however, countered these model-driven releases with sector-specific post-model adjustments of DKK 2.7 billion, as the Group continues its cautious approach to risks and visibility is limited. Secondly, the Group booked charges against oil-related exposures of DKK 3.3 billion in 2020 due to continued uncertainty in the offshore segment. So far, the need for charges against COVID-19 sensitive sectors has been fairly limited due to government support programs and the Group's balanced portfolio, but such support measures could be withdrawn. Any significant increase in the size of the Group's loan impairment charges, or loan losses in excess of the Group's loan impairment charges, could have a material adverse effect on the Group's business, results of operations and financial position. See also "*—Risks Related to the Markets in which the Group Operates—Deterioration in the economic conditions in the markets in which the Group operates can have a material adverse effect on the Group's business, results of operations and financial position*" above and "*—Illiquidity or a decline in the value of the collateral securing the Group's loans could require the Group to increase its loan impairment charges*" below.

The Group's other banking businesses add to the risks of the Group, including counterparty and settlement risks.

In addition to its traditional banking businesses, the Group conducts investment banking and insurance businesses and holds a large securities portfolio. Such activities expose the Group to risks which, for example, can arise from holding securities of third parties, entering into derivative contracts under which counterparties have obligations to make payments to the Group, extending credit through other arrangements, executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty, or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Adverse changes in the financial condition of the Group's counterparties or a general deterioration in general economic conditions, or adverse changes to counterparty credit risk arising from systemic risks in the financial system, could affect the recoverability and value of the Group's assets and require an increase in the level of the Group's loan and other impairment charges. The Group's failure to manage these risks could have a material adverse effect on the Group's business, results of operations and financial position.

Illiquidity or a decline in the value of the collateral securing the Group's loans could require the Group to increase its loan impairment charges.

As at December 31, 2020, the Group held collateral in core activities (after haircuts) amounting to DKK 1,520 billion, corresponding to 55.7 percent of the Group's net credit exposure (excluding Non-core). The lending portfolio primarily consists of mortgage loans, with the largest exposure to customers in Denmark. In addition to the Group's mortgage portfolio, other collateral includes equity and debt securities. Downturns in the residential and commercial real estate markets, and, in particular, a correction in the Danish residential real estate market, or a general deterioration of economic conditions in the industries in which the Group's customers operate in Denmark, the other Nordic countries and the other markets in which the Group operates, or in the markets in which the collateral is located, may result in illiquidity and a decline in the value of the collateral securing the Group's loans, including a decline to levels below the outstanding principal balance of those loans. In the case of equity securities collateral, such securities may be unlisted and illiquid and the value of such securities is closely linked to the business performance of the customers. A decline in the value of collateral securing the Group's loans or the inability to obtain additional collateral may, in certain cases, require the Group to reclassify the relevant loans, record loan impairments or increase its reserve requirements.

As at December 31, 2020, the Group's net credit exposure to the residential real estate market was DKK 507 billion, corresponding to 18.6 percent of the Group's net credit exposure, and the Group's net credit exposure to the commercial property sector amounted to DKK 328.6 billion, corresponding to 12.0 percent of the Group's net credit exposure. Any future declines in property prices in any of the countries in which the Group offers property financing may lead to loan impairment charges. In addition, a failure to recover the expected value of collateral in the case of foreclosure may also expose the Group to losses.

The illiquidity referred to above or increases in loan impairment charges could have a material adverse effect on the Group's business, results of operations and financial position. See "*Risk Management—Credit Risk*" for a further discussion of the credit risks to which the Group is exposed.

The Group has acquired significant goodwill through its acquisitions and, as a result of mainly higher capital requirements, has made significant goodwill impairment charges and it may be required to further write down its acquisition goodwill.

The Group has completed a number of acquisitions that resulted in the Group recording goodwill on its balance sheet. Goodwill is tested for impairment at least once a year which requires that management estimate the future cash flows from acquisitions. A number of factors affect the value of such cash flows, such as discount rates and other conditions which depend, in part, on economic developments, customer behavior and the competitive situation and, if and when events or changes in circumstances indicate impairment, such goodwill must be written down accordingly.

In 2019, the Group recognized a goodwill impairment charge of DKK 1,603 million. Out of the total goodwill impairment charge, DKK 800 million related to the acquisition of SEB Pension Danmark (as defined in "*Description of the Group—The Group's History and Development*") and it was recognized as the upcoming application of Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) ("**Solvency II**") is expected to increase capital requirements. An additional goodwill impairment charge of DKK 803 million was recognized at Fixed Income and Currency ("**FI&C**") and Capital Markets due to updated assumptions of lower future structural income at FI&C and expectations of higher allocated capital as a result of the implementation of higher regulatory capital requirements. The Group did not recognize any goodwill impairment charges in 2020 or 2018. As at December 31, 2020, the Group's total goodwill amounted to DKK 6.1 billion, or 0.1 percent, of the Group's total assets. Should there be additional declines in the value of its acquired businesses, the Group may be required to further impair its current goodwill which, depending on the amount impaired, may have a material adverse effect on the Group's results of operations and financial position.

Adverse capital and credit market conditions may negatively affect the Group's ability to access liquidity and capital, as well as its cost of funding and capital.

Liquidity risk is the risk of losses because 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. Liquidity risk is inherent in much of the business of the Group and can be heightened by a number of factors, including rising interest rates, which can increase the Group's cost of funding, and reduced access to funding sources, including the capital markets, which could be attributed to market conditions generally or the perception of the Group in the credit markets. The capital and credit markets experience volatility on a recurring basis. Market volatility increased significantly through the end of January 2020 and again at the end of February 2020 continuing through the spring of 2020 as COVID-19 continued to spread. The uncertainty that the spread of COVID-19 and the policies to mitigate its economic impact have caused means the full impact on the financial markets cannot currently be predicted. In addition to the impact of COVID-19, in 2019, and continuing until the date of this Base Information Memorandum, political uncertainty in the EU and the United States has had repercussions for financial markets. For a discussion of macroeconomic conditions, see "*—Risks Related to the Markets in which the Group Operates*" above.

A substantial portion of the Group's funding is derived from deposits and issued bonds. In addition to its core deposit base and investment portfolio, the Group is reliant on a number of funding programs (which include covered bonds) available to it in Europe and the United States. If the short-term funding sources of the Group become volatile or are unavailable, the Group would be required to utilize other, possibly more expensive sources to meet its funding needs, such as collateralized borrowings or asset sales. The availability of financing depends on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the Bank's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Group's long- or short-term financial prospects. For example, declining residential property values may have a material adverse effect on the Group's ability to issue covered bonds. If the Group's funding sources were limited or became unavailable or market conditions deteriorated, the Group's ability to raise funding could be adversely affected or such market conditions could result in a significant increase in the Group's cost of funding. If any of these events were to occur they could have a material adverse effect on the Group's business, results of operations and financial position.

The Bank's funding and competitive position depend on its credit ratings.

The Bank's credit ratings are important to its business. As at the date of this Base Information Memorandum, the Bank's long-term Issuer credit rating is A from S&P, long-term Issuer default rating is A from Fitch, and long-term Issuer rating is A3 from Moody's. For additional information on the Bank's credit ratings, see "*Operating and Financial Review and Prospects—Credit Ratings*." The Bank's credit ratings are subject to change at any time and its credit ratings could be downgraded as a result of many factors, including the failure of the Bank to successfully implement its strategies, developments with respect to the AML matters related to the Bank's Estonian branch or general downgrading of the credit ratings of financial institutions in the Danish banking sector. In addition, the Bank's credit ratings are, pursuant to the current methodologies used by S&P, Moody's and Fitch, linked to all major markets in which Danske Bank operates (Denmark, Sweden, Norway and Finland). Accordingly, developments in these markets could impact the Bank's credit ratings. Any downgrade of the Bank's credit ratings could adversely affect its liquidity and competitive position, undermine confidence in the Bank, increase its borrowings costs and limit its access to the capital markets or trigger obligations under certain bilateral provisions in some of its trading and collateralized financing contracts. Under these provisions, counterparties could be permitted to terminate contracts with the Bank or require it to post additional collateral. Termination of the Bank's trading and collateralized financing contracts could cause it to sustain losses and may impair its liquidity by requiring the Bank to find other sources of financing or to make significant cash payments or securities movements. A downgrade of the Bank's credit ratings could also lead to a loss of customers and counterparties, which could have a material adverse effect on the Bank's business, results of operations and financial position.

Non-financial risks, including outsourcing partners and suppliers, can potentially result in financial loss as well as harm the Group's reputation.

The Group is exposed to non-financial risks in the form of possible losses resulting from inappropriate or inadequate internal procedures, human or system errors, or external events. Non-financial risks include legal risks and are often associated with one-off events, such as failure to observe business or working procedures, defects or breakdowns of the technical infrastructure, criminal acts, fire and storm damage, and litigation. These events can potentially result in financial loss and harm to the reputation of the Bank, individual Group companies or the Group as a whole.

The nature of the Group's business inherently generates non-financial risks. The Group's business is dependent on processing a large number of complex transactions across numerous and diverse products, and is subject to a number of different legal and regulatory regimes. Non-financial risks are present in the Group's businesses, through inadequate or defective internal processes (including financial reporting and risk monitoring processes) or from people-related events (including the risk of fraud and other criminal acts carried out against the Group, errors by employees and failure to document transactions properly or obtain proper authorization) or external events (including natural disasters or the failure of external systems). In addition, the Group's failure to identify and deal with conflicts of interest could damage the Group's reputation and negatively affect the willingness of customers to enter into transactions with the Group. The Group also faces the risk that its employees make decisions that are not in compliance with the Group's corporate governance practices, internal guidelines or policy documents or that otherwise conflict with applicable laws and regulations. There can be no assurance that the risk controls, loss mitigation and other internal controls or actions in place within the Group will be effective in identifying and controlling each of the non-financial risks faced by it. Any weakness in these controls or actions could result in a material adverse impact on the Group's business, financial condition, results of operations, liquidity and/or prospects, and could result in reputational damage. Given the Group's high volume of transactions, errors in the recording and processing of transactions may be repeated or compounded before they are discovered and rectified, and there can be no assurance that risk assessments made in advance will adequately predict the occurrence, or estimate the costs, of these errors.

The failure of the Group to manage these risks could have a material adverse effect on the Group's reputation, business, results of operations and financial position.

There are risks associated with the Group's complex IT systems.

Large-scale institutional banking activities, including those conducted by the Group, are increasingly dependent on highly sophisticated IT systems to process and monitor, on a daily basis, a large number of transactions, many of which are complex, across numerous and diverse markets, and in many currencies. The Group's operations rely on the secure processing, storage and transmission of confidential and other information in its IT systems and its IT platform, mainly operated by the Group itself, with support from third-party service providers to a limited degree. Complex IT systems are vulnerable to a number of problems, such as unauthorized access or malicious hacking, computer viruses or other malicious code and other external attacks or internal breaches that could have a security impact, as well as physical damage to vital IT centers and software or hardware malfunctions.

The threat to the security of the Group's customer information from cyber-attacks continues to increase. Activists, rogue states and cyber-criminals are among those targeting computer systems in general. Risks to technology and cyber-security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber-attacks, it is possible that future attacks may lead to significant breaches of security. If one or more of such events occur, any one of them potentially could jeopardize the confidential and other information of the Group, any of its clients or its counterparties. The Group may be required to spend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures. While the Group maintains insurance covering direct financial losses related to cyber-attacks, the Group may also be subject to litigation and financial losses as well as reputation risks that are either not insured against or not fully covered through any insurance maintained by the Group. Any such events could result in additional costs and material losses to the Group and damage to the reputation of the Group. In

November 2019, the DFSA published a statement in which it pointed to a number of deficiencies in the Group's governance of IT security management and IT risk management. The Group has initiated a program to remediate the deficiencies.

In addition, since part of the Group's IT services are outsourced to third-party partners, the Group faces risks relating to the failure of those third parties to fulfill their obligations towards the Group. Any failure or disruption in the Group's IT platform, particularly for retail products and services, or greater-than-expected costs for its IT platform could significantly affect the operations and the quality of customer service of the Group and could have a material adverse effect on the Group's reputation, business, results of operations and financial position. Failure in mobile payment services may have a direct impact on retail businesses generally as they rely on these services in a way similar to their reliance on card terminals. Any such failure or disruption could be due to, among others, a spike in transaction volume, deterioration in the quality of IT development, support and operations processes and high turnover of employees, resulting in an inadequate number of personnel to handle the growth and increasing complexity of operations.

Further, if the Group is not successful in implementing new systems, or adapting its current IT platform in line with the expected growth of its business, the Group may not be able to meet the expectations or changing demands of its customers. If the Group fails to effectively implement new IT systems or to adapt to new technological developments, it may incur substantial additional expenses or be unable to compete successfully, which could have a material adverse effect on the Group's reputation, business, results of operations and financial position.

The Bank's ownership of the Danica Pension Group exposes the Group to insurance risks.

The Group operates a life insurance and pensions business through Danica Pension, Livsforsikringsaktieselskab, a wholly-owned subsidiary of the Bank ("**Danica Pension**"), and its subsidiaries (together, the "**Danica Pension Group**"), which exposes the Group to market risks as well as insurance risks. For additional information on the Group's insurance risks, see "*Risk Management—Insurance and Pension Risk*." The insurance activities are an integrated part of Danske Bank's Personal & Business Customers business unit but profits for the Danica Pension Group are reported separately. The most important factor with respect to the conventional life (also known as "with-profits") insurance products (Traditionel) is the relationship between Danica Pension's investment securities and its life insurance obligations. Traditionel insurance policies offer guaranteed benefits calculated on the basis of interest rates (technical rates). The guaranteed benefits apply to all future ordinary payments as well as current savings and guarantees under issued policies. Until 1994, the technical rate was 4.5 percent per annum. From 1994 to 1999, the technical rate was 2.5 percent per annum, from 1999 to 2011, Danica Pension offered policies with a maximum technical rate of 1.5 percent per annum, and from 2011 to 2020, the technical rate of interest has been 0.5 percent per annum. In 2020, Danica Pension stopped offering Traditionel insurance policies to new customers due to the prevailing level of interest rates. The technical rate for new policies would have been negative, and it is not advisable for new customers to enter into an agreement with such a low technical rate. A significant number of policies had a technical rate higher than 0.5 percent as at December 31, 2020.

The policyholders' savings earn an actual rate of interest that is set at the discretion of Danica Pension, which can be changed at any time. The difference between the technical rate and the actual interest rate accrued on policyholders' savings is called a "bonus." The actual investment return for conventional life insurance products for 2020 was between 4.2 percent and 6.8 percent per annum before tax. The actual interest rate accrued on policyholders' savings above or below investment return rates will, respectively, weaken or strengthen the collective bonus potential. If the future expected returns on the investment securities of Danica Pension's customers are inadequate to cover these guaranteed benefit levels, Danica Pension will be required to set aside additional reserves to cover such guarantees. If such reserve strengthening cannot be covered by the bonus potential, the remaining deficit will be provided by funds allocated from shareholders' equity of the relevant entity of the Danica Pension Group, which would negatively affect the Group's equity.

Danica Pension's insurance risk is linked to actual trends in life expectancy, mortality, disability, critical illness and other similar factors. For example, an increase in life expectancy affects the time during which benefits are payable under certain pension plans, whereas trends in mortality and critical illness affect life insurance and disability benefits. Danica Pension undertakes ongoing actuarial assessments, which take into account the factors described above, for the purpose of calculating insurance obligations and relevant reserve adjustments. Such assessments involve estimates and assumptions, which are inherently uncertain, and include Danica Pension's estimates of premiums to be received over the assumed life of the policy, the timing of the event covered by the insurance policy, the amount of benefits or claims to be paid under the policy and the investment returns on the assets purchased with the premiums received.

Only a small portion of Danica Pension's insurance risk is covered by reinsurance arrangements and relates to large individual policy exposures and the risk of losses due to disasters. The inability of Danica Pension to successfully manage these insurance risks could have a material adverse effect on the Group's business, results of operations, capital ratios and financial position.

The Group may incur further liabilities under its defined benefit retirement plans if the value of plan assets is not sufficient to cover potential obligations.

Pension risk arises because of the Group's liability for defined benefit pension plans for current and former employees. The Group's defined benefit pension obligations consist of pension plans in Northern Ireland, Ireland and Sweden as well as a number of small pension plans in Denmark. All of these plans are closed to new members, and new employees are enrolled in defined contribution or cash balance plans. In addition, the Group has minor defined benefit pension obligations that are recognized directly on the balance sheet and that are not managed by separate pension funds.

The Group's obligation, less the value of plan assets, is recognized as a liability, and the liability and pension expenses are measured actuarially. The net present value of the Group's IFRS aggregate net pension assets amounted to DKK 1,905 million as at December 31, 2020, DKK 1,560 million as at December 31, 2019, and DKK 961 million as at December 31, 2018.

Additional cash contributions may be required to the pension plans in excess of ordinary contributions, for example, as a result of changes in the underlying assumptions for the calculation of the pension obligations, which may lead to greater than expected estimated future obligations, or as a result of declines in the value of, and return from, the plan assets. If such additional contributions are significant, it could have a material adverse effect on the Group's business, results of operations and financial position.

The risk management methods used by the Group may be insufficient to cover unidentified, unanticipated, or incorrectly quantified risks, which could lead to material losses or material increases in liabilities.

The Group devotes significant resources to develop risk management policies, procedures and assessment methods for its banking and other businesses. For these purposes, the Group uses a value-at-risk ("**VaR**") model, back testing, models to calculate the Group's total risk exposure amount ("**REA**") and stress tests, as well as other risk assessment methods. Nonetheless, the risk management techniques and strategies applied by the Group may not be fully effective in hedging risk exposure in all economic market environments or against all types of risk, including risks that the Group fails to identify or anticipate. Some of the qualitative tools and metrics used by the Group for managing risk are based upon the use of observed historical market behavior as well as future predictions. The Group applies statistical and other tools to these observations and predictions to arrive at quantifications of risk exposures. These tools and metrics may fail to predict or may incorrectly predict future risk exposures and the Group's losses could, therefore, be significantly greater than such measures would indicate. In addition, the risk management methods used by the Group do not take all risks into account and could prove insufficient. If prices move in a way that the Group's risk modeling has not anticipated, the Group may experience significant losses. Assets that are not traded on public trading markets, such as derivative contracts between banks, may be assigned values that are calculated by the Group using mathematical models. Monitoring the deterioration of assets like these can be difficult and may lead to losses that the Group has not anticipated. Unanticipated or incorrectly quantified risk exposures could result in material losses in the banking and asset management businesses of the Group.

Other risk management methods depend upon the evaluation of information regarding markets, customers or other matters that is publicly available or otherwise accessible. This information may not in all cases be accurate, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and the Group's policies and procedures may not be fully effective.

The inability of the Group to successfully implement and adhere to effective risk management methods, including the inability to accurately assess the credit risk of its customers, could have a material adverse effect on the Group's business, results of operations and financial position.

The Group's loan portfolio may not grow, which could adversely affect net interest income.

The Group's loans increased by 0.9 percent to DKK 1,838,126 million as at December 31, 2020, from DKK 1,821,309 million as at December 31, 2019, which, in turn, represented an increase of 2.8 percent from DKK 1,769,438 million as at December 31, 2018. The Group may find it difficult to increase lending volumes to customers that meet its credit quality standards, in part due to the weak economic environment. The inability to find credit-quality customers or continuing weak credit demand may have an impact on the Group's lending. If the Group is unable to grow its loan portfolio in general, the Group may not generate sufficient interest income to offset the continuing low net interest margins or any decline in such net interest margins, which could have a material adverse effect on the Group's business, results of operations and financial position.

The Group depends on its senior management and employees and it may have difficulty attracting and retaining qualified professionals.

The future operating results of the Group depend to a large extent upon the continued contributions of senior management. The Group could be adversely affected if any of its senior managers ceases to actively participate in the management of its business. In addition, the Group depends in large part on its ability to attract, train, retain and motivate highly skilled management and employees. There is, however, significant competition for employees with the level of experience and qualifications in banking that the Group depends upon. In the future, it may be increasingly difficult for the Group to hire and retain qualified personnel.

The Group may lose some of its most talented personnel to competitors, which could adversely affect the business of the Group and prevent it from retaining and attracting customers, managing existing and new legal and regulatory obligations, implementing and monitoring internal financial reporting policies and procedures, or maintaining or improving operational performance.

In order to address the risks above, the Group has intensified and launched initiatives within succession, talent acquisition and workforce planning.

Further, in order to recruit qualified and experienced employees and to minimize the possibility of their departure to other companies, the Group companies provide compensation packages that they believe are consistent with the standards of the labor markets in which the Group operates, and as a result, the Group may incur high operational costs. If the Group cannot attract, train, retain and motivate qualified personnel, it may be unable to compete effectively in the banking industry and the Group's strategies may be limited, which in each case could have a material adverse effect on the Group's business, results of operations and financial position.

The Group's accounting policies and methods are critical to how it reports its results of operations and financial condition. They require management to make estimates about matters that are uncertain.

Accounting policies and methods are fundamental to how the Group records and reports its results of operations and financial condition. Management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with IFRS. Management has identified certain accounting policies in the notes to its financial statements as being critical because they require management's judgment to ascertain the value of assets and liabilities. See "*Operating and Financial Review and Prospects—Significant Accounting Estimates and Judgements*," "*Operating and Financial Review and Prospects—Overview of Classification and Measurement Basis for Financial Instruments and Insurance Contracts*" and the notes to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

The estimates and assumptions that the Group uses in preparing its financial statements are based on premises that management finds reasonable, but that are inherently uncertain and unpredictable. A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset or reducing a liability. Although the Group has established detailed policies and control procedures that are intended to ensure that these critical accounting estimates and assumptions are well controlled and applied consistently, there can be no assurance that these policies and procedures will always be effective. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Because of the uncertainty surrounding the Group's estimates and assumptions pertaining to these matters, the Group cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future.

Risks Relating to the Legal and Regulatory Environments in which the Group Operates

The Group is subject to a wide variety of banking, insurance and financial services laws and regulations, which could have an adverse effect on its business. The Group is subject to a variety of ongoing investigations and litigation in connection with the AML matters related to the Bank's Estonian branch, which could have a material adverse effect on the Bank.

The Group is subject to a wide variety of banking, insurance and financial services laws and regulations and faces the risk of significant interventions by a number of regulatory and enforcement authorities in Denmark and in each of the other countries in which the Group does business. As a result, the Group is exposed to many forms of risk (including legal risk) that could have an adverse effect on its business.

Regulation of financial markets and banking has changed substantially as a result of the global financial crisis and the perception that one of the causes of the financial crisis was attributable in part to the failure of regulatory structures. The Group is facing greater regulation in the jurisdictions in which it operates. The Bank is subject to supervision by the DFSA and Danish regulations regarding, among other things, solvency and capital adequacy requirements, including capital ratios and liquidity rules. The Group is also subject to the supervision of local supervisory authorities in other countries in which the Group operates. The Bank and many of the Group companies are also subject to EU regulations with direct applicability, such as the General Data Protection Regulation (EU) 2016/679 ("**GDPR**") (effective as of May 25, 2018) requiring businesses to protect the personal data and privacy of EU citizens for transactions that occur within the EU, and EU directives which are implemented through local laws.

In addition, the Group is subject to various laws and regulations in relation to manufacturing, distribution and sales of financial products to different investor groups, including the laws and regulations adopted under MiFID II. A failure by the Group to comply with such laws and regulations, as well as with laws and regulations relating to trading activities and transaction monitoring (including as a result of inadequate systems, controls and procedures), may result in sanctions and claims for compensation against the Group, which could have a material adverse effect on the Group's business and its reputation generally. For example, as stated in the Bank's press release of June 24, 2019, the Bank found, in the autumn of 2018, that customers who had invested in its Flexinvest Fri product during a certain period had paid fees that were too high (the "**Flexinvest Fri Matter**"). This was a result of a number of management decisions to change Flexinvest Fri fees in connection with the implementation of MiFID II in 2017. At the time, interest rates were low, and the expected returns were similarly low. The management decisions caused the fees to be set at too high a level in relation to the expected returns, which made the Flexinvest Fri product unsuitable for some customers.

Upon discovery of the Flexinvest Fri Matter, the Bank notified the DFSA and instructed external counsel to conduct a review. The DFSA issued a decision on August 30, 2019, that contained a number of orders. The Bank has taken note of the orders and has taken and continues to take the steps necessary to ensure compliance with regulatory requirements. In connection with the decision, the DFSA also filed a criminal complaint against the Bank. The Bank has cooperated fully with the authorities and has since individually contacted all affected customers by letter, and as at December 31, 2020, more than 99 percent of the affected customers had received compensation. The remaining affected customers are estates of deceased individuals and are expected to receive compensation from the Bank within a few years. The total compensation amounts to an estimated DKK 400 million before tax. For the year ended December 31, 2020, the estimated compensation payable in relation to the Flexinvest Fri product had no effect on net fee income (year ended December 31, 2019: negative impact of DKK 180 million). On November 14, 2019, following the criminal complaint filed by the DFSA on August 30, 2019, the Bank was preliminarily charged by the Danish State Prosecutor for Serious Economic and International Crime ("**SØIK**") with violating the Danish Executive Order on Investor Protection. The Bank cooperated fully with SØIK and in November 2020, accepted a fine of DKK 9 million after which the matter was closed. See also "*Description of the Group—Legal and Arbitration Proceedings.*"

In addition, in December 2019, the Bank received several orders from the DFSA regarding deficiencies in its market monitoring function. The DFSA conducted an inspection of the Bank between November 2018 and November 2019. Further, on January 17, 2020, the Bank received a Letter of Consent from the U.S. Cboe Futures Exchange (the "**CFE**") in relation to a breach of the CFE Rulebook and Rule 616 pertaining to wash trades. The Bank received a fine of USD 30,000. The Bank is in an ongoing dialogue with the DFSA and certain other authorities regarding the wash trades, which may result in additional investigations and sanctions against the Bank. The Bank has been preliminarily charged by SØIK with two potential violations of the Market Abuse Regulation on the basis of inadequate monitoring of transactions in financial instruments and market manipulation as a result of certain self-matching trades. SØIK's decision to press preliminary charges against the Bank followed the criminal complaint filed by the DFSA to SØIK in June 2020.

In May 2019, the Bank launched an investigation after it was discovered that data errors resulted in the Bank collecting debts that were time-barred or collecting larger amounts than were owed. The Bank provided information to the authorities and initiated contact with affected customers. On September 21, 2020, the DFSA issued four orders to the Bank in relation to systemic errors in its debt collection system and the ongoing remediation. On November 26, 2020, the DFSA ordered the Bank to arrange for and bear the costs of an impartial investigation into the measures taken and to be taken by the Bank to correct the errors in the debt collection process and into the IT systems used for debt collection. As at July 1, 2021, the Bank had reviewed 97 percent of the 197,000 customer cases in its debt collection systems for which there is a risk of overcollection as a result of the data errors originally identified. The review has shown that actual overcollection has taken place for approximately 6,300 of these customers. The customer cases yet to be reviewed, approximately 5,600, require additional quality assurance due to their complexity, and the Bank expects to have resolved these cases before the end of 2021. During its investigation of the data errors originally identified, the Bank became aware of a number of potential additional issues that it is still investigating, which means that the number of customers who are expected to be eligible for compensation is increasing. The Bank expects that this work will extend into 2022.

As a result of general product governance risk following the Flexinvest Fri investigation and inspection of the Bank's IT governance structure, the Bank implemented Pillar II add-ons of DKK 4 billion in the third quarter of 2019 related to Flexinvest Fri and IT governance.

On August 5, 2021, a complaint was filed against the Bank, Danske Markets Inc. and certain other entities not related to the Bank in the U.S. District Court for the Eastern District of New York for violations of the U.S. Anti-Terrorism Act by approximately 500 plaintiffs comprising U.S. military members and U.S. civilians who were killed or wounded while serving in Afghanistan between 2011 and 2016 and their families. The defendants comprise the Bank as well as entities within other financial institution groups. No specific claim amount was set out in the complaint.

Compliance with banking regulations has increased the Group's capital requirements, exposes it to additional costs and liabilities, and may require it to change how it conducts its business, including the reduction of risk and leverage of certain activities, or otherwise have an adverse impact on its business, the products and services it offers and the value of its assets.

For examples of recent regulations which have impacted and are expected to continue to impact the Group, see "*—The Group faces increased capital requirements due to the finalization of the Basel III Framework*" below. Various aspects of banking regulations are still under debate internationally, including, among other things, proposals to review standardized and internally modelled approaches for capital requirements for credit, market and operational risk (together with a proposed capital floor based on the revised standardized approaches for financial institutions using internal models) as well as proposals to increase a financial institution's ability to absorb losses in a situation where it is deemed no longer viable. The Bank is also 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. The Group's operations can also be adversely impacted by changes in tax laws applicable to the Group and this could have a material adverse effect on the Group's business, results of operations and financial position.

Owing to its business volume, the Group is continually a party to various lawsuits and disputes and has an ongoing dialogue with public authorities such as the DFSA. In particular, the investigations of events related to the Bank's Estonian branch are being discussed with the DFSA, SØIK and other public authorities, such as the Estonian Financial Supervisory Authority (the "**Estonian FSA**"), the U.S. Department of Justice (the "**DOJ**") and the U.S. Securities and Exchange Commission (the "**SEC**"). For more information on the investigations and proceedings related to the Bank's Estonian branch, see "*—The Group mandated an investigation into AML matters related to the Bank's Estonian branch, which has found a significant volume of transactions that were determined to be suspicious and critical deficiencies in governance and controls as well as certain employees that failed to fulfill certain legal obligations*," "*—Assessment by the DFSA of the Bank's management and governance in relation to the AML case at its Estonian branch*" and "*—There are various investigations and proceedings related to the Bank's Estonian branch, which may have a material adverse effect on the Bank*" below.

The Group is also subject to various laws and regulations relating to financial and trade sanctions in the jurisdictions in which it operates, including but not limited to those of the Nordic countries, the EU and the United States. These laws and regulations require the Group, amongst other things, to adopt and enforce "know-your-customer" policies and procedures and in some countries to report specific transactions to the relevant regulatory and criminal authorities. In connection with such voluntary reporting by the Group or its correspondent banks, or otherwise as part of the Group's dialogue with such regulatory authorities, the Group from time to time shares information with them pertaining to certain customer payments that may have been made illegally or for improper purposes using the Group's banking network. Although the Group has adopted policies and procedures aimed at detecting and preventing the use of its banking network for illegal or improper purposes, such policies and procedures are not always effective in detecting and preventing such transactions, and the Group is continuously seeking to enhance its procedures. The Group continues to invest heavily to improve its compliance controls and procedures. Failure by the Group to comply with financial and trade sanctions may result in regulatory or criminal investigations, fines and other penalties on the Group, and its business and reputation could suffer if customers use its banking network for such illegal or improper purposes.

Disputes and legal proceedings generally are subject to many uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation. Adverse regulatory or criminal action or adverse judgments in litigation could result in reputational harm, fines, sanctions or restrictions or limitations on the Group's operations, any of which could result in a material adverse effect on the Group's financial condition. In addition, any determination by local regulators or enforcement agencies that the Group has not acted in compliance with applicable local laws in a particular market, or any failure to develop effective working relationships with local regulators, could have a material adverse effect not only on the Group's businesses in that market but also on its reputation generally.

As an organization consisting of various financial institutions, most operations in the Group are contingent upon licenses issued by financial regulators in the countries in which such financial institutions operate. Violations of the law, or rules and regulations, whether intentional or unintentional, may lead to the withdrawal or limitation of the Group's licenses. Any breach of these or other regulations could adversely affect the Group's reputation or financial condition.

The Group mandated an investigation into AML matters related to the Bank's Estonian branch, which has found a significant volume of transactions that were determined to be suspicious and critical deficiencies in governance and controls as well as certain employees that failed to fulfill certain legal obligations.

In September 2017, the Group launched an investigation into the Bank's Estonian branch on the basis of suspicions that the branch was used to launder billions of Danish Kroner (in various currencies including U.S. dollars, euro and other currencies) in the period from 2007 to 2015. The Group had previously concluded that it was not sufficiently effective in preventing the Bank's Estonian branch from potentially being used for money laundering in the period from 2007 to 2015 and that this was due to critical deficiencies in governance and controls.

In December 2017, the board of directors of the Bank (the "**Board of Directors**") mandated the law firm Bruun & Hjejle Advokatpartnerselskab ("**Bruun & Hjejle**") to lead the investigation, which comprised two parts. The "**Portfolio Investigation**" consisted of an examination of the customers in the Bank's Estonian branch's non-resident portfolio and their payments and other transactions and trading activities. The Portfolio Investigation also included an investigation of possible collusion between customers and employees and agents (*i.e.*, persons receiving commissions for facilitating customers) of the Bank's Estonian branch. In addition, further investigations in relation to sanctions screening and analysis of trading activities were carried out. Furthermore, the examination of employees and agents, and potential collusion or other wrongdoing, was investigated in connection with discussions with relevant authorities. The Bank also expanded its investigation to assess the extent of any similar activity in Latvia, Lithuania and Russia. The purpose of the investigation was to report any previously unreported suspicious activity to the authorities and understand the historical activity of non-resident customers to further combat financial crime going forward. The internal investigation at the Bank was completed in the fourth quarter of 2020, and the Bank has reported the findings to the relevant authorities investigating the Bank. The Bank continues to fully cooperate with the authorities, which may require the Bank to undertake further internal investigations in 2021. The overall timing of the authorities' investigations remains unknown and is not within the Bank's control.

The "**Accountability Investigation**" consisted of an analysis of the Bank's own exposure and legal responsibility as an institution, as well as an assessment as to whether individuals in leading positions at Group level, including the members of the Board of Directors and the Bank's executive board, and also in its Estonian branch failed to comply with legal obligations forming part of their employment or position. Bruun & Hjejle noted in its report that the Accountability Investigation has been completed.

On September 19, 2018, the Group announced the findings of the investigation, which were published in a detailed report by Bruun & Hjejle on the investigation and its principal findings, and are summarized under "*Description of the Group—Legal and Arbitration Proceedings—The Group's Investigation into the Bank's Estonian Branch*." In respect of the investigation of customers of the Bank's Estonian branch, the investigation found, *inter alia*, that approximately 15,000 customers (comprised of approximately 10,000 customers belonging to the Bank's Estonian branch's non-resident portfolio and approximately 5,000 customers with non-resident characteristics) had carried out a total of approximately 9.5 million payments with a total flow of payments amounting to approximately EUR 200 billion (the majority of the total amounts being in U.S. dollars and euro), in each case in the period 2007 to 2015, and that of the approximately 6,200 customers analyzed when the report was published, the vast majority had been found to be suspicious and almost all of these customers have been reported to the authorities.

As part of the Accountability Investigation, Bruun & Hjejle assessed that a number of former and current employees, both at the Bank's Estonian branch and at the Group level, had not fulfilled their legal obligations forming part of their employment with the Group. Based on the findings of the investigation, the Group took actions in respect of the employees and managers involved in Estonia and Denmark in the form of, among other things, warnings, dismissals, loss of bonus payments and reporting to the authorities. The majority of these employees and managers are no longer employed by the Group. Thomas F. Borgen announced his resignation as the Bank's chief executive officer (the "**CEO**") on September 19, 2018, in connection with the Group's presentation of the findings of the investigation into the Bank's Estonian branch. On October 1, 2018, the Group announced that Thomas F. Borgen had been relieved of his duties. Further, the Chairman of the Board of Directors and the Chairman of the Audit Committee were replaced in December 2018 and two further members of the Board of Directors stepped down in connection with the 2019 annual general meeting of shareholders of the Bank (the "**General Meeting**"). As reported by the Bank in September 2018, eight former employees of the Bank's Estonian branch were reported to the police, and a further 42 employees and agents were reported to the Estonian Office of the Prosecutor General (the "**Estonian FIU**").

The Group does not wish to benefit financially from suspicious transactions in Estonia. Accordingly, the estimated gross income from the non-resident portfolio in Estonia in the period from 2007 to 2015 of DKK 1.5 billion has been set aside net of confiscation (any confiscated or disgorged gross income will be deducted) as a donation for measures to combat financial crime. The donation will be transferred to an independent foundation, which will be set up to support initiatives aimed at combating international financial crime, including money laundering. The foundation will be set up independently from the Group, with an independent board.

Assessment by the DFSA of the Bank's management and governance in relation to the AML case at its Estonian branch.

On May 3, 2018, the DFSA published a decision document (the "**May Decision Document**") regarding the Bank's management and governance in relation to the AML case at its Estonian branch. The assessment related to whether rules relating to management and controls, and other Danish rules, had been complied with and stated that it had uncovered serious weaknesses in the Group's governance in a number of areas, and contained criticism of the Group's governance, internal controls and responses. The DFSA did not assess compliance with rules on measures to prevent money laundering (AML measures) as, pursuant to EU regulation, the Estonian FSA supervises compliance by branches in Estonia with such rules. In the May Decision Document, the DFSA issued eight orders and eight reprimands to the Bank, as further discussed under "*Description of the Group—Legal and Arbitration Proceedings—Assessment by the DFSA of the Bank's Management and Governance in Relation to the AML Case at its Estonian Branch*." Among other things, the DFSA ordered the Board of Directors and the executive board to reassess the Bank's and the Group's solvency need in order to ensure an adequate internal capital coverage of compliance and reputational risks as a result of weaknesses in the Group's governance.

The DFSA initially estimated that a Pillar II add-on should amount to at least DKK 5 billion, or approximately 0.7 percent of the Group's REA as at December 31, 2017.

As required by the May Decision Document, the Board of Directors and the executive board submitted a written report to the DFSA on June 29, 2018, stating how the Group has ensured compliance with the orders. In its decision document dated October 4, 2018 (the "**October Decision Document**"), the DFSA found that the Bank did not fully comply with its order in the May Decision Document regarding, *inter alia*, satisfactory documentation of the decision-making basis, discussions at meetings and decisions made, and it required the Board of Directors and executive board to account for initiatives taken with a view to generally strengthening the Bank's governance in relation to decision-making processes, including governance at levels below the Board of Directors and the executive board. In respect of the other seven orders in the May Decision Document, the DFSA found that the Bank either had complied with the orders by the end of June 2018 or had initiated suitable initiatives to ensure compliance. Furthermore, the DFSA again ordered the Board of Directors to reassess the Bank's solvency need as it assessed that the Bank's compliance and reputational risks were higher than prior to the May Decision Document. In the October Decision Document, the DFSA initially estimated that the Group, as an absolute minimum, should increase the Pillar II add-on to a total of DKK 10 billion, or 1.3 percent of the Group's REA as at June 30, 2018. The Board of Directors agreed with the DFSA's order and, therefore, reassessed and increased the solvency need by an additional DKK 5 billion, such that the total Pillar II add-on for compliance and reputational risk has been increased to DKK 10 billion. The add-on of DKK 10 billion has been met with common equity tier 1 ("**CET1**") capital. The DFSA noted that the October Decision Document does not contain the DFSA's assessment of the Group's investigation into the Bank's Estonian branch, and that the DFSA has initiated an assessment to establish whether the basis underlying the May Decision Document has changed and may warrant new supervisory actions by the DFSA. Following the publication of the detailed report by Bruun & Hjejle on September 19, 2018, on the Bank's website, the DFSA on September 20, 2018, reopened its investigation that had resulted in the May Decision Document. The reopened investigation is ongoing, and no conclusions have therefore yet been presented by the DFSA.

There are various investigations and proceedings related to the Bank's Estonian branch, which may have a material adverse effect on the Bank.

The Bank has continuous dialogues with the supervisory authorities in the markets in which the Group is active. As part of such dialogue, the Bank has also discussed the AML matters related to the Bank's Estonian branch and the findings of the Bruun & Hjejle report, and several other authorities have asked questions pertaining to the Bank's alleged involvement in the so-called "Russian Laundromat" and "Azerbaijan Laundromat" and the findings in the Bruun & Hjejle report. In Denmark, supervisory orders and reprimands are publicly available.

On August 6, 2018, SØIK announced that it had opened an investigation into the Bank concerning transactions passing through the Bank's Estonian branch to examine whether there were grounds for a criminal case against the Bank for breach of the Act on Measures to Prevent Money Laundering and Financing of Terrorism (the "**Danish AML Act**"). On November 28, 2018, the Bank was preliminarily charged by SØIK with violating the Danish AML Act on four counts, all relating to the Bank's Estonian branch in the period from February 1, 2007, to the end of January 2016. Among other things, SØIK preliminarily charged that the Bank's Estonian branch did not have adequate procedures, controls and risk management systems to effectively prevent, mitigate and manage the risk of money laundering and financing of terrorism, or sufficient know your customer procedures, and that the monitoring of transactions and reporting of suspicious transactions to the authorities was inadequate. In October 2020, SØIK added violation of the Danish Financial Business Act for governance and control failures in the period from February 1, 2007, to the end of 2017 to the preliminary charges. The Bank is cooperating with the authorities. For additional information, see "*Description of the Group—Legal and Arbitration Proceedings—Various Investigations and Proceedings Related to the Bank's Estonian Branch*."

The internal investigation at the Bank was completed in the fourth quarter of 2020, and the Bank has reported the findings to the relevant authorities investigating the Bank. The Bank continues to fully cooperate with the authorities, which may require the Bank to undertake further internal investigations in 2021. The overall timing of the authorities' investigations remains unknown and is not within the Bank's control. As at the date of this Base Information Memorandum, it is not possible to reliably estimate the timing or amount of potential settlement or fines, which could be material. Accordingly, no provision in respect of any investigation or proceeding related to these matters has been recognized, except for the provision of DKK 1.5 billion discussed under "*—The Group mandated an investigation into AML matters related to the Bank's Estonian branch, which has found a significant volume of transactions that were determined to be suspicious and critical deficiencies in governance and controls as well as certain employees that failed to fulfill certain legal obligations*" above.

The Bank remains in dialogue with various authorities regarding the terminated non-resident portfolio at the Bank's Estonian branch. This includes criminal and regulatory investigations by authorities in Estonia, Denmark, France and the United States. The Bank continues to cooperate with all authorities.

In 2018, the Estonian Office of the Prosecutor General opened a criminal investigation into former employees of the Estonian branch.

In November 2018, the Bank was preliminarily charged by SØIK with violating the Danish AML Act on four counts all relating to the Estonian branch in the period from February 1, 2007, to the end of January 2016. In October 2020, SØIK added violation of the Danish Financial Business Act for governance and control failures in the period from February 1, 2007, to the end of 2017 to the preliminary charges.

In February 2019, the Bank was placed under formal investigation by an investigating judge of the Tribunal de Grande Instance de Paris in the context of an ongoing French criminal investigation and on the grounds of money laundering suspicions relating to certain transactions in the terminated portfolio of non-resident customers of the Bank's Estonian branch, amounting to approximately DKK 160 million and performed between 2007 and 2014. The Bank has posted bail in the amount of DKK 80 million.

In December 2020, the Bank was informed by the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**") that it had decided to close its investigation of the Bank in relation to the Estonia case with no action. OFAC is the U.S. authority responsible for civil enforcement of U.S. sanctions. The decision does not preclude OFAC from taking future enforcement action should new or additional information warrant renewed attention.

The Bank is reporting to, responding to and cooperating with various authorities, including SØIK, the DOJ and the SEC, relating to the Bank's Estonian branch.

The internal investigation work planned by the Bank was completed and the findings were reported to relevant authorities in 2020. The Bank continues to fully cooperate and will provide the authorities with further information if and when requested. The overall timing of the authorities' investigations remains unknown and is not within the Bank's control. It is not yet possible to reliably estimate the timing, form of resolution, or amount of potential settlement or fines, which could be material.

Based on orders from the Danish FSA, the Bank's solvency need has been increased in 2018 by a Pillar II add-on of in total DKK 10 billion to ensure adequate capital coverage of the increased compliance and reputational risks in relation to the Estonian AML matter.

On January 9, 2019, an action was filed in the United States District Court for the Southern District of New York by an alleged holder of the Bank's American Depositary Receipts, representing its ordinary shares, against the Bank and certain of its officers and former officers and/or directors. The complaint alleges that the defendants violated Section 10(b) and Section 20(a) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), by, among other things, making false and misleading statements and/or failing to disclose adverse information regarding the Bank's business and operations in relation to AML matters relating to the Bank's Estonian branch and related matters. The complaint seeks unspecified damages on behalf of a putative class of purchasers of the Bank's American Depositary Receipts between January 9, 2014, and April 29, 2019. On August 24, 2020, the Court granted the motion and dismissed all claims against the Bank on three independent grounds. On September 23, 2020, the plaintiffs filed an appeal of this ruling to the Second Circuit. On August 25, 2021, the United States Court of Appeals for the Second Circuit affirmed the District Court's decision to dismiss all claims against the Bank. It is uncertain whether the plaintiffs will seek to appeal further.

On March 3, 2019, a court case was initiated against the Bank and Thomas F. Borgen for approval of a class action led by a newly formed association with the aim of representing former and current shareholders in a liability action relating to the Estonian AML matter. On January 21, 2021, the court dismissed the case because it did not fulfill the criteria for being approved as a class action. The association has appealed this decision. The appeal will not be decided until the third quarter of 2021 at the earliest.

In March 2019, October 2019, January 2020, March 2020, September 2020, and February 2021, a total of 320 separate cases were initiated and are still ongoing against the Bank with a total claim amount of approximately DKK 7.9 billion. On December 27, 2019, and September 4, 2020, two separate claims were filed by 93 investors against the Bank with a total claim amount of approximately DKK 1.7 billion.

On September 2, 2020, 20 separate claims were filed by 20 investors against the Bank with a total claim amount of approximately DKK 1.1 billion.

On September 18, 2020, a separate claim was filed by 201 investors against the Bank with a total claim amount of approximately DKK 2.1 billion.

On September 18, 2020, one case was filed against the Bank and Thomas F. Borgen by two investors with a total claim amount of DKK 10 million.

These court actions relate to alleged violations in the Bank's branch in Estonia of the rules on prevention of money laundering and/or alleged failure to timely inform the market of such violations (and in one claim, also market manipulation). Of the 320 cases filed in the period from March 2019 to February 2021, 200 have been referred to the Eastern High Court. On June 29, 2021, the Supreme Court denied the Bank's request for referral of the remaining cases, which are now stayed before the Copenhagen City Court. The Bank is defending itself against these claims. The timing of completion of any such lawsuits (pending or threatened) and their outcome are uncertain.

On February 20, 2020, and on March 12, 2021, two cases were initiated against Thomas F. Borgen by 76 institutional investors, and funded by the litigation funder Deminor Recovery Services. The total claim amount is approximately DKK 3.2 billion. The Bank has received procedural notifications in respect of both cases. Under Danish law, the purpose of a procedural notification is to make a formal reservation of rights to bring a potential claim against the notified party in the future. The main hearing is scheduled to be held in September 2021.

Reports in the media have pointed to potential further legal actions being raised against the Bank in connection with the AML matters related to the Bank's Estonian branch and related matters, and the Bank has received a number of claims for compensation threatening litigation. Further similar claims may be filed in the future, although the timing of completion of any such lawsuits (pending or threatened) and their outcome are uncertain. The Bank intends to defend itself against these claims.

The consequences of the AML matters related to the Bank's Estonian branch are uncertain. The investigations regarding the non-resident customer portfolio at the Bank's Estonian branch and the preliminary criminal charges initiated by SØIK could lead to settlements or fines, which could be material, or other adverse consequences (including without limitation the loss or need to reapply for licenses to engage in certain banking activities or other remedies that may adversely impact the Bank's operations) for the Bank, including as a result of any criminal conviction, as well as for management and employees of the Group. The Group also may face additional investigations and proceedings, or related civil lawsuits. In addition, the existing proceedings, investigations and other regulatory actions involve significant costs for the Group, require significant attention from the Group's management and the Board of Directors, entail adverse reputational impacts and attract adverse media and political attention. Any of the foregoing may have a material adverse effect on the Group's business, results of operations, capital position, financial condition and reputation.

The Group faces increased capital requirements due to the finalization of the Basel III Framework.

On November 23, 2016, the European Commission published its proposal for an EU banking reform package (the "**EU Banking Reform**") as part of the finalization of the Basel III framework and its implementation in the EU.

On December 7, 2017, the Basel Committee on Banking Supervision (the "**BCBS**") published revised standards for, *inter alia*, 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 standardized approaches for measuring credit, market and operational risk ("**Basel IV**"). Due to the COVID-19 pandemic, the BCBS delayed the implementation of the finalized Basel III Framework from 2022 to 2023. The political process to implement the finalized Basel III Framework and the BCBS' minimum capital requirements for market risk, in the EU, is ongoing; therefore, the outcome is subject to substantial uncertainty. The EU Commission is expected to publish a legislative proposal in the second half of 2021. It is too early to assess the potential impact in detail; however, the Group expects the EU implementation to imply an increased REA for the Group.

As part of the European Banking Authority's (the "**EBA**") roadmap to enhance internal models used to calculate credit risk, the Group has started implementing the revised set of EBA guidelines and technical standards. During the first half of 2021, the Group's REA increased by approximately DKK 35 billion due to the EBA roadmap. The Group expects further increases in the second half of 2021 of a similar magnitude as for the first half of the year, all else being equal.

The EU Banking Reform package, consisting of Regulation 2019/876 of the European Parliament and of the Council amending the Capital Requirements Regulation (575/2013) (the "**CRR II**"), Directive (2019/878) of the European Parliament and of the Council amending the Capital Requirements Directive (2013/36) (the "**CRD V Directive**") and Directive (2019/879) of the European Parliament and of the Council (the "**BRRD II**") and Regulation (2019/877) of the European Parliament and of the Council amending the Single Resolution Mechanism Regulation (806/2014) ("**SRMR II**"), was adopted on May 20, 2019, and published on June 7, 2019. The EU Banking Reform introduces and strengthens various measures including leverage ratio and net stable funding requirements, a new market risk framework, the standardized approach to counterparty credit risk, enhanced minimum requirements for own funds and eligible liabilities subordination rules and the tightening of the large exposures limit. The rules implementing the CRD V Directive and the BRRD II into Danish law, with certain exemptions, entered into force on December 28, 2020, whereas the CRR II, with certain exemptions, has applied from the end of June 2021. The CRD V Directive and the BRRD II were implemented into Danish law by Act No. 2110 of December 22, 2020, on Changes to the Financial Business Act, the Recovery and Resolution Act of Certain Financial Undertakings, the Capital Markets Act and Cessation of the Act on Finansiel Stabilitet (changes as a result of the revision of the CRD V Directive and the BRRD II) (the "**Danish BRRD II/CRD V Act**").

Until fully implemented into EU and Member States' laws, the Group cannot predict the precise effects of the changes that result from the implementation of the finalized Basel III framework and the CRD V Directive on its own financial performance or the impact on the pricing of its Notes issued under the Program. Prospective investors should consult their own independent advisers as to the consequences of the implementation of the finalized Basel III framework and the CRD V Directive.

See "*The Danish Banking System and Regulation*" for a description of the impact on the Group of the new capital requirements.

The Bank may be subject to bail-in under the BRRD, and the exercise of any power under the BRRD could have a material adverse effect on Holders.

Directive (2014/59/EU) of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended (including by the BRRD II) or replaced from time to time (the "**BRRD**") and BRRD II and their implementation into Danish law ultimately imply the risk of bail-in of the Notes issued by the Bank if the Group were to enter into resolution, and the relevant resolution authority applies the bail-in tool.

The exercise of any power under the BRRD or any suggestion of such exercise could have a material adverse effect on the rights of Holders, the price or value of their investment in any Notes and/or the ability of the Bank to satisfy its obligations under any Notes. Although the BRRD, as implemented, contains certain limited safeguards for creditors in specific circumstances, including in the case of senior creditors (such as the Holders) a safeguard that aims to ensure that they do not incur greater losses than they would have incurred had the relevant financial institution been wound up under normal insolvency proceedings, there can be no assurance that these safeguards will be effective if such powers are exercised. The determination that all or a part of the principal amount of the Notes will be subject to bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Group's control. The application of the general bail-in tool with respect to the Notes may result in the write-down or cancellation of all, or a portion of, the principal amount of, or outstanding amount payable in respect of, and/or interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or outstanding amount payable in respect of, or interest on, the Notes into shares or other securities or other obligations of the Bank or another person, including by means of a variation to the terms of the Notes to give effect to such application of the general bail-in tool. Accordingly, potential investors in the Notes should consider the risk that the general bail-in tool may be applied in such a manner as to result in Holders losing all or a part of the value of their investment in the Notes or receiving a different security than the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the relevant resolution authority may exercise its authority to apply the general bail-in tool without providing any advance notice to the Holders.

Holders may be subject to write-down or conversion into equity on any application of the general bail-in tool as described above, which may result in Holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Holders, the price or value of their investment in any relevant Notes and/or the ability of the Bank to satisfy its obligations under any relevant Notes. Prospective investors in the Notes should consult their own advisors as to the consequences of the implementation of the BRRD into Danish law. The BRRD is further explained in "*The Danish Banking System and Regulation—Regulatory Initiatives to Secure Financial Stability—The Bank Recovery and Resolution Directive (BRRD).*"

Changes in the Group's accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations.

From time to time, the IASB, the EU and/or other regulatory bodies change the accounting and financial reporting standards that govern the preparation of the Group's financial statements. These changes can be difficult to predict and can materially impact how the Group records and reports its results of operations and financial condition. In some cases, the Group could be required to apply a new or revised standard retrospectively, resulting in restating prior period financial statements.

In May 2017, the IASB issued "*IFRS 17 – Insurance Contracts*" ("**IFRS 17**"). IFRS 17 replaces "*IFRS 4 – Insurance Contracts*" ("**IFRS 4**"), which was an interim standard that did not prescribe the measurement of insurance contracts but relied on existing accounting practices. IFRS 17 is a comprehensive standard with principles for, for example, the measurement of insurance contracts at a current (fulfillment) value in the balance sheet, the recognition of insurance contract revenue in the income statement and the presentation of information on the performance in relation to insurance contracts. IFRS 17 will be effective from January 1, 2021; however, in November 2018, the IASB proposed to defer the effective date by one year to January 1, 2022. In June 2020, the IASB issued amendments to IFRS 17, which included a deferral of the effective date to January 1, 2023. IFRS 17 is yet to be adopted by the EU. The standard may have a significant impact on the Group's financial statements due to the new principles for calculating insurance provisions and for the presentation in the income statement and balance sheet. The Group has undertaken a pre-analysis to assess the impact on the Group's financial statements, including an assessment of the Group's insurance products in terms of classification, measurement and aggregation into portfolios. Estimates using the three measurement approaches (Building Block approach, Variable Fee approach and Premium Allocation approach), including a calculation of the Contractual Service Margin, have been made. This indicates that after a transitional period, net profit before tax will not be significantly altered.

The IASB, the EU and/or other regulatory bodies may make other changes to accounting and financial reporting standards that govern the preparation of the Group's financial statements. Any such change in the Group's accounting policies or accounting standards could materially affect its reported results of operations and financial condition.

Risks Related to the Notes

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks."

Interest rates and indices that are deemed to be "benchmarks" (such as, in the case of Floating Rate Notes, a Reference Rate), are the subject of ongoing 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 that cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark."

The Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorized or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognized or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorized or registered (or, if non-EU based, not deemed equivalent or recognized or endorsed).

Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**U.K. Benchmarks Regulation**") among other things applies to the provision of benchmarks and the use of a benchmark in the U.K. Similarly, it prohibits the use in the U.K. by U.K. supervised entities of benchmarks of administrators that are not authorized by the U.K. Financial Conduct Authority (the "**FCA**") or registered on the FCA register (or, if non-U.K. based, not deemed equivalent or recognized or endorsed).

The Benchmarks Regulation and/or the U.K. Benchmarks Regulation, as applicable, could have a material impact on any Notes 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 and/or the U.K. Benchmarks Regulation, as applicable. 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 national or international 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 discontinuance or unavailability 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 Notes 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 and/or the U.K. Benchmarks Regulation, as applicable, reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark."

Future discontinuance of certain benchmark rates (including EURIBOR) may adversely affect the value of Floating Rate Notes that are linked to or that reference any such benchmark rate.

The euro risk free-rate working group for the eurozone has published a set of guiding principles and high level recommendations for fallback provisions in, among other things, new euro-denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts without robust fallback provisions may increase the risk to the eurozone financial system.

Investors should be aware that, if a benchmark rate were discontinued or otherwise unavailable, the Rate of Interest on Floating Rate Notes that are linked to or which reference such benchmark rate will be determined for the relevant period by the fallback provisions applicable to such Notes. The Conditions provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR, (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 Pricing Supplement as being applicable and Screen Rate Determination and any Reference Rate other than those referencing USD Benchmark (as defined in the Conditions) are specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined (any such Notes, "**Relevant Notes**"), such fallback arrangements will include the possibility that:

(A) the relevant Rate of Interest (or, as applicable, any component part thereof) could be set or, as the case may be, determined by reference to a Successor Reference Rate or an Alternative Reference Rate (as applicable) determined by the Issuer (following consultation with an Independent Adviser (if applicable)); and

(B) such Successor Reference Rate or Alternative Reference Rate (as applicable) may be adjusted (if required) by the Issuer (following consultation with an Independent Adviser (if 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 Original Reference Rate with the relevant Successor Reference Rate or Alternative Reference Rate (as applicable); however, such adjustment may not be successful in eliminating economic prejudice,

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

In addition, the Issuer may also determine (acting in good faith and in a commercially reasonable manner) that other amendments to the Conditions 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 Reference Rate or Alternative Reference Rate (as applicable).

No consent of the Holders would be required in connection with effecting any relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or any other related adjustments and/or amendments described above.

If, following the occurrence of a Benchmark Event, no Successor Reference Rate or Alternative Reference Rate is determined, the ultimate fallback for determining the Rate of Interest for a particular Interest Period or Interest Accrual Period (as applicable) may result in the Rate of Interest for the last preceding Interest Period or Interest Accrual Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page for the purposes of determining the Rate of Interest in respect of an Interest Period or an Interest Accrual Period (as applicable). In addition, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates, 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 Notes. 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 Notes could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should note that, in the case of Relevant Notes, the Issuer (following consultation with an Independent Adviser (if applicable)) will have discretion to adjust the relevant Successor Reference Rate or Alternative Reference 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 Holder, any such adjustment will be favorable to each Holder. Investors should consider all of these matters when making their investment decision with respect to the relevant Notes.

In addition, potential investors should also note that:

(i) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Relevant Notes as MREL/TLAC Eligible Liabilities; and/or

(ii) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to result in the DFSA treating the next Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

In all such circumstances, the ultimate fallback for determining the Rate of Interest (which is described above) will apply.

In addition, as set out in paragraph (ii) (*Effect of Benchmark Transition Event*) of Condition 9.2 (the "**Benchmark Transition Provisions**"), if Reference Rate Replacement is specified in the relevant Pricing Supplement and Screen Rate Determination and Reference Rate referencing USD Benchmark are specified as being applicable in the relevant Pricing Supplement, and the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred on or prior to the relevant Reference Time with respect to the then current USD Benchmark during the term of such Floating Rate Notes, notwithstanding anything to the contrary in the Conditions, the Issuer in its sole discretion (following consultation with the Independent Advisor (if applicable)), will select a Benchmark Replacement to be substituted for such rate in accordance with the Benchmark Transition Provisions. The Benchmark Replacement will include a spread adjustment and technical, administrative or operational changes as set out in the Benchmark Transition Provisions to the Conditions as the Issuer may determine in its sole discretion to be appropriate to reflect the adoption of such Benchmark Replacement. The Benchmark Transition Provisions may also then apply to such replacement rate and any subsequent replacement rate in the event a Benchmark Transition Event and related Benchmark Replacement Date occur with respect thereto.

The interests of the Issuer in making the determinations described above may be adverse to the interests of Holders of the Floating Rate Notes. The selection of a Benchmark Replacement, and any decisions made by the Issuer in connection with implementing a Benchmark Replacement with respect to any Floating Rate Notes, could adversely affect the return on and value of and market for such Notes. Further, there is no assurance that the characteristics of any Benchmark Replacement will be similar to the relevant replaced USD Benchmark or that any Benchmark Replacement will produce the economic equivalent of the relevant replaced USD Benchmark. Investors should consider these matters when making their investment decision with respect to Notes that are linked to or that reference any such benchmark rate.

The market continues to develop in relation to SOFR as a reference rate.

The Benchmark Replacements specified in the Benchmark Transition Provisions include Term SOFR, a forward-looking term rate which will be based on the USD Secured Overnight Financing Rate ("**SOFR**"). Term SOFR is currently being developed under the sponsorship of the Federal Reserve Bank of New York (the "**NY Federal Reserve**"), and there is no assurance that the development of Term SOFR will be completed.

These replacement rates will include a Benchmark Replacement Adjustment, which together may be selected or formulated by (i) the Relevant Governmental Body (such as the Alternative Reference Rates Committee of the NY Federal Reserve), (ii) the International Swaps and Derivatives Association, Inc., or (iii) in certain circumstances, the Issuer (following consultation with the Independent Adviser (if applicable)). In addition, the Benchmark Transition Provisions expressly authorize the Issuer to exercise discretion and make subjective judgements when making Benchmark Replacement Conforming Changes with respect to, among other things, the determination of determination or valuation dates and the timing and frequency of determining rates and making payments. The application of a Benchmark Replacement and Benchmark Replacement Adjustment, and any implementation of Benchmark Replacement Conforming Changes, could result in adverse consequences to the Holders of the relevant Floating Rate Notes, as it could adversely affect the return on and value of the relevant Floating Rate Notes. Further, there is no assurance that the characteristics of any Benchmark Replacement will be similar to the then-current USD Benchmark that it is replacing, or that any Benchmark Replacement will produce the economic equivalent of the then-current USD Benchmark that it is replacing.

SOFR is published by the NY Federal Reserve and is intended to be a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. The NY Federal Reserve notes on its publication page for SOFR that the use of SOFR is subject to important limitations, indemnification obligations and disclaimers, including that the NY Federal Reserve may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice. Because SOFR is published by the NY Federal Reserve based on data received from other sources, the Issuer has no control over its determination, calculation or publication. There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in relevant Floating Rate Notes linked to or which reference a SOFR rate (or that any applicable benchmark fallback provisions provided for in the Conditions will provide a rate which is economically equivalent for SOFR). The NY Federal Reserve has no obligation to consider the interest of Holders while calculating, adjusting, converting, revising or discontinuing SOFR. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on such Floating Rate Notes and the trading prices of such Floating Rate Notes.

The NY Federal Reserve began to publish SOFR in April 2018. Although, the NY Federal Reserve has also begun publishing historical indicative SOFR rates going back to 2014, such prepublication historical data inherently involves assumptions, estimates and approximations. Investors should not rely on any historical changes or trends in SOFR as an indicator of future changes in SOFR. Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in comparable benchmark or market rates. As a result, the return on and value of SOFR-linked Floating Rate Notes may fluctuate more than floating rate securities that reference less volatile rates. The level of SOFR over the term of Floating Rate Notes may bear little or no relation to the historical level of SOFR. Prior observed patterns, if any, in the behavior of market variables, such as correlations, may change in the future. As such, no future performance of SOFR or Floating Rate Notes linked to or which reference a SOFR rate may be inferred from any of the hypothetical or actual historical performance data.

Also, since SOFR is a relatively new market index, Notes linked to or which reference a SOFR rate may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to SOFR, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of any Floating Rate Notes linked to or which reference a SOFR rate may be lower than those of later-issued indexed debt securities as a result. In addition, the market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Conditions. The Issuer may also in the future issue Floating Rate Notes referencing SOFR that differ materially in terms of interest determination when compared with any previous SOFR referenced Floating Rate Notes issued by it under this Base Information Memorandum. The development of Compounded Daily SOFR, Weighted Average SOFR and SOFR Index as interest reference rates for the Eurobond markets, as well as continued development of SOFR based rates for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SOFR referenced Floating Rate Notes issued under this Base Information Memorandum from time to time.

Furthermore, interest on Floating Rate Notes that reference Compounded Daily SOFR, Weighted Average SOFR or SOFR Index, is only capable of being determined at the end of the relevant Interest Accrual Period or Observation Period (as applicable and as defined in the Conditions) and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Floating Rate Notes that reference Compounded Daily SOFR, Weighted Average SOFR or SOFR Index to estimate reliably the amount of interest which will be payable on such Floating Rate Notes, and some investors may be unable or unwilling to trade such Floating Rate Notes without changes to their IT systems, both of which could adversely impact the liquidity and trading price of such Floating Rate Notes.

In addition, the manner of adoption or application of SOFR reference rates in the Eurobond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Floating Rate Notes referencing SOFR.

Further, if SOFR does not prove to be widely used in securities like the Floating Rate Notes, the trading price of such Floating Rate Notes linked to or which reference a SOFR rate may be lower than those of Floating Rate Notes linked to indices that are more widely used. Investors in such Floating Rate Notes may not be able to sell such Floating Rate Notes at all or may not be able to sell such Floating Rate Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should note that interest on Floating Rate Notes linked to or which reference a SOFR rate will be calculated and paid in accordance with the detailed provisions of the Conditions and the applicable Pricing Supplement. In particular, where the Interest Determination Date in respect of an Interest Accrual Period falls before the end of that Interest Accrual Period, the interest payable in respect of that Interest Accrual Period will not reflect any increase (or decrease) in the underlying daily SOFR rate after that Interest Determination Date. Investors should consider these matters when making their investment decision with respect to any Floating Rate Notes linked to or which reference a SOFR rate.

The Non-Preferred Senior Notes rank junior to the Issuer's other unsubordinated creditors.

The Issuer may issue Non-Preferred Senior Notes, which will constitute direct, unconditional and unsecured Non-Preferred Senior Liabilities as described in Condition 5.2 (*Status – Non-Preferred Senior Notes*).

The Issuer may issue other obligations or instruments that rank or are expressed to rank senior to the Non-Preferred Senior Notes (including Preferred Senior Notes) or *pari passu* with the Non-Preferred Senior Notes, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. In the event of a liquidation or bankruptcy of the Issuer, the Issuer will be required to pay its depositors and other unsubordinated creditors of the Issuer that are not creditors in respect of Non-Preferred Senior Liabilities (including, without limitation, excluded liabilities of the Issuer pursuant to Article 72a(2) of Regulation No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as amended or replaced from time to time, including by the CRR II (the "**CRR**")) in full before it can make any payments on the Non-Preferred Senior Notes. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Non-Preferred Senior Notes. In addition, in the event of a liquidation or bankruptcy of the Issuer, to the extent the Issuer has assets remaining after paying its creditors who rank senior to the Non-Preferred Senior Notes, payments relating to other obligations or instruments of the Issuer that rank or are expressed to rank *pari passu* with the Non-Preferred Senior Notes may, if there are insufficient assets to satisfy the claims of all of the Issuer's *pari passu* creditors, further reduce the assets available to pay amounts due under the Non-Preferred Senior Notes on a liquidation or bankruptcy of the Issuer.

Substitution and variation of Notes without Holder consent.

Subject to Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*), if the MREL/TLAC Disqualification Event Substitution/Variation Option is specified as being applicable in the relevant Pricing Supplement, and a MREL/TLAC Disqualification Event in relation to the relevant Series of Notes has occurred and is continuing, or to ensure the effectiveness or enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), the Issuer may substitute all (but not some only) of such Notes or vary the terms of all (but not some only) of such Notes, without the requirement for the consent or approval of the Holders of such Notes, so that they become or remain Qualifying Notes.

Qualifying Notes are securities issued or guaranteed by the Issuer that have, *inter alia*, terms that (i) adhere to the specific conditions outlined in the definition of "Qualifying Notes" and (ii) are not otherwise materially less favorable to the Holders of such Notes than the terms of such Notes (provided that the Issuer shall have delivered a certificate to that effect signed by two of its directors to the Fiscal Agent).

In particular, potential investors should note that the Issuer may substitute all (but not some only) of the relevant Series of Notes or vary the terms of all (but not some only) of such Notes to ensure the effectiveness and enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*). In such circumstances, any change(s) included in the relevant Qualifying Notes (compared to the terms of the relevant Notes) for the purposes of ensuring the effectiveness and enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*) may be materially less favorable to investors. The relevant substitution or variation (which, as set out above, would not require the consent or approval of the relevant Holders) would not be dependent on the occurrence or continuation of a MREL/TLAC Disqualification Event.

There can be no assurance that, due to the particular circumstances of each Holder, any Qualifying Notes will be as favorable to each Holder in all respects or that, if applicable or if it were entitled to do so, a particular Holder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Notes are not materially less favorable to Holders than the terms of the relevant Notes.

Such substitution or modification will be effected without any cost or charge to the Holders, but may have adverse tax consequences for such holders. Further, prior to the making of any such modification or taking any action, or prior to any substitution, variation, modification or amendment in a manner contemplated in Condition 11.9 (*Substitution and Variation of Notes*), the Issuer shall not be obliged to consider the tax position of individual Holders or to the tax consequences of any such substitution, variation, modification, amendment or other action for individual Holders. No Holders shall be entitled to claim, whether from the Fiscal Agent, the Issuer, or any other person, any indemnification or payment in respect of any tax consequence of any such substitution, variation, modification, amendment or other action upon individual Holders.

See Condition 11.9 (*Substitution and Variation of Notes*).

The qualification of the Notes as "eligible liabilities" is subject to uncertainty.

The Notes are intended to be "eligible liabilities" (or any equivalent or successor term) ("**MREL/TLAC Eligible Liabilities**"), which are available to meet any MREL/TLAC Requirement (however called or defined by then Applicable MREL/TLAC Regulations) of the Issuer and/or the Group.

If, for any reason, the relevant Notes are or will be excluded from the MREL/TLAC Eligible Liabilities as a result of:

(A) the implementation of any Applicable MREL/TLAC Regulations on or after the date of issue of the last Tranche of such Notes; or

(B) a change in any Applicable MREL/TLAC Regulations becoming effective on or after the date of issue of the last Tranche of such Notes,

then, if the MREL/TLAC Disqualification Event Substitution/Variation Option and/or the MREL/TLAC Disqualification Event Redemption Option is/are specified as being applicable in the relevant Pricing Supplement, a MREL/TLAC Disqualification Event may occur. See "*—Substitution and variation of Notes without Holder consent*" above and "*—Risks Related to the Notes Generally—The Notes may be subject to optional redemption by the Issuer*" above for the consequences of a MREL/TLAC Disqualification Event (in each case, if applicable).

The Issuer is not currently identified as a global systemically important institution ("**G-SII**"), and, therefore, not subject to TLAC. In the event that the Issuer is identified as a G-SII, the MREL/TLAC Requirements would apply to all Notes to which the call applies irrespective of whether such Notes qualify as MREL.

The Notes may not be a suitable investment for all investors.

Each potential investor of Notes must determine the suitability of the 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 Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference into this Base Information Memorandum or any applicable supplement to this Base Information Memorandum;

(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 Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes 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 Notes and be familiar with the behavior 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 Notes 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 Notes that are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Conditions contain provisions that may permit their modification and waiver without the consent of all investors.

The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit a defined proportion of Holders, as the case may be, to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. Any modification to the Conditions pursuant to the operation of such provisions is subject to Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*).

In addition, the Issuer may, subject to Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*), make any modification to the Notes of any Series and/or the Conditions of the Notes of any Series that is not prejudicial to the interests of the Holders of such Series without the consent of the Holders of such Series. Any such modification shall be binding on the Holders of such Series.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

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

In addition, a holder of Notes with a fixed interest rate that will be periodically reset during the term of the relevant Notes, such as Notes to which the reset provisions apply, is also exposed to the risk of fluctuating interest rate levels and uncertain interest income.

Changes in law could affect the governing law of the Notes.

The Conditions are governed by, and construed in accordance with, English law, except for Condition 5 (*Status of the Notes*), Condition 11.2 (*Early Redemption Following a Tax Event*), Condition 11.3 (*Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event*), Condition 14 (*Enforcement Events*) and Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), which will be governed by, and shall be construed in accordance with, Danish law. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Denmark or administrative practice after the date of this Base Information Memorandum.

Trading in the Notes could be impacted by denominations involving integral multiples.

In relation to any issue of Notes that have denominations consisting of a minimum Specified Denomination (as defined herein) plus an integral multiple of another smaller amount in excess thereof, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a Holder who, as a result of trading Notes in such amounts, holds a Note in an amount that is less than the minimum Specified Denomination in its account with the relevant clearing system, would need to purchase an additional principal amount of Notes such that its holding amounts equal to a minimum Specified Denomination.

The Notes may be subject to optional redemption by the Issuer.

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

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate it is paying on the Notes. 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 Notes 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.

The Notes may be redeemed prior to maturity for taxation reasons.

In the event that the Issuer as a result of any change in the laws, regulations or rulings of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of any Tranche of Notes or any other date specified in the relevant Pricing Supplement, the Issuer would be required to pay additional amounts as provided in Condition 13 (*Taxation*), and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, then the Issuer may redeem the Notes prior to their maturity. See Condition 11.2 (*Early Redemption Following a Tax Event*).

Notes issued at a substantial discount or premium have certain risks.

The market value of any specific series of Notes 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. Usually, the longer the remaining term of such Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. Any such price volatility may have an adverse effect on the market value of any specific series of Notes issued at a substantial discount or premium to their nominal amount.

The Notes may be subject to changes in interest rate, which could affect the value of the Notes.

Investment in certain types of Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of such Notes.

There are no events of default and limited enforcement events in relation to the Notes.

The terms of the Notes do not provide for any events of default. Holders of the relevant Series of Notes may not at any time demand repayment or redemption of such Notes, and enforcement rights for any payments are limited to the claim of Holders in a liquidation or bankruptcy of the Issuer. In a liquidation or bankruptcy of the Issuer, a Holder may prove or claim in such proceedings in respect of the relevant Series of Notes, such claim being for payment of the Outstanding Principal Amount of such Notes at the time of commencement of such liquidation or bankruptcy together with any interest accrued and unpaid on such Notes from (and including) the Interest Payment Date immediately preceding commencement of such liquidation or bankruptcy and any other amounts payable on such Notes under the Conditions.

According to Section 17(2) of Consolidated Act No. 11 of January 6, 2014, as amended or replaced from time to time (the "**Danish Bankruptcy Act**") (in Danish: *konkursloven*), a debtor is insolvent if it cannot meet its obligations as and when they fall due, unless the inability to meet such obligations may be considered to be temporary. However, according to Section 234(2) of the Danish Financial Business Act, notwithstanding Section 17(2) of the Danish Bankruptcy Act, if the Issuer cannot meet its obligations regarding capital raised as hybrid core capital or subordinated loan capital, the Issuer will not be considered insolvent. Accordingly, a Holder, pursuant to Condition 14.1 (*No Events of Default*), may not itself file for the liquidation or bankruptcy of the Issuer.

If proceedings with respect to the liquidation or bankruptcy of the Issuer should occur, the Holders of the relevant Series of Notes would be required to pursue their claims on such Notes in proceedings with respect to the Issuer in Denmark. In addition, to the extent that the relevant Holders are entitled to any recovery with respect to the Notes in any such Danish bankruptcy proceedings, such Holders would be entitled to a recovery in Danish Kroner. In the case of Notes denominated in currencies other than Danish Kroner, such recovery in Danish Kroner would be based on the relevant conversion rate in effect on the date the Issuer entered into such liquidation or bankruptcy proceedings.

Holders of the Issuer's covered bonds will have priority over Holders of the Notes upon bankruptcy of the Issuer.

The Issuer has issued covered bonds in accordance with the Danish Financial Business Act. In accordance with Directive 2009/65/EC of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities ("**UCITS**") (as implemented into Danish law), as amended and the European Capital Requirements Directives, 2006/48/EC and 2006/49/EC (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time, the covered bonds have the benefit of priority over a matched pool of assets upon bankruptcy of the Issuer. To the extent that claims in relation to the covered bonds and related derivative contracts, any refinancing bonds issued by the administrator, any short-term loans taken out by the administrator and any senior debt (if any) issued with the benefit of the assets in the cover pool are not met out of the pool of assets or the proceeds arising from it, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Issuer, including obligations under Preferred Senior Notes, and ahead of the obligations under Non-Preferred Senior Notes. For information on creditor hierarchy under the BRRD, see "*—Risks Relating to the Legal and Regulatory Environments in which the Group Operates—The Bank may* *be subject to bail-in under the BRRD, and the exercise of any power under the BRRD could have a material adverse effect on Holders*" above.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes and may be lowered, withdrawn or not maintained.

One or more independent credit rating agencies may assign credit ratings to the Notes and/or the Issuer. The ratings may not reflect the potential impact of all risks related to the structure, the market, other additional risk factors discussed above, and other factors that may affect the value of the Notes or the standing of the Issuer. The expected rating(s), if any, of the Notes will be set out in the relevant Pricing Supplement for each Series of Notes. 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 Notes has declined or is in question. A security credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time. There is no guarantee that any rating of the Notes and/or the Issuer will be maintained by the Issuer following the date of this Base Information Memorandum. If any rating assigned to the Notes and/or the Issuer is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Notes may be reduced.

The Issuer may also decide to discontinue its cooperation with a rating agency at any time. In addition, changes in the Issuer's credit ratings may affect the market value of the Notes. Rating agencies also regularly reassess the methodologies they employ to measure the creditworthiness of companies and securities. Any updates to these methodologies could affect the credit ratings assigned by the agencies.

In addition to ratings assigned by any hired rating agencies, rating agencies not hired by the Issuer to rate a Tranche of Notes may assign unsolicited ratings. If any non-hired rating agency assigns an unsolicited rating to any Notes, there can be no assurance that such rating will not differ from, or be lower than, the ratings provided by a hired rating agency. The assignment of an unsolicited rating by a rating agency not hired by the Issuer could adversely affect the market value and liquidity of the Notes.

No right of set-off or counterclaim.

Subject as provided in the Conditions, no Holder who is in the event of the liquidation or bankruptcy of the Issuer indebted to the Issuer, will be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the relevant Notes held by such Holder.

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 advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as security for indebtedness and (iii) other restrictions apply to its purchase or holding of any Notes. Financial institutions should consult their advisers or regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

Exchange rates and exchange controls may affect investments in the Notes.

An investment in Foreign Currency Notes (as defined herein) entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the U.S. dollar and the Specified Currency (as defined herein) and the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments. Such risks generally depend on economic and political events and the supply of and demand for the relevant currencies over which the Issuer has no control. In recent years, rates of exchange between the U.S. dollar and certain foreign currencies have been highly volatile and such volatility may be expected in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any Foreign Currency Note. Depreciation of the Specified Currency applicable to a Foreign Currency Note against the U.S. dollar would result in a decrease in (i) the U.S. dollar-equivalent yield of such Note, (ii) the U.S. dollar-equivalent value of the principal repayable at maturity of such Note and (iii) generally, in the U.S. dollar-equivalent market value of such Note.

Governments have imposed from time to time exchange controls and may in the future impose or revise exchange controls at or prior to the maturity of a Foreign Currency Note. Such exchange controls could affect exchange rates as well as the availability of a Specified Currency at the time of payment of principal of and any premium and interest on a Foreign Currency Note. Even if there are no exchange controls, it is possible that the Specified Currency for any particular Foreign Currency Note would not be available at the maturity of such Note due to circumstances beyond the control of the Issuer.

Secondary market risk.

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Holders should be aware that during the credit crisis, there has been a general lack of liquidity in the secondary market for instruments similar to the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes 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 Notes 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 the relevant Notes.

Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act.

With respect to (i) Notes issued after the date that is six months after the date the term "foreign passthru payment" is defined in regulations published in the U.S. Federal Register (the "**Grandfather Date**"), or (ii) Notes issued on or before the Grandfather Date that are materially modified after the Grandfather Date, a foreign financial institution (an "**FFI**") may, under certain circumstances, be required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and the regulations promulgated thereunder ("**FATCA**") or any applicable intergovernmental agreement ("**IGA**") between the United States and certain other countries together with implementing legislation and regulation to withhold tax at a rate of 30 percent on all or a portion of payments of interest which are treated as "foreign passthru payments" made on or after the date that is two years after the date the term "foreign passthru payment" is defined in regulations published in the U.S. Federal Register, at the earliest, to an investor or any other financial institution through which payment on the Notes is made that is a non-U.S. financial institution that is not in compliance with FATCA. As at the date of this Base Information Memorandum, regulations defining the term "foreign passthru payment" have not yet been published. If the Issuer issues further Notes on or after the Grandfather Date pursuant to a reopening of a Series of Notes that was created on or before the Grandfather Date (the "**original Notes**") and such further Notes are not fungible with the original Notes for U.S. federal income tax purposes, payments on such further Notes may be subject to withholding under FATCA or any applicable IGA between the United States and certain other countries together with implementing legislation and regulation and, should the original Notes and the further Notes be indistinguishable for non-tax purposes, payments on the original Notes may also become subject to withholding under FATCA. The United States has entered into IGAs or reached IGAs in principal with many other jurisdictions, including Denmark, which modify the application of the rules to FFIs in such jurisdictions.

Under the November 19, 2012 Agreement to Improve International Tax Compliance and to Implement FATCA concluded between the governments of the United States and Denmark (the "**Danish IGA**"), an entity classified as an FFI that is treated as resident in Denmark is expected to provide the Danish tax authorities with certain information on U.S. holders of its securities. Information on U.S. holders will be automatically exchanged with the U.S. Internal Revenue Service (the "**IRS**"). The Issuer is an FFI and provided it complies with the requirements of the Danish IGA and the Danish legislation implementing the Danish IGA, it is not expected that it would be subject to FATCA withholding on any payments it receives and it is not expected that it would be required to withhold tax on any payments that it makes under the Notes. Although the Issuer may not be required to withhold FATCA taxes in respect of any foreign passthru payments it makes under the Danish IGA, FATCA withholding may apply in respect of any payments made on the Notes by any paying agent.

The application of FATCA to interest paid on or with respect to the Notes is not currently clear. If an amount in respect of FATCA withholding tax were to be deducted or withheld from interest on the Notes, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions, be required to pay additional amounts as a result of the deduction or withholding of such tax.

The Issuer may issue additional Notes that, though consolidated with the outstanding Notes of any series, may not be fungible with such outstanding Notes for U.S. federal income tax purposes.

The Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms (except that the issue date, the issue price or the first payment of interest (if any) may be different in respect of different Tranches of the same Series). These additional Notes, even if they are treated for non-tax purposes as part of the same Series of Notes, in some cases may be treated as a separate Series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with original issue discount ("**OID**") even if such outstanding Notes had no OID, or the additional Notes may have a greater amount of OID than such outstanding Notes. These differences may affect the market value of such outstanding Notes of the relevant series if the additional Notes are not otherwise distinguishable from such outstanding Notes.

IMPORTANT INFORMATION FOR INVESTORS

Notice to Prospective Investors in the United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and, subject to certain exceptions, may not be offered or sold, directly or indirectly, within the United States or to or for the account or benefit of U.S. persons, as defined in Regulation S. The Notes may be offered for sale only (i) in the United States, to QIBs within the meaning of, and in reliance on, Rule 144A under the Securities Act or another available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; or (ii) outside the United States, to non-U.S. persons in reliance on, and in accordance with, Regulation S, in each case, in compliance with applicable laws, regulations and directives. **Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.** See "*Plan of Distribution—Selling Restrictions*" and "*Transfer and Transfer Restrictions*."

In the United States, this Base Information Memorandum is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the Notes described herein and it may not be forwarded or redistributed to any other person.

The Notes have not been recommended or approved by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Base Information Memorandum. Any representation to the contrary is a criminal offense in the United States.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Program 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 Notes which are the subject of the offering contemplated by this Base Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the EEA. 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 Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to U.K. Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Program 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 Notes which are the subject of the offering contemplated by this Base Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the U.K. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

   (i) point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

   (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of U.K. MiFIR; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

U.K. Restrictions

This Base Information Memorandum does not constitute an offer of Notes to the public in the U.K. No prospectus has been or will be approved in the U.K. in respect of the Notes. Consequently, this document is being distributed in the U.K. only to, and is directed at (a) persons who have professional experience in matters relating to investments falling within Article 19(51) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may lawfully be communicated, falling within Article 49(1) of the Order (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

Enforcement of Liabilities and Service of Process

Danske Bank A/S is established under the laws of Denmark, with its domicile in Copenhagen. All of the directors and executive officers of the Bank and certain of the persons named herein are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Bank are located outside the United States. As a result, it may not be possible for U.S. investors to effect service of process upon such persons or the Bank or to enforce against them in U.S. courts a judgment obtained in such courts.

Original actions or actions for the enforcement of judgments of U.S. courts relating to the civil liability provisions of the federal or state securities laws of the United States are not directly enforceable in Denmark. If a party in whose favor the final judgment is rendered brings a new suit in a competent Danish court, the party may submit to the Danish court the final judgment that has been rendered by the U.S. court. Such judgment will only be regarded by a Danish court as evidence of the outcome of the dispute to which the judgment relates, and a Danish court may choose to rehear the dispute *ab initio*.

Neither the Bank, nor any of its respective directors or officers has consented to the jurisdiction of the courts of the United States or any state thereof in connection with any suit brought by an investor in the Notes or named an agent for service of process within the United States upon the Bank or such persons or to enforce, in United States courts, judgments against the Bank or such persons or judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States. Pursuant to the Conditions, the Bank will consent to the jurisdiction of the courts of England and will appoint an agent for service of process in England.

The registered offices of the Bank are located at 2–12 Holmens Kanal, DK-1092 Copenhagen K, Denmark, with telephone number +45 33 44 00 00 and Danish corporate registration number 61126228.

Special Notice Regarding Forward-looking Statements

Certain statements in this Base Information Memorandum, including certain statements set forth under "*Overview*," "*Risk Factors*," "*Operating and Financial Review and Prospects*," "*Risk Management*," "*Description of the Group*," and "*The Danish Banking System and Regulation*," are based on the beliefs of the Bank, as well as assumptions made by and information currently available to the Bank, and such statements may constitute forward-looking statements. These forward-looking statements (other than statements of historical fact) regarding the Group's future results of operations, financial condition, cash flows, business strategy, plans and objectives of the Group's management for future operations can generally be identified by terminology such as "targets," "believes," "estimates," "expects," "aims," "intends," "plans," "seeks," "will," "may," "anticipates," "would," "could," "continues" or similar expressions or the negatives thereof.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Group, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others:

- changes in the general economic and business conditions in the markets in which the Group operates, particularly in Denmark and the other countries where the Group operates;
- the impact of COVID-19 on the Group's business, results of operations, liquidity, access to funding and financial position;
- changes in, or the failure or inability to comply with, regulations (including capital levels, liquidity and leverage ratios);
- changes in internal risk control and in the regulatory capital treatment of the Group's positions;
- changes in industry trends;
- changes in the competitive environment and competitive pressures in the markets in which the Group operates;
- changes in interest rates, credit spreads, foreign exchange rates, equity and commodity prices;
- changes in real property values or asset quality;
- the loss of any significant customers;

- the extent and nature of future developments in the lending market and in other market segments in which the Group operates;
- changes in business strategy or development plans;
- political, governmental and regulatory changes or changes in political or social conditions;
- the availability, terms and deployment of capital;
- changes in the Group's funding and liquidity position;
- changes in the Group's credit ratings;
- changes in the quality of the Group's loan portfolio and the Group's counterparty risk, including credit developments in the SME segment;
- changes in the availability of qualified personnel;
- limitations in the effectiveness of the Group's internal risk management processes, of its risk measurement, control and modeling systems, and of financial models generally;
- the Group's ability to maintain or increase market share for its products and services and control expenses;
- management changes and changes to the structure of the Group's business units;
- the occurrence of operational failures, such as fraud, unauthorized trading and systems failures; and
- technological developments.

Additional factors that could cause the Group's actual business, results of operations or financial condition to differ from the forward-looking statements include, but are not limited to, the other factors that the Group has indicated in other parts of this Base Information Memorandum that could materially adversely affect its business and financial performance.

Should one or more of these factors or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Group's actual results of operations or financial position could differ materially from that described herein as anticipated, believed, estimated or expected. The Bank urges investors to read the sections of this Base Information Memorandum entitled "*Risk Factors*," "*Operating and Financial Review and Prospects*," "*Description of the Group*" and "*The Danish Banking System and Regulation*" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates.

The Bank does not intend, and does not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law. All subsequent written and oral forward-looking statements attributable to the Bank or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Base Information Memorandum.

Certain Defined Terms

The following terms used in this Base Information Memorandum have the meanings assigned to them below:

"**2019 Financial Statements**"..........	the audited consolidated financial statements of the Group as at and for the year ended December 31, 2019, together with comparative figures as at and for the year ended December 31, 2018.
"**2020 Financial Statements**"..........	the audited consolidated financial statements of the Group as at and for the year ended December 31, 2020, together with comparative figures as at and for the year ended December 31, 2019.
"**ALCO**"..	the Group's Asset & Liability Committee.
"**AML**"..	anti-money laundering.
"**Articles of Association**"	the articles of association of the Bank.
"**Baltic countries**"............................	Estonia, Latvia and Lithuania.
"**Bank**," "**Danske Bank**" or "**Issuer**"	Danske Bank A/S.

"**Basel III**"	framework agreement of the Basel Committee on Banking Supervision to amend rules on impairments, capital requirements for mortgage lenders, a maximum leverage ratio, countercyclical capital buffers and minimum liquidity levels, among others.
"**BCBS**"	the Basel Committee on Banking Supervision.
"**Benchmarks Regulation**"	Regulation (EU) 2016/1011.
"**Board of Directors**"	the board of directors of the Bank.
"**BRRD**"	Directive (2014/59/EU) of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms dated May 15, 2014, and published in the Official Journal of the EU on June 12, 2014 (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Directive resulting from BRRD II). The BRRD, including the general bail-in tool and MREL, was implemented into Danish law and entered into force as of June 1, 2015, in the Danish act on restructuring and resolution of certain financial undertakings and the Danish Financial Business Act.
"**BRRD II**"	Directive (EU) 2019/879 of the European Parliament and of the Council on the loss-absorbing and recapitalization capacity of credit institutions and investment firms dated May 20, 2019, and published in the Official Journal of the European Union on June 7, 2019.
"**BSRC**"	the Group Balance Sheet Risk Committee.
"**C&I**"	the Corporates & Institutions business unit.
"**CET1**"	common equity tier 1.
"**CEO**"	the Chief Executive Officer of the Bank.
"**CFO**"	the Chief Financial Officer of the Bank.
"**Clearstream, Luxembourg**"	Clearstream Banking S.A.
"**Consolidated Financial Statements**"	the 2019 Financial Statements and the 2020 Financial Statements.
"**COO**"	the Chief Operating Officer of the Bank.
"**CRD IV Directive**"	Directive (2013/36/EU) of the European Parliament and of the Council on access to the activity of credit institutions and prudential supervision of credit institutions and investment firms (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time.
"**CRD V Directive**"	Directive (2019/878) of the European Parliament and of the Council amending Directive (2013/36/EU) as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time.
"**CRO**"	the Chief Risk Officer of the Bank.
"**CRR**"	Regulation No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, as amended or replaced from time to time, including by the CRR II.

"**CRR II**"	Regulation No 2019/876 of the European Parliament and of the Council, amending Regulation No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation No 648/2012, as amended or replaced from time to time.
"**CVA**"...	credit value adjustment.
"**Danica Pension Group**"................	Danica Pension, a wholly-owned subsidiary of the Bank, and its subsidiaries.
"**Danica Pension**"...........................	Danica Pension, Livsforsikringsaktieselskab, a wholly owned subsidiary of the Bank that carries out the insurance activities of the Group. Danica Pension was part of the Wealth Management business unit until January 1, 2021, when it became a separate reporting business unit.
"**Danish Central Bank**"	Danmarks Nationalbank.
"**Danish Kroner**" or "**DKK**"...........	the currency of Denmark.
"**Danske Hypotek**"	Danske Hypotek AB (publ).
"**Deloitte**"..	Deloitte Statsautoriseret Revisionspartnerselskab.
"**Deposit Guarantee Schemes**".......	deposit guarantee schemes and similar funds.
"**DFSA**"...	the Danish Financial Supervisory Authority.
"**DVA**"...	debt value adjustment.
"**EBA**"	the European Banking Authority.
"**ECB**"	the European Central Bank.
"**ECL**"	expected credit loss.
"**EEA**"	the European Economic Area.
"**ERM**"...	enterprise risk management.
"**EU**"..	the European Union.
"**euro**" or "**EUR**"	the currency of the member states of the EU participating in the EU's Economic and Monetary Union.
"**Euroclear**"	Euroclear Bank SA/NV.
"**Euronext Dublin**"..........................	the Irish Stock Exchange plc, trading as Euronext Dublin.
"**Executive Leadership Team**".......	the executive leadership team of the Bank. Prior to September 5, 2019, the Executive Leadership Team was named the Executive Board.
"**FI&C**"	Fixed Income and Currency (part of C&I).
"**Fitch**"	Fitch Ratings Limited (or any successor thereto).
"**FVOCI**"	fair value through other comprehensive income.
"**FVPL**"...	fair value through profit or loss.
"**G-SII**"	global systemically important institution.
"**General Meeting**"..........................	the general meeting of shareholders of the Bank.
"**Group**"..	the Bank and its consolidated subsidiaries.

"**Group Internal Audit**"	the Group's internal audit department.
"**IASB**"..	the International Accounting Standards Board.
"**ICAAP**"...	the internal capital adequacy assessment process.
"**IFRS**"	International Financial Reporting Standards issued by the IASB, as adopted by the EU.
"**IRB**"	internal ratings-based.
"**IRRBB**"...	interest rate risk in the banking book.
"**IT**"	information technology.
"**LCR**"...	liquidity coverage ratio.
"**LTV**"	loan-to-value.
"**Moody's**"	Moody's Investors Service Limited (or any successor thereto).
"**MREL**"	the minimum requirement for own funds and eligible liabilities.
"**Nordic countries**," "**Nordic region**" or "**Nordics**"	Denmark, Sweden, Norway and Finland.
"**NPLs**"..	non-performing loans.
"**NSFR**"..	net stable funding ratio.
"**PD**"..	probability of default.
"**REA**"...	risk exposure amount.
"**Realkredit Danmark**"..................	Realkredit Danmark A/S.
"**Rules of Procedure**".....................	the Group's Rules of Procedure.
"**S&P**"	S&P Global Ratings Europe Limited (or any successor thereto).
"**SIFI**"	systemically important financial institution.
"**Solvency II**"	Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (recast) (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time.
"**SPPI**"...	solely payment of principal and interest on the principal amount outstanding.
"**SØIK**"	the Danish State Prosecutor for Serious Economic and International Crime.
"**TLAC**"	Total Loss Absorbing Capacity.
"**U.K.**"	the United Kingdom.
"**U.S. dollar**" or "**U.S.$**"	the currency of the United States.
"**VaR**"	value-at-risk.
"**xVA**"	value adjustment.

Available Information

For as long as any Notes are admitted to listing on the Official List of Euronext Dublin and trading on the Global Exchange Market, electronic copies of the following documents will be available during usual business hours on any day (except on

Saturdays, Sundays and public holidays) at the Bank's registered office, 2–12 Holmens Kanal, DK–1092 Copenhagen K, Denmark:

(i) the articles of association of the Bank (the "**Articles of Association**"); and

(ii) the Program Agreement (as defined in "*Plan of Distribution*"), the Agency Agreement and the Deed of Covenant (each as defined in "*Terms and Conditions of the Notes*") and the forms of the Global Notes.

For as long as any Notes are admitted to listing on the Official List of Euronext Dublin and trading on the Global Exchange Market, copies of the following documents will be available at *www.danskebank.com/investor-relations/debt/us-mtn-programme* (the "**U.S. MTN Program Website**"):

(i) a copy of this Base Information Memorandum; and

(ii) any supplements to this Base Information Memorandum, any future base information memoranda relating to the Program and any supplements to any future base information memoranda relating to the Program.

For as long as any Notes are admitted to listing on the Official List of Euronext Dublin and trading on the Global Exchange Market, copies of the following documents will be available on the website of the Bank at *www.danskebank.com*:

(i) the Group's Interim report – first half 2021 incorporated by reference into this Base Information Memorandum (see "*—Incorporation by Reference*" below for more details);

(ii) the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum (see "*—Incorporation by Reference*" below for more details); and

(iii) any other documents incorporated by reference into this Base Information Memorandum from time to time.

Except as set forth under "*—Incorporation by Reference*" below, no information or documents included on the website of the Bank are part of or shall be incorporated by reference into this Base Information Memorandum.

Copies of any Pricing Supplement relating to Notes which are admitted to trading on the Global Exchange Market and are admitted to the Official List will be available at the website of Euronext Dublin at *www.euronext.com/en/markets/dublin*.

In accordance with Danish company law, the Group's consolidated annual accounts, including the financial statements and the auditor's reports, as well as the Articles of Association, are also available at the Danish Business Authority.

The Bank has agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Bank will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any Holder or beneficial owner of such restricted Notes or to any prospective purchaser of such restricted Notes designated by such Holder or beneficial owner, upon the request of such Holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

The Bank is not currently subject to the periodic reporting and other information requirements of the Exchange Act. The Bank is eligible for the exemption from periodic reporting under Rule 12g3-2(b) of the Exchange Act.

Statistical Data

The statistical data included in this Base Information Memorandum is not intended to comply with Regulation S-K, Industry Guide 3, Statistical Disclosure by Bank Holding Companies or subpart 1400 of Regulation S-K under the Securities Act applicable to offerings of securities by bank holding companies that are registered with the U.S. Securities and Exchange Commission.

Market and Industry Information

This Base Information Memorandum contains information about the market share, market position and industry data for the operating areas of the Group and its reporting segments. Unless otherwise indicated, such information is based on data reported to central banks in each of Denmark, Sweden, Norway, Finland, Ireland and each of the Baltic countries. Such information has been accurately reproduced and, as far as the Bank is aware and is able to ascertain from such information, no facts have been omitted which would render the information provided herein inaccurate or misleading.

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Bank has not independently verified and cannot give any assurance as to the accuracy of market data and industry forecasts contained in this Base Information Memorandum that were taken or derived from these industry publications.

Presentation of Financial Information

General

Except as discussed below, the historical financial information of the Group presented in this Base Information Memorandum has been derived from the Consolidated Financial Statements. The Consolidated Financial Statements have been prepared in accordance with IFRS and Danish disclosure requirements for listed financial companies, and are incorporated by reference into this Base Information Memorandum. The consolidated financial statements of the Group as at and for the years ended December 31, 2020 and 2019, have been audited by Deloitte. The reports of Deloitte on the respective consolidated financial statements are incorporated by reference into this Base Information Memorandum. Deloitte is a member of "FSR – Danske Revisorer" (Association of State Authorized Public Accountants).

The discussion of the results of operations of the Group and its reporting segments included in "*Risk Factors*," "*Overview of Consolidated Financial Information and Other Data*," "*Operating and Financial Review and Prospects*" and "*Description of the Group*" is based on the financial highlights and segment reporting presentation used by the Group when presenting such information. The financial highlights deviate from the figures in the Consolidated Financial Statements as discussed in more detail under "*—Financial Highlights and Segment Reporting*" below.

Certain historical financial information of the Group presented in "*Selected Statistical Data and Other Information*" has been derived from the Group's regularly maintained accounting records, operating systems and accounting systems. Such historical financial information has not been audited.

Certain financial information set forth in this Base Information Memorandum has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row in a table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in this Base Information Memorandum reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

The Group's financial year ends on December 31, and references in this Base Information Memorandum to any specific financial year are to the twelve-month period ended December 31 of such year.

Financial information previously published for any financial periods can differ from subsequently published financial information due to the retrospective implementation of subsequent changes in accounting policies and other retrospective adjustments made in accordance with IFRS and Danish disclosure requirements for listed financial companies.

Financial Highlights and Segment Reporting

The discussion of the results of operations of the Group and its reporting segments included in "*Risk Factors*," "*Overview of Consolidated Financial Information and Other Data*," "*Operating and Financial Review and Prospects*" and "*Description of the Group*" is based on the financial highlights and segment reporting presentation used by the Group when presenting such information in its annual reports. The presentation in the financial highlights deviates from the presentation in the consolidated financial statements of the Group and its reporting segments as described below.

The presentation in the financial highlights as at and for the years ended December 31, 2020, 2019 and 2018, deviates from the presentation in the consolidated financial statements of the Group and its reporting segments as described below.

See notes G1(d) and G3 to the 2020 Financial Statements and the 2019 Financial Statements and note G3 to the Interim report – first half 2021 incorporated by reference into this Base Information Memorandum as well as the 2019 Financial Statements incorporated by reference into this Base Information Memorandum, for information on reconciling the Group's consolidated financial statements and the Group's financial highlights and segment reporting presentation. See also "*Overview of Consolidated Financial Information and Other Data*."

<u>Operating Leases and Impairment Charges on Other Intangible Assets</u>

In the consolidated income statements, gains or losses on the sale of operating lease assets, excluding properties, at the end of the lease agreement are presented on a gross basis (where the Group acts as a lessor). This means that the proceeds from the sale of the assets are recognized under other income, whereas the carrying amount of the lease assets is recognized under operating expenses.

In the financial highlights, the gains or losses on the sale of the lease asset are presented on a net basis under other income to better reflect the development in the cost base.

The Group's transformation initiative "Better Ways of Working" entails an ongoing digital journey that led to the recognition of impairment charges on existing software in 2020. To better reflect the development in the underlying cost base, the impairment charges are presented separately in the financial highlights in the Group's Annual Report 2020, whereas they are recognized under operating expenses in the consolidated income statement.

FI&C and Capital Markets (Both Part of C&I) and Group Treasury (Part of Other Activities)

In the consolidated income statements, income from FI&C, Capital Markets and Group Treasury is presented as net interest income, net fee income, net trading income or loss, and other income, depending on the type of income. The distribution of income between the various income line items can vary considerably from one year to the next, depending on the underlying transactions and market conditions. To better reflect income in those areas, the following reclassifications are made in the financial highlights:

- All income contributed by FI&C, excluding FI&C's share of margins on customer derivatives, is presented as net trading income or loss.
- Trading-related income at Capital Markets is presented as net trading income or loss. However, income contributed by Equity Finance (also part of C&I, Capital Markets) is presented as net fee income.
- All income in Group Treasury, except income at Internal Bank, income on bonds held to collect and income on bonds held to collect and sell, are presented as net trading income or loss.

Danica Pension

In the consolidated income statements, income and expenses in Danica Pension (part of Wealth Management until January 1, 2021) is consolidated on a line-by-line basis. In the financial highlights, the following reclassifications are made to better reflect income from the services provided to customers:

- The risk allowance and income from the unit-link business are presented as net fee income.
- The return on assets related to the health and accident business is presented as net trading income or loss.
- The risk and guarantee result, the net income from the health and accident business and the income from recharge to customers of certain expenses are presented as other income.
- All costs, except external investment costs, are presented under operating expenses.

Non-core

In the consolidated income statements and balance sheets, income and expense items and asset and liability items from the Non-core segment are included in the various income statement and balance sheet line items, as the segment does not fulfill the requirements in "*IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations*" ("**IFRS 5**"), on discontinued operations.

The Non-core segment includes certain customer segments that are no longer considered part of the Group's core business. To better reflect activities from the Group's core and non-core business, the profit or loss of the Non-core segment is presented as one amount in a separate line item "profit before tax, Non-core" in the financial highlights. Similarly, assets are presented together as "total assets in Non-core" and liabilities together as "total liabilities in Non-core" in the balance sheet in the financial highlights.

The Impact of IFRS 9 Expected Credit Loss Impairment Model on Loans Granted by Realkredit Danmark

Loans granted by Realkredit Danmark AS ("**Realkredit Danmark**") are measured at fair value (both under "IAS 39 – Financial Instruments: Recognition and Measurement" ("**IAS 39**") and under IFRS 9). From January 1, 2018, the "*IFRS 13 – Fair Value Measurement*" ("**IFRS 13**") estimate of the fair value of the credit risk on loans granted by Realkredit Danmark is based on the ECL model developed in connection with the Group's implementation of IFRS 9. The impact from the ECL impairment model on these loans at January 1, 2018, is recognized as a change in an accounting estimate in the IFRS income statement. To recognize the changes in Realkredit Danmark due to the ECL impairment model in IFRS 9 similarly to all other IFRS 9 changes in the Group and to better reflect the actual performance in 2018, the impact is recognized as a reduction in shareholders' equity in the financial highlights together with the other changes from the implementation of IFRS 9. For 2018, reclassification therefore includes this adjusting item, and profit before tax, tax and net profit for the year is not the same in the financial highlights and the IFRS income statement.

Restatements and Reclassifications of Financial Highlights and Segment Reporting

Year Ended December 31, 2019

The financial highlights and segment reporting as at and for the year ended December 31, 2019, was restated in the Group's Annual Report 2020 to reflect the following:

From January 1, 2020, the presentation in the financial highlights and segment reporting has been changed to align the presentation with the segmentation within Wealth Management:

- In June 2018, Danica Pension acquired Danica Pensionsforsikring (formerly SEB Pension Danmark). Danica Pensionsforsikring merged into Danica Pension in 2019. The subsequent integration and conversion revealed some differences between the presentation of Danica Pensionsforsikring and Danica Pension in the financial highlights and the segment reporting for Wealth Management. As of the first quarter of 2020, income from the hedge of assets under insurance contracts in Danica Pensionsforsikring has been reclassified from net fee income to net trading income in the financial highlights and the segment reporting for Wealth Management to align with the presentation for Danica Pension. At the same time, the method for presentation of the value of hedges in Danica Pensionsforsikring has been aligned with the method in Danica Pension, which affects assets under management.
- In 2019, the business segmentation of Danica Pension was changed. The changes included a bundling of the health and accident insurance business with the life insurance business. Therefore, the risk result from health and accident insurance has been reclassified from other income to net fee income in the financial highlights and the segment reporting for Wealth Management as of the first quarter of 2020 to align with the presentation for life insurance, which is presented as net fee income.

The Group's transformation initiative "Better Ways of Working" entails an ongoing digital journey that led to the recognition of impairment charges on existing software in 2020. To better reflect the development in the underlying cost base, the impairment charges are presented separately from operating expenses in the financial highlights. Similarly, the cost/income ratio in the financial highlights has been supplemented by the ratio calculated as costs excluding the impairment charges on goodwill and software.

In the financial highlights, Due from credit institutions and central banks has been restated to include also demand deposits with central banks.

In the financial highlights and the Group's financial statements, a portfolio of unit-linked contracts of DKK 31 billion has been reclassified from investment contracts to insurance contracts.

For additional information, see notes G3, G17 and G18 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

Comparability of Financial Information

Financial information that is not restated for the above changes as at and for the year ended December 31, 2019, and all information for 2018 as reported in the Group's Annual Report 2019 is presented under "*Operating and Financial Review and Prospects—Review of Financial Highlights and Consolidated Financial Information for the Years Ended and as at December 31, 2019 and 2018*" where 2019 financial information is compared to 2018 financial information, as full 2018 financial information restated for the above changes is not available. Accordingly, the non-restated financial information as at and for the year ended December 31, 2018, presented in this Base Information Memorandum is not fully comparable to the financial information as at and for the years ended December 31, 2020 and 2019, presented in this Base Information Memorandum, including under "*Operating and Financial Review and Prospects—Review of Financial Highlights and Consolidated Financial Information for the Years Ended and as at December 31, 2020 and 2019*." The non-restated financial information as at and for the year ended December 31, 2019, should be read together with the restated financial information as at and for the year ended December 31, 2019, reported in the Group's Annual Report 2020.

Year Ended December 31, 2018

The financial highlights and segment reporting as at and for the year ended December 31, 2018, was restated in the Group's Annual Report 2019 to reflect the following:

The segment reporting as at and for the year ended December 31, 2018, was restated in the Group's Annual Report 2019 to reflect the adjustments to the Group's organization as announced on September 5, 2019. The Group's Private Banking activities, which have been part of Wealth Management, have been transferred to the banking units (*i.e.*, from Wealth Management to Banking DK and Banking Nordic). Group Development, part of Other Activities, has been dissolved and most of its activities have been transferred to the banking units. Neither the IFRS income statement, IFRS balance sheet, nor the financial highlights have been affected by these changes.

For additional information, see note G3 to the 2019 Financial Statements incorporated by reference into this Base Information Memorandum.

Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements

Year Ended December 31, 2020

On January 1, 2020, the Group implemented amendments to "*IAS 1 – Presentation of Financial Statements*" ("**IAS 1**") and "*IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*" ("**IAS 8**") (definition of material), "*IFRS 3 – Business Combinations*" ("**IFRS 3**") (definition of a business) and amendments to references to the Conceptual Framework in IFRS Standards.

The amendments to IAS 1 and IAS 8 clarify the definition of material and aligns the definition of material used in the Conceptual Framework with that in the IFRS standards. The amendments are effective for annual periods beginning on or after January 1, 2020.

The amendments to IFRS 3 clarifies the definition of a business, with the objective of assisting a preparer to determine whether a transaction should be accounted for as a business combination or as the acquisition of assets. The clarifications are applicable for business combinations after January 1, 2020.

The implementation of the amendments had no impact on the Group's financial statements.

Reclassification of Unit-linked Contracts

In the financial highlights and the Group's financial statements, a portfolio of unit-linked contracts of DKK 31 billion has been reclassified from investment contracts to insurance contracts. The balance sheet as at December 31, 2019, has been restated in the 2020 Financial Statements incorporated by reference into this Base Information Memorandum

For additional information, see notes G17 and G18 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

Year Ended December 31, 2019

On 1 January 2019, the Group implemented "*IFRS 16 – Leases*" ("**IFRS 16**"), amendments to various standards (IFRS 9*: Prepayment Features with Negative Compensation*, Annual Improvements to IFRS Standards 2015–2017 Cycle (amendments to IFRS 3, "*IFRS 11 – Joint Arrangements*" ("**IFRS 11**"), "*IAS 12 – Income Taxes*" ("**IAS 12**") and "*IAS 23 – Borrowing Costs*" ("**IAS 23**")), "*IAS 19 – Employee Benefits*: *Plan Amendment, Curtailment or Settlement*" and "*IAS 28 – Investments in Associates and Joint Ventures*" ("**IAS 28**") *– Long-term Interests in Associates and Joint Ventures*) and the interpretation "*IFRIC 23 – Uncertainty over Income Tax Treatments*" ("**IFRIC 23**"). The Group has decided to early adopt the amendments to IFRS 9, IAS 39 and "*IFRS 7 – Financial Instruments: Disclosures*" ("**IFRS 7**") included in IASB's "*Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)*" published in September 2019. Further, the Group has changed its accounting policy for calculating the provision for health and accident insurance.

The implementation of IFRS 16 and the change of the accounting policy for calculating the provision for health and accident insurance had an impact on the opening balance sheet at January 1, 2019. The changes decreased shareholders' equity as at January 1, 2019, by DKK 288 million. The income statement for the year ended December 31, 2018, has been restated to reflect changes due to the implementation of amendments to IAS 12 (see "*—Amendment to IAS 12*" below).

The implementation of changes to IFRS standards not mentioned below had no impact on the Group's financial statements.

IFRS 16

IFRS 16 provides revised principles for lessees, and requires lessees to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. The lease payments associated with short-term leases and leases for which the underlying asset is of low value are recognized in profit and loss as an expense. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, there are no changes to the Group's accounting policy for lessor accounting.

As allowed under the transitional provisions of IFRS 16, the Group uses the cumulative catch-up approach. Accordingly, the Group has not restated comparative information. IFRS 16 has increased both assets and liabilities as at January 1, 2019, by DKK 6,424 million. The Group has excluded initial direct costs from the measurement of the right-of-use lease asset at the date of initial application, and the Group has relied on the Group's assessment of whether leases are onerous, applying "*IAS 37 — Provisions, Contingent Liabilities and Contingent Assets*" ("**IAS 37**") immediately before the date of initial application. There has been no implementation impact on shareholders' equity, however, the Group's capital ratios are reduced by 0.2 percentage points. Right-of-use lease assets and lessee lease liabilities are presented as part of other assets and other liabilities, respectively. Lease liabilities recognized in the balance sheet as at January 1, 2019, are significantly higher than the operating lease commitments disclosed in Group's Annual Report 2018. This is predominantly due to lease terms being significantly longer under IFRS 16, as the Group is reasonably certain to exercise extension options, and therefore lease terms exceed the non-cancellable period. The Group has used hindsight in determining the lease term at initial application. As at January 1, 2019, the Group's weighted average incremental borrowing rate applied to the lease liabilities was 1.5 percent for right-of-use properties and 1.4 percent for other right-of-use tangible assets.

In the income statement, expenses related to leases are presented as depreciation expenses (part of operating expenses) and interest expenses. As the interest expenses are calculated on the reducing balance of the lease liabilities while the depreciations are made on a straight-line basis, the costs under IFRS 16 are front-loaded as compared to under IAS 17. Due to this front-loading, net profit before tax decreased by DKK 108 million for the year ended December 31, 2019 (of which DKK 83 million was interest expenses and DKK 25 million was operating expenses), as compared to the net profit under IAS 17. The effect on earnings per share is insignificant.

Amendment to IFRS 9

The amendment to IFRS 9, relates to the solely payment of principal and interest on the principal amount outstanding ("**SPPI**") test, and the previous requirement that a prepayment option will only be consistent with 'basic lending features' if the prepayment amount represents the principal amount outstanding plus accrued interest and may include reasonable additional compensation for early termination (*i.e.*, the party exercising the right cannot receive compensation for the early termination). The word 'additional' is deleted. After the implementation of the amendment, compensation that reflects changes in the relevant benchmark interest rate will be consistent with the SPPI test, regardless of whether the compensation is positive or negative. The implementation of the amendment had no impact on the classification of financial instruments between fair value measurement and amortized cost. The prepayment option included in loans granted by Realkredit Danmark continues to be inconsistent with the SPPI test.

Amendment to IFRS 9/IAS 39 and IFRS 7

The amendments to IFRS 9/IAS 39 and IFRS 7 cover issues related to the pre-replacement issues following the ongoing interest rate benchmark reform that could result in discontinuation of hedge accounting relationships. The effective date of the amendments is January 1, 2020, with earlier application permitted. In the fourth quarter of 2019, the Group has early adopted the amendments. The Group uses the option in IFRS 9 to continue to apply hedge accounting using the requirements in IAS 39 and, therefore, the amendments to IAS 39 have been early adopted. The amendments to IAS 39 imply that, for the purpose of the assessment of the prospective hedge effectiveness, it shall be assumed that the interest rate benchmark reform will not alter the cash flows and that a hedging relationship is not required to be discontinued if the actual results of the effectiveness exceeds the 80–125 percent limit. For information on further disclosure requirements included in IFRS 7, see note G12 to the 2019 Financial Statements incorporated by reference into this Base Information Memorandum.

Amendment to IAS 12

The amendment to IAS 12, which is part of the Annual Improvements to IFRS Standards 2015–2017 Cycle, requires the income tax consequences of dividends to be recognized in profit or loss if the transactions that generated distributable profit are recognized in profit or loss, and thus not recognized directly in equity. The Group has implemented the clarification as at January 1, 2019. The distribution of interest on the Group's equity accounted additional tier 1 capital is deductible for tax purposes, and the tax income is recognized in the income statement when the interest is paid. Comparative information has been restated. The change has decreased tax in the income statement and increased net profit by DKK 173 million and increased distributions to owners by the same amount for the years ended December 31, 2019 and 2018. There is no impact on earnings per share.

IFRIC 23

IFRIC 23 considers how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. When uncertainty exists and it is probable that the uncertainty will result in a change in the income tax, the uncertainty is reflected by using either the most likely outcome (if the possible outcomes are binary or are concentrated on one value) or the expected value, calculated as the probability weighted amounts in a range of possible outcomes (if there is a range of possible outcomes that are neither binary nor concentrated on one value). The implementation had no significant impact on the Group's financial statements.

Change in the Accounting for Health and Accident Insurance

The Group has voluntarily changed its accounting policy for calculating the provision for health and accident insurance contracts with a risk coverage period no longer than one year. From January 1, 2019, the provision represents the net present value of expected future payments, administrative costs and premiums due to be received during the risk coverage period. Under the previous accounting policy, the provision was calculated using a simplified method and represented the share of gross premiums received that relates to the coverage period after the balance sheet date. The change is considered to result in a more relevant and faithful representation of the Group's liabilities, as the provision now represents a best estimate of the amounts to be paid as insurance benefits the next year.

Retrospective application is impracticable without the use of hindsight and due to lack of data. The cumulative impact is recognized as a reduction in shareholders' equity as at January 1, 2019, of DKK 288 million, consisting of an increase in insurance liabilities of DKK 369 million and a decrease in tax liabilities of DKK 81 million. The impact on net profit is insignificant.

Non-IFRS Measures of Financial Performance

The discussion of the results of operations of the Group and its reporting segments included in "*Risk Factors*," "*Overview of Consolidated Financial Information and Other Data*," "*Operating and Financial Review and Prospects*" and "*Description of the Group*" is based on the financial highlights and segment reporting presentation used by the Group when presenting such information in its annual reports. Results of the Group performance have historically been presented on the basis of IFRS financial results with certain deviations as described in more detail under "*—Presentation of Financial Information*" above.

Certain of the income statement and balance sheet information and ratios that are presented based on the financial highlights and segment reporting presentation deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under "*—Presentation of Financial Information*" above. These measures are non-IFRS financial measures. In addition, the financial highlights are alternative performance measures, as described in the section "Definition of alternative performance measures" in the Group's Annual Report 2020 incorporated by reference into this Base Information Memorandum.

A non-IFRS financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. The reconciliations between the non-IFRS financial highlight and segment reporting figures presented by the Group and the IFRS equivalent figures are described in notes G1(d) and G3 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

In addition to information on the Group's results of operations that is based on the financial highlights and segment reporting presentation, this Base Information Memorandum includes certain other non-IFRS measures. These include the following information which has also been prepared on a financial highlights basis: earnings per share, return on average shareholders' equity, net interest income as percent per annum of loans and deposits and cost/income ratio. See "*Overview of Consolidated Financial Information and Other Data*" for a description of how these non-IFRS measures are calculated. See also the definitions of alternative performance measures in the section "Definition of alternative performance measures" in the Group's Annual Report 2020 incorporated by reference into this Base Information Memorandum.

Non-IFRS measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Non-IFRS measures as reported by the Group may not be comparable to similarly titled amounts reported by other companies. The non-IFRS measures discussed in this Base Information Memorandum are used in the internal management of the Group, along with the most directly comparable IFRS financial measures, in evaluating operating performance. The Group's management believes that these non-IFRS measures, when considered in conjunction with IFRS measures, accurately reflect the Group's economic performance and enhance investors' and management's overall understanding of the Group's performance. In addition, because the Group has historically reported certain non-IFRS measures to investors, the Bank's management believes that the inclusion of non-IFRS measures provides consistency in the Group's financial reporting.

Incorporation by Reference

This Base Information Memorandum incorporates by reference important information about the Group, which means that:

(i) the incorporated information is considered part of this Base Information Memorandum; and

(ii) the Bank can disclose important information to prospective purchasers of Notes by referring prospective purchasers to documents that include such information.

The following information, which has previously been published and has been submitted to and filed with Euronext Dublin, shall be deemed to be incorporated into, and form part of, this Base Information Memorandum:

Information	Source
The Group's Interim report – first half 2021 (excluding the section "Outlook for 2021" of the "Executive summary" on pages 5-6), including, but not limited to, the following:	Interim report – first half 2021

Information	Source
Definition of alternative performance measures	Interim report – first half 2021 page 23
Income Statement for the Group for the first-half-year period ended June 30, 2021	Interim report – first half 2021 page 25
Statement of Comprehensive Income for the Group for the first-half-year period ended June 30, 2021	Interim report – first half 2021 page 26
Balance Sheet for the Group as at June 30, 2021	Interim report – first half 2021 page 27
Statement of Capital for the Group for the first-half-year period ended June 30, 2021	Interim report – first half 2021 pages 28–29
Cash Flow Statement for the Group for the first-half-year period ended June 30, 2021	Interim report – first half 2021 page 30
Notes to the financial statements for the Group as at and for the first-half-year period ended June 30, 2021	Interim report – first half 2021 pages 31–69
Statement by the Management as at and for the first-half-year period ended June 30, 2021	Interim report – first half 2021 page 70
Independent Auditor's Review Report for the Group as at and for the first-half-year period ended June 30, 2021	Interim report – first half 2021 page 71
Definition of alternative performance measures	Annual Report 2020 page 69
Income Statement for the Group for the year ended December 31, 2020	Annual Report 2020 page 74
Statement of Comprehensive Income for the Group for the year ended December 31, 2020	Annual Report 2020 page 75
Balance Sheet for the Group as at December 31, 2020	Annual Report 2020 page 76
Statement of Capital for the Group for the year ended December 31, 2020	Annual Report 2020 pages 77–79
Cash Flow Statement for the Group for the year ended December 31, 2020	Annual Report 2020 page 80
Notes to the financial statements for the Group as at and for the year ended December 31, 2020	Annual Report 2020 pages 81–215
Statement by the Management as at and for the year ended December 31, 2020	Annual Report 2020 page 238
Independent Auditor's Report for the Group as at and for the year ended December 31, 2020	Annual Report 2020 pages 239–243
Definition of alternative performance measures	Annual Report 2019 page 65
Income Statement for the Group for the year ended December 31, 2019	Annual Report 2019 page 70
Statement of Comprehensive Income for the Group for the year ended December 31, 2019	Annual Report 2019 page 71
Balance Sheet for the Group as at December 31, 2019	Annual Report 2019 page 72
Statement of Capital for the Group for the year ended December 31, 2019	Annual Report 2019 pages 73–76
Cash Flow Statement for the Group for the year ended December 31, 2019	Annual Report 2019 page 77
Notes to the financial statements for the Group as at and for the year ended December 31, 2019	Annual Report 2019 pages 78–211
Statement by the Management as at and for the year ended December 31, 2019	Annual Report 2019 page 236
Independent Auditor's Report for the Group as at and for the year ended December 31, 2019	Annual Report 2019 pages 237–241

Information	Source
The section "Terms and Conditions of the Notes" from the Base Information Memorandum dated April 8, 2020	Base Information Memorandum dated April 8, 2020, pages 183–221
The section "Terms and Conditions of the Notes" from the Base Prospectus dated June 12, 2019	Base Prospectus dated June 12, 2019, pages 179–208
The section "Terms and Conditions of the Notes" from the Base Prospectus dated May 23, 2018	Base Prospectus dated May 23, 2018, pages 190–216
The section "Terms and Conditions of the Notes" from the Base Prospectus dated February 22, 2017	Base Prospectus dated February 22, 2017, pages 163–181
The section "Terms and Conditions of the Notes" from the Base Prospectus dated February 26, 2016	Base Prospectus dated February 26, 2016, pages 152–170
The section "Terms and Conditions of the Notes" from the Base Prospectus dated September 4, 2015	Base Prospectus dated September 4, 2015, pages 156–174

The Group's Interim report – first half 2021, which includes information incorporated by reference into this Base Information Memorandum relating to the first-half-year period ended and as at June 30, 2021, as described in the above cross reference list, can be viewed online at *www.danskebank.com/-/media/danske-bank-com/file-cloud/2021/7/danske-bank-interim-report---first-half-2021.pdf*.

The Group's Annual Report 2020, which includes information incorporated by reference into this Base Information Memorandum relating to the year ended and as at December 31, 2020, as described in the above cross reference list, can be viewed online at *www.danskebank.com/-/media/danske-bank-com/file-cloud/2021/2/annual-report-2020.pdf*.

The Group's Annual Report 2019, which includes information incorporated by reference into this Base Information Memorandum relating to the year ended and as at December 31, 2019, as described in the above cross reference list, can be viewed online at *www.danskebank.com/-/media/danske-bank-com/file-cloud/2020/2/annual-report-2019.pdf*.

The Base Information Memorandum dated April 8, 2020, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at *www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/danske-bank--base-information-memorandum--april-8-2020.pdf*.

The Base Prospectus dated June 12, 2019, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at *www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/danske-bank---us-mtn-update-12-june-2019---base-prospectus.pdf*.

The Base Prospectus dated May 23, 2018, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at *www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/danske-bank-us-mtn--base-prospectus-2018-final.pdf*.

The Base Prospectus dated February 22, 2017, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at *www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/us-mtn-programme-22-february-2017---base-prospectus.pdf*.

The Base Prospectus dated February 26, 2016, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at *www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/us-mtn-programme-26-february-2016---base-prospectus.pdf*.

The Base Prospectus dated September 4, 2015, relating to the Program, which includes information incorporated by reference into this Base Information Memorandum relating to the previous Terms and Conditions of the Notes as described in the above cross reference list, can be viewed online at *www.danskebank.com/-/media/danske-bank-com/pdf/investor-relations/debt/funding-programmes/us-mtn-programme/us-mtn-programme-4-september-2015---base-prospectus.pdf.*

Where only certain parts of a document are incorporated by reference into this Base Information Memorandum, the non-incorporated parts are either not relevant to investors or are covered elsewhere in this Base Information Memorandum.

In addition, in relation to each issue of Notes, the relevant Pricing Supplement shall be deemed to form a part of, and should be read together with, this Base Information Memorandum. Should any of the documents incorporated by reference into this Base Information Memorandum themselves incorporate by reference further information, such information does not form a part of this Base Information Memorandum.

Any statement contained or incorporated by reference into this Base Information Memorandum, including any relevant Pricing Supplement, will be deemed to be modified or superseded for purpose of this Base Information Memorandum, including any relevant Pricing Supplement, to the extent that a statement contained in a document that is incorporated by reference into this Base Information Memorandum through a supplement to this Base Information Memorandum and posted on the Group's U.S. MTN Program Website or investor relations website at *www.danskebank.com/investor-relations/* modifies or supersedes that statement (including as a result of a more recently incorporated document). Any statement that is modified or superseded in this manner will no longer be a part of this Base Information Memorandum or any relevant Pricing Supplement, except as modified or superseded.

The documents incorporated by reference will not be distributed to the Holders, but will be available to Holders upon request. Requests for copies of any incorporated documents should be addressed to Danske Bank's Investor Relations, 2–12 Holmens Kanal, DK–1092 Copenhagen K, Denmark.

All references to this Base Information Memorandum in this section, "*Incorporation by Reference*," mean this Base Information Memorandum as it may be amended or supplemented from time to time.

Exchange Rates

The following tables set forth, for the periods and dates indicated, the average, high, low and period-end exchange rates, based on the reference rates as published by the Danish Central Bank for the Danish Kroner in relation to the euro and the U.S. dollar. The average rate means the average of the exchange rates on the last day of each month during the applicable period. Fluctuations in the exchange rates between the Danish Kroner and the currencies set forth below in the past are not necessarily indicative of fluctuations that may occur in the future. These rates may also differ from the actual rates used in the preparation of the financial statements and other financial information presented in this Base Information Memorandum.

	Reference rates of Danish Kroner per euro			
	Average	**High**	**Low**	**Period-end**
2016	7.445	7.465	7.434	7.434
2017	7.439	7.446	7.433	7.445
2018	7.453	7.467	7.444	7.467
2019	7.466	7.473	7.456	7.470
2020	7.454	7.473	7.436	7.439
2021 (until September 2)	7.437	7.441	7.436	7.436

Source: Danish Central Bank.

	Reference rates of Danish Kroner per U.S. dollar			
	Average	**High**	**Low**	**Period-end**
2016	6.733	7.173	6.433	7.053
2017	6.595	7.159	6.068	6.208
2018	6.317	6.519	6.170	6.519
2019	6.670	6.857	6.472	6.676
2020	6.542	6.976	6.058	6.058
2021 (until September 2)	6.207	6.372	6.030	6.277

Source: Danish Central Bank.

The above rates are provided solely for the convenience of the reader. No representation is made that the Danish Kroner could have been converted into euro or U.S. dollar at the rates shown or at any other rate for such periods or at such dates.

CAPITALIZATION

The following table sets forth the Bank's consolidated capitalization and indebtedness as at June 30, 2021:

	As at June 30, 2021 (DKK in millions)
Due to credit institutions and central banks	215,265
Deposits	1,363,809
Bonds issued by Realkredit Danmark	760,452
Other issued bonds[(1)]	338,122
Total senior funding	2,677,648
Hereof secured funding[(2)]	1,219,300
Subordinated debt	38,836
Total debt and subordinated debt	2,716,484
Share capital	8,622
Foreign currency translation reserve	(689)
Reserve for bonds at fair value through other comprehensive income (FVOCI)	157
Retained earnings	156,523
Proposed dividends	–
Shareholders of Danske Bank A/S	164,613
Additional tier 1 capital holders	8,547
Total equity	173,160
Total senior funding, subordinated capital and equity	2,889,644

(1) Other issued bonds consists of covered bonds of DKK 157,828 million, preferred senior bonds of DKK 49,293 million, non-preferred senior bonds of DKK 111,275 million and commercial paper and certificates of deposits of DKK 19,726 million.

(2) Hereof secured funding consists of bonds issued by Realkredit Danmark of DKK 760,452 million, covered bonds of DKK 157,828 million and repo transactions of DKK 301,020 million.

The table above should be read in conjunction with the Group's Interim report – first half 2021 incorporated by reference into this Base Information Memorandum.

There have been no material changes affecting the Bank's consolidated capitalization and indebtedness between June 30, 2021, and the date of this Base Information Memorandum.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Bank to meet part of its general financing requirements.

OVERVIEW OF CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The consolidated income statement and balance sheet data presented below have been derived from the Consolidated Financial Statements. The Consolidated Financial Statements have been prepared in accordance with IFRS and Danish disclosure requirements for listed financial companies, and are incorporated by reference into this Base Information Memorandum. The Consolidated Financial Statements have been audited by Deloitte. The reports of Deloitte on the respective Consolidated Financial Statements are incorporated by reference into this Base Information Memorandum.

The following information is based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items marked with an asterisk in the tables below deviate from the corresponding figures in the Group's consolidated financial statements as discussed in more detail under "*Important Information for Investors—Presentation of Financial Information*." See notes G1(d), G2(a) and G3 to the 2020 Financial Statements and the 2019 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation.

The information below should be read together with the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum and the sections "*Important Information for Investors—Presentation of Financial Information*," "*Important Information for Investors—Non-IFRS Measures of Financial Performance*" and "*Operating and Financial Review and Prospects*."

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2021 incorporated by reference into this Base Information Memorandum.

	For the year ended December 31,		
	2020	**2019**	**2018**
		(DKK in millions)	
INCOME STATEMENT DATA			
Net interest income*	21,875	21,877	23,571
Net fee income*	15,137	15,201(1)	15,402
Net trading income*	4,856	5,441(1)	4,676
Other income*	514	2,463(1)	716
Total income*	42,383	44,982	44,365
Operating expenses*	(28,103)	(27,193)(1)	(25,011)
Goodwill impairment charges	–	(1,603)	–
Impairment charges, other intangible assets*	(379)	(355)(1)	–
Profit before loan impairment charges*	13,901	15,831	19,354
Loan impairment charges*	(7,001)	(1,516)	650
Profit before tax, core*	6,900	14,315	20,004
Profit before tax, Non-core*	(596)	(493)	(282)
Profit before tax	6,304	13,822	19,722*
Tax	(1,715)	1,249(2)	(4,548)*(3)
Net profit for the year	4,589	15,072	15,174*(3)
Attributable to additional tier 1 etc.	551	786	781

	As at December 31,		
	2020	2019	2018
	(DKK in millions)		
BALANCE SHEET DATA			
Assets			
Due from credit institutions and central banks*	345,938	174,377[(1)]	169,237
Repo loans*	257,883	346,708	316,362
Loans*	1,838,126	1,821,309	1,769,438
Trading portfolio assets*	682,945	495,313	415,811
Investment securities	296,769	284,873	276,424
Assets under insurance contracts	545,708	494,993[(4)]	377,369
Total assets in Non-core*	2,797	7,519	14,346
Other assets*	139,064	135,958[(1)(4)]	239,480
Total assets	4,109,231	3,761,050	3,578,467
Liabilities			
Due to credit institutions and central banks*	125,267	98,828	148,095
Repo deposits*	223,973	232,271	262,181
Deposits*	1,193,173	962,865	894,495
Bonds issued by Realkredit Danmark*	775,844	795,721	741,092
Other issued bonds*	360,127	350,190	330,477
Trading portfolio liabilities*	499,331	452,190	390,222
Liabilities under insurance contracts	591,930	535,891[(4)]	417,279
Total liabilities in Non-core*	2,975	2,501	4,014
Other liabilities*	135,596	128,353[(4)]	204,243
Subordinated debt	32,337	31,733	23,092
Additional tier 1	8,508	14,237	14,300
Shareholders' equity	160,171	156,271	148,976
Total liabilities and equity	4,109,231	3,761,050	3,578,467

	As at and for the year ended December 31,		
	2020	2019	2018
Ratios and Key Figures			
Earnings per share,[(5)] DKK	4.7	16.7	16.5[(3)]
Return on average shareholders' equity,[(6)] percent	2.6	9.6	9.8[(3)]
Net interest income as percent per annum of loans and deposits[(7)]	0.75	0.80	0.88
Cost/income ratio,[(8)] percent	67.2	64.8	56.4
Total capital ratio,[(9)] percent	23.0	22.7	21.3
Common equity tier 1 capital ratio,[(10)] percent	18.3	17.3	17.0
Full-time-equivalent staff (end of period)	22,376	22,006	20,683

* The tables above are based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items and figures marked with an asterisk deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under "*Important Information for Investors—Presentation of Financial Information*." See notes G1(d) and G3 to the 2020 Financial Statements and the 2019 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation.

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2019*," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2019, in the 2020 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures as at and for the year ended December 31, 2019, but include figures as at and for the year ended December 31, 2018, that have not been restated for these changes and, therefore, are not directly comparable in all respects with the information presented as at and for the years ended December 31, 2020 and 2019.

(2) The line item tax includes net income of DKK 4,134 million from reversal of a deferred tax liability for the Danish international joint taxation scheme and increased provisions for deferred tax on assets and liabilities measured at amortized cost for the year ended December 31, 2019.

(3) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2019*," the Group has restated the comparative financial highlights for the year ended December 31, 2018, in the 2019 Financial Statements incorporated by reference into this Base Information Memorandum. The above tables reflect the restated figures for the year ended December 31, 2018.

(4) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2020*," the Group has reclassified a portfolio of unit-linked contracts of DKK 31 billion from investment contracts to insurance contracts in the 2020 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures as at December 31, 2019, but includes figures as at December 31, 2018, that have not been restated for these changes and, therefore, are not directly comparable in all respects with the information presented as at December 31, 2020 and 2019.

(5) Net profit for the year divided by the average number of shares outstanding during the year. Net profit for the year is stated after the deduction of interest net of tax on equity-accounted additional tier 1 capital.

(6) Net profit for the year divided by quarterly average shareholders' equity. Net profit for the year and shareholders' equity are stated as if the equity-accounted additional tier 1 capital was classified as a liability. In the numerator, net profit is reduced by interest expenses of DKK 551 million for 2020, DKK 786 million for 2019 and DKK 781 million for 2018, and the denominator represents equity excluding

additional tier 1 capital and other non-controlling interests equal to a reduction in the quarterly average of equity of DKK 13,526 million for 2020, DKK 17,744 million for 2019 and DKK 18,396 million for 2018.

(7) Net interest income* divided by the daily average of the sum of loans* and deposits*.

(8) Operating expenses* divided by total income*.

(9) Total capital divided by the total REA. Calculated in accordance with the CRR, taking transitional rules into account as stipulated by the DFSA.

(10) Common equity tier 1 capital divided by the total REA. Calculated in accordance with the CRR, taking transitional rules into account as stipulated by the DFSA.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Except for the discussion of results of operations of the Group and its reporting segments, which is based on the financial highlights and segment reporting presentation used by the Group as discussed below, the following discussion is primarily based on and should be read in conjunction with the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum. In particular, the discussion below covers the financial periods ended December 31, 2020, 2019 and 2018. The Consolidated Financial Statements have been prepared in accordance with IFRS and Danish disclosure requirements for listed financial companies. The following discussion of the results of operations of the Group and its reporting segments is based on the financial highlights and segment reporting presentation used by the Group when presenting such information. The Group's financial highlights deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under "Important Information for Investors—Presentation of Financial Information."

This section contains forward-looking statements that involve inherent risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. See "Important Information for Investors—Special Notice Regarding Forward-looking Statements" and "Risk Factors."

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2021 incorporated by reference into this Base Information Memorandum.

Overview

The Group is the leading financial service provider in Denmark (source: the DFSA) measured by total working capital as at September 30, 2020, and one of the largest in the Nordic region measured by total assets as at December 31, 2020. 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. The 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 December 31, 2020, the Group's total assets amounted to DKK 4,109 billion and the Group employed 22,376 full-time equivalent employees. As at the same date, the Group had approximately 3.3 million customers and approximately 2.4 million customers used the Group's online services. The Group had 191 branches as at December 31, 2020.

The Bank is the parent company of the Group. Danske Bank is a Nordic bank with bridges to the rest of the world, and its core markets are Denmark, Sweden, Norway and Finland. In these countries, it serves all types of customers, from retail and commercial customers to large corporate and institutional customers. It also operates in Northern Ireland, where it serves both retail and commercial customers. The Group has additional offices in several other European countries including a subsidiary in Luxembourg and branch offices in Poland, Germany and the U.K., where its main offerings are solutions for Nordic and local businesses as well as private banking clients. The Group also conducts broker-dealer activities in the United States.

Primary Factors Affecting the Group's Results of Operations

The Group's business, results of operations and financial position have been affected, and may continue to be affected, by various factors, the most significant of which are described below. The impact of these and other potential factors may vary significantly in the future.

Macroeconomic Environment

The Group derives a substantial majority of its income from its operations in Denmark, Sweden, Norway and Finland. Accordingly, the Group's business, results of operations and financial position depend upon the economic conditions prevailing in these primary markets, in particular economic growth and the general level of interest rates. The Group's operations are also affected by the level of competition in these primary markets, particularly from other major banking groups and specialist providers, including mortgage lenders. Through its activities, the Group is also exposed to the economic conditions in Northern Ireland, the Baltic countries and, to a lesser extent, Ireland. Although the exposure to these countries is relatively small, lower demand and the financial and economic crisis in these markets have adversely affected, and could in the future adversely affect, the business, results of operations and financial position of the Group.

In 2018, the growth in the eurozone was weaker, especially in the second half of the year. Among the principal causes were a weakening in the Chinese economy following economic policy tightening in 2017 and negative impact from the trade tensions with the United States. Despite lower GDP growth, eurozone unemployment continued to decline. The ECB maintained its negative interest rates but gradually ended net purchases under its asset purchase program. GDP growth in the United States accelerated to 2.9 percent, supported by continued strong growth in personal spending and a significant acceleration in non-residential investment and government consumption. The strong economy combined with evidence of higher inflation and wage growth caused the U.S. Federal Reserve to increase the federal funds target rate four times by a total of one percentage point. These rate increases contributed to significant financial distress in some countries with liabilities denoted in U.S. dollars, notably Turkey and Argentina. During 2018, there was significant political uncertainty, especially regarding the trade tensions between the United States and China and other countries, and lack of clarity regarding the terms and timing of Brexit. It is likely that these uncertainties weighed on both economic growth and financial market sentiment.

The recovery in Denmark continued unabated in 2018 despite weaker growth in the eurozone, as witnessed by continued strong job growth. However, GDP growth weakened, partially due to an unusually warm and dry summer leading to a poor harvest. The recovery also continued in Sweden, but with signs of weakening within the construction sector as a result of a stagnating apartment market. The recovery also continued in Norway where investments in the energy sector started to increase, and oil companies signaled intentions to increase such investments significantly going forward. However, there was a decline in housing investment. The Finnish economy was not able to maintain its relatively high growth rate of previous years, but was nevertheless still in a recovery phase. The deficit on public finances was reduced, but the current account deficit widened.

For the world economy, 2019 was a difficult year. In particular, the manufacturing sector was hit by a combination of the U.S.-China trade war, uncertainty related to Brexit, a sharp decline in European car production on the back of stricter regulation and lower car sales, neutral U.S. fiscal policy and tighter monetary policy compared to previous years. Recession fears peaked in August 2019 but then receded due to, among other things, the U.S.-China phase one trade deal and some clarity on Brexit. Growth in the eurozone continued to slow as a less favorable external environment and structural shifts in manufacturing weighed on the economy. Despite lower GDP growth, eurozone unemployment continued to decline. With inflation still far from its 2 percent target, the ECB cut the interest rate on its deposit facility to negative 0.5 percent in September 2019 and decided to restart net purchases of government bonds. In the United States, growth slowed to 2.3 percent year-on-year in 2019 from 2.9 percent in 2018. Private consumption was the main growth driver in the United States, while non-residential investment growth slowed significantly. Chinese growth slowed from 6.7 percent in 2018 to 6.1 percent in 2019. In addition to the ECB, the U.S. Federal Reserve and China also eased monetary policy during 2019 to support their respective economies. Equity markets had a positive year supported by the continued expansion, lower rates and a de-escalation of the trade war. Bond yields reached new lows in late August 2019 when recession fears peaked but have risen slightly since.

For the Danish economy, 2019 was another strong year, with exports particularly driving growth. In addition, the booming pharmaceutical sector was key to GDP growth. Job growth slowed, though, as the labor market has tightened and other parts of the economy felt the slowing of almost all important trading partners. In Sweden, growth slowed through 2019 as declining housing investment has become a drag on growth and unemployment has increased. In 2019, the Swedish central bank introduced a zero interest rate policy due to what appears to be a concern for banks introducing negative rates. It increased the repo rate from negative 0.50 percent to negative 0.25 percent effective in January 2019 and to 0.00 percent effective in January 2020. The Norwegian economy was strong through 2019 supported by surging investments in the oil sector. The Finnish economy was solid through 2019 on the back of strong exports, particularly ship exports, which are likely to only provide a temporary boost.

During 2020, COVID-19 spread throughout the world, and on March 11, 2020, the World Health Organization confirmed that its spread and severity had escalated to the point of pandemic. The outbreak of COVID-19 has resulted in authorities, including those in the Nordic countries, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, curfews, lockdowns, quarantines and shutdowns of businesses and workplaces, and has led to materially increased volatility and declines in financial markets and significant worsening of the macroeconomic outlook. The duration of such restrictions is highly uncertain, but could be prolonged, and even stricter measures may be put in place. Such restrictions are already in place in all of the Group's markets. The degree to which COVID-19 impacts the Group's results of operations, liquidity, access to funding and financial position will depend on future developments, which, as at the date of this Base Information Memorandum, are highly uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of COVID-19, its severity, actions taken to contain the virus or treat its impact, the extent and effectiveness of economic stimulus taken to contain the virus or treat its impact and how quickly and to what extent normal economic and business activity can resume. For more information, see "*Risk Factors—Risks Related to the Markets in which the Group Operates—COVID-19 outbreak could continue to have a material adverse effect on the Group's business, results of operations and financial position*."

The economies of all four Nordic countries contracted in 2020 as they were affected by the COVID-19 pandemic. GDP declines for the year ranged from 2.1 percent in Denmark to 3.1 percent in Sweden. For comparison, GDP declined 6.5 percent in the euro zone and 9.8 percent in the U.K. in 2020. The relatively better performance in the Nordics can partly be explained by the smaller share of the industries that were hardest hit by the COVID-19 pandemic in the economy and by less comprehensive restrictions on businesses and consumers. The recession was concentrated in the spring of 2020, with activity and employment generally recovering strongly from May onwards. All of the Nordic countries were affected by a second wave of infections during the autumn and winter, and as a result restrictions were again tightened. However, the effect on the Nordic economies was much smaller than in the spring of 2020. Government support and loans helped to support businesses and the number of bankruptcies has remained moderate.

Interest Rates

The following table sets forth the annual averages of three-month interbank interest rates in Denmark, Sweden, Norway and Finland and in the eurozone for the years indicated:

	For the year ended December 31,		
	2020	**2019**	**2018**
		(percent)	
Denmark	(0.2)	(0.4)	(0.3)
Sweden	(0.0)	0.1	(0.4)
Norway	0.5	1.8	1.3
Finland (eurozone)	(0.5)	(0.4)	(0.3)

Source: Macrobond Financial, Danske Bank Research.

The Group earns interest from loans and other assets and pays interest to its depositors and other creditors. The Group's results of operations are, therefore, dependent to a great extent on the Group's net interest income. Net interest income represented 51.6 percent of the Group's total income in 2020, as compared to 46.8 percent in 2019 and 53.1 percent in 2018. The Group's net interest margin, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities, varies according to prevailing interest rates and is a significant factor in determining the profitability of the Group. Reductions in interest rates or compression of the interest rate spread may result in a decrease in the amount of net interest income generated by the Group and its net interest margin. For a discussion of developments in interest rates, see "*Risk Factors—Risks Related to the Markets in which the Group Operates*."

The Group's net interest income is driven by a combination of lending and deposit volumes and margins. The deposit margin is generally more sensitive to decreases in interest rates than lending margin because in periods of interest rates approaching zero or becoming negative, the rates payable on some customer deposits cannot decrease below zero, which limits the ability to manage deposit margins. The Group's net interest income totaled DKK 21,875 million in 2020, DKK 21,877 million in 2019 and DKK 23,571 million in 2018. The slight decrease in net interest income in 2020 as compared to 2019 was mainly due to adverse exchange-rate developments, lower lending margins, higher funding costs and a fall in other interest income from, among other things, mortgage lending activities. The decrease in net interest income in 2019 as compared to 2018 was mainly due to a significant decrease in lending margins due to development in market rates and higher funding costs, primarily as a result of the issuing of non-preferred senior debt for MREL compliance, partially offset by positive developments in deposit margins and lending and deposit volumes.

Loan Impairment Charges

The Group's results of operations are affected by the level of impairment charges. The Group's loan impairment charges amounted to a net charge of DKK 7,001 million in 2020, a net charge of DKK 1,516 million in 2019 and a net reversal of DKK 650 million in 2018.

Although credit quality overall remained strong in 2020, the Group's loan impairment charges increased significantly in 2020 due primarily to two factors. Firstly, the Group recorded significant impairment charges in the first quarter of 2020 relating to changes in the forward-looking macroeconomic scenarios driven by the COVID-19 pandemic. Most of these impairments were later released as key economic indicators performed better than expected. The Group, however, countered these model-driven releases with sector-specific post-model adjustments of DKK 2.7 billion, as the Group continues its cautious approach to risks and visibility is limited. Secondly, the Group booked charges against oil-related exposures of DKK 3.3 billion in 2020 due to continued uncertainty in the offshore segment. So far, the need for charges against COVID-19 sensitive sectors has been fairly limited due to government support programs and the Group's balanced portfolio.

The increase in loan impairment charges in 2019 was driven mainly by increased impairments against a few single-name exposures at C&I and Banking Nordic and lower reversals on non-performing loans in Denmark. Of the loan impairments made in 2019, DKK 0.4 billion were recognized following a review of the loan portfolio. This was carried out in connection with a sector review and affected primarily Banking Nordic. In addition, loan impairments were adversely affected by adjustments made to take into account the increased downside risk in the macroeconomic outlook for the Nordic countries. Although the risk of a downside to the outlook increased, credit quality remained solid, supported by stable macroeconomic conditions and stable collateral values in most markets.

Impairment on Goodwill and Customer Relations

Under IFRS, goodwill arises on the acquisition of an undertaking and is calculated as the difference between the cost of the undertaking and the fair value of its net assets, including contingent liabilities, at the time of acquisition. Goodwill is allocated to cash-generating units at the level at which management monitors the investment. Goodwill is not amortized; instead, each cash-generating unit is tested for impairment once a year, or more frequently if indications of impairment exist. Goodwill is written down to its recoverable amount through profit and loss if the carrying amount of the net assets of the cash-generating unit exceeds the higher of the assets' fair value less costs to sell and their value in use, which equals the present value of the future cash flows expected from the unit. Goodwill on associates is recognized under holdings in associates. Impairment of goodwill does not have an impact on the Group's capital ratios as goodwill is excluded from the calculations.

In 2019, the Group recognized a goodwill impairment charge of DKK 1,603 million. Out of the total goodwill impairment charge, DKK 800 million related to the acquisition of SEB Pension Danmark and it was recognized as the upcoming application of Solvency II is expected to increase capital requirements. An additional goodwill impairment charge of DKK 803 million was recognized at FI&C and Capital Markets due to updated assumptions of lower future structural income at FI&C and expectations of higher allocated capital as a result of the implementation of higher regulatory capital requirements. The Group did not recognize any goodwill impairment charges in 2020 or 2018. As at December 31, 2020, the Group's total goodwill amounted to DKK 6.1 billion, or 0.1 percent, of the Group's total assets.

Reporting Segments

From January 1, 2016, until May 1, 2018, the Group had five business units (Personal Banking, Business Banking, C&I, Wealth Management and Northern Ireland), a Non-core unit and Other Activities, and these constituted the Group's reportable segments. Other Activities encompassed Group Treasury, Group support functions and eliminations, including the elimination of returns on own shares and interest on additional tier 1 capital.

From May 2, 2018, until September 4, 2019, the Group had five business units (Banking DK, Banking Nordic, C&I, Wealth Management and Northern Ireland), a Non-core unit and Other Activities, and these constituted the Group's reportable segments. This structure was reflected in the Group's financial reporting since the Group's interim report for the nine months ended September 30, 2018. On September 5, 2019, the Group announced further adjustments to its organization. Group Development, part of Other Activities, was dissolved and most of its activities were transferred to Banking DK and Banking Nordic. The Group's Private Banking activities, which were part of Wealth Management, were transferred to Banking DK and Banking Nordic. The new business segments were reflected in the Group's internal and external financial reporting from the fourth quarter of 2019. Comparative information as at and for the year ended December 31, 2018, was restated to reflect the new business segments.

Banking DK and Banking Nordic integrated the former Personal Banking and Business Banking business units in a country-based structure, as well as the Private Banking activities that were part of the Wealth Management business unit until September 2019. C&I was the wholesale banking division of the Group and the Group's business activities in Germany and Poland were transferred from the former Business Banking business unit to C&I. The Wealth Management business unit included Danica Pension, Danske Invest and Asset Management. Other Activities encompassed Group Treasury, Group support functions and eliminations, including the elimination of returns on own shares and interest on additional tier 1 capital. For additional information on the Group's reporting segments, see note G3(a) to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

On August 25, 2020, the Bank announced that as a next step in the ongoing transformation, the Group is changing the organization to reduce complexity, increase efficiency and become even more competitive for its customers. As of January 1, 2021, the Group's commercial activities have been organized in four reporting business units: Personal & Business Customers, Large Corporates & Institutions, Danica Pension and Northern Ireland. In addition to the four commercial business units, the Group's reportable segments continue to include Non-core and Group Functions (previously called Other Activities). The new business segments have been reflected in the Group's internal and external financial reporting from the first quarter of 2021.

Recent Developments

Updates Regarding Anti-Money Laundering Investigations Relating to the Bank's Estonian Branch

Certain recent developments relating to the AML matters related to the Bank's Estonian branch and related investigations are discussed under "*Description of the Group—Legal and Arbitration Proceedings*." See also "*Risk Factors—Risks Relating to the Legal and Regulatory Environments in which the Group Operates—The Group is subject to a wide variety of banking, insurance and financial services laws and regulations, which could have an adverse effect on its business. The Group is subject to a variety of ongoing investigations and litigation in connection with the AML matters related to the Bank's Estonian branch, which could have a material adverse effect on the Bank*."

Credit Ratings

As at the date of this Base Information Memorandum, the Bank's credit ratings are as follows:

	Long-term	Short-term
S&P Issuer credit rating	A	A-1
Fitch Issuer default rating	A	F1
Moody's Issuer rating	A3	P-2

A credit or financial strength rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating. There is no guarantee that any rating of the Bank assigned by any such rating agency will be maintained following the date of this Base Information Memorandum, and the Bank may seek to obtain ratings of the Bank from other rating agencies. Up-to-date information should always be sought by direct reference to the relevant rating agency. Each of S&P, Fitch and Moody's is established in the EU 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 Information Memorandum. This list is available on the ESMA website at *www.esma.europa.eu/supervision/credit-rating-agencies/risk* (list last updated on May 7, 2021).

Significant Accounting Estimates and Judgements

General

The Group prepares its consolidated financial statements in accordance with IFRS and Danish disclosure requirements for listed financial companies. The preparation of financial information requires, in some cases, the use of judgements and estimates by management, including judgements made when applying accounting policies. The most significant judgements made when applying accounting policies relate to the classification of financial assets and financial liabilities under IFRS 9, especially related to the business model assessment, and the SPPI test and the designation of financial liabilities at fair value through profit or loss ("**FVPL**") to eliminate or significantly reduce an accounting mismatch. For an overview of the classification and measurement basis for financial instruments, see "*—Overview of Classification and Measurement Basis for Financial Instruments and Insurance Contracts*" below. Further, the determination of the carrying amounts of some assets and liabilities requires the estimation of the effects of uncertain future events on those assets and liabilities.

The estimates that are deemed critical to the consolidated financial statements are:

- the measurement of ECLs on loans, financial guarantees and loan commitments, and bonds measured at amortized cost or fair value through other comprehensive income ("**FVOCI**");
- the fair value measurement of financial instruments;
- the measurement of goodwill and customer rights; and
- the measurement of liabilities under insurance contracts.

The estimates are based on premises that management finds reasonable but which are inherently uncertain and unpredictable. The premises may be incomplete, unexpected future events or situations may occur, and other parties may arrive at other estimated values. In view of the inherent uncertainties and the high level of subjectivity and judgement involved in the recognition and measurement of the estimates, it is possible that the outcomes in the year ended December 31, 2021, could differ from those on which management's estimates are based.

A detailed description of the accounting policies that the Group uses in preparation of its consolidated financial statements is set forth in the notes to the 2020 Financial Statements, including note G2 on changes and forthcoming changes to accounting policies and presentation incorporated by reference into this Base Information Memorandum.

Measurement of Expected Credit Losses on Loans, Financial Guarantees and Loan Commitments, and Debt Instruments Measured at Amortized Cost or FVOCI

The three-stage ECL impairment model in IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the impairment charge equals the ECLs resulting from default events that are possible within the next 12 months (stage 1). If the credit risk has increased significantly, the loan is more than 30 days past due, or the loan is in default or otherwise impaired, the impairment charge equals the lifetime ECLs (stage 2 and stage 3). In determining the impairment for ECLs, management exercises judgement and uses estimates and assumptions as explained below.

The ECL is calculated for all individual facilities as a function of estimates of probability of default ("**PD**"), exposure at default ("**EAD**") and loss given default ("**LGD**") and incorporates forward-looking information. The estimation of expected credit losses involves forecasting future economic conditions over a number of years. Such forecasts are subject to management judgement and those judgements may be sources of measurement uncertainty that have significant risk of resulting in a material adjustment to a carrying amount in future periods. The incorporation of forward-looking elements reflects the expectations of the Executive Leadership Team and involves the creation of scenarios (base case, upside and downside), including an assessment of the probability for each scenario. The purpose of using multiple scenarios is to model the non-linear impact of assumptions about macroeconomic factors on the ECLs. See "*—Accounting Treatment of the Impacts on Expected Credit Losses from the COVID-19 Pandemic*" below on the impact of the COVID-19 pandemic on the macroeconomic scenarios used and on the revisions made to the macroeconomic scenarios during 2020 due to the COVID-19 pandemic.

With the new set of scenarios, the base case scenario enters with a probability of 60 percent as at December 31, 2020 (December 31, 2019: 60 percent), the upside scenario with a probability of 15 percent as at December 31, 2020 (December 31, 2019: 10 percent) and the downside scenario with a probability of 25 percent as at December 31, 2020 (December 31, 2019: 30 percent). Based on these assessments, the allowance account amounted to DKK 23.3 billion as at December 31, 2020 (December 31, 2019: DKK 21.3 billion). If the base case scenario was assigned a probability of 100 percent, the allowance account would decrease DKK 0.4 billion (December 31, 2019: DKK 0.7 billion). Compared to the base case scenario, the allowance account would increase DKK 1.7 billion as at December 31, 2020 (December 31, 2019: DKK 2.4 billion), if the downside scenario was assigned a probability of 100 percent. The increase primarily reflects the transfer of exposures from stage 1 to stage 2 and increased ECLs within stage 2. If instead the upside scenario was assigned a probability of 100 percent, the allowance account would decrease DKK 0.4 billion as at December 31, 2020 (December 31, 2019: DKK 0.5 billion) compared to the base case scenario. It should be noted that the ECLs in the individual scenarios do not represent ECL forecasts.

In determining the ECLs, management is required to exercise judgement in defining what is considered a significant increase in credit risk. According to the Group's definition of a significant increase in credit risk (*i.e.*, when a loan is transferred from stage 1 to stage 2) facilities with an initial PD below 1 percent are transferred to stage 2 if the facility's 12-month PD has increased by at least 0.5 percentage points and the facility's lifetime PD has doubled since origination. The allowance account is relatively stable in terms of changes to the definition of significant increase in credit risk. As at December 31, 2020, the allowance account would increase by DKK 0.03 billion (December 31, 2019: DKK 0.03 billion) if instead an increase in the facility's 12-month PD by at least 0.25 percentage points combined with a doubling of the lifetime PD was considered a significant increase in credit risk.

Management applies judgement when determining the need for post-model adjustments. As at December 31, 2020, the post-model adjustments amounted to DKK 6.4 billion (December 31, 2019: DKK 4.0 billion) and continue to include the immediate risks arising from the COVID-19 pandemic that were introduced during the first quarter of 2020 (see "*—Accounting Treatment of the Impacts on Expected Credit Losses from the COVID-19 Pandemic*" below). For more information on the types of risks covered by post-model adjustments, see the risk management notes to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum. For further information on the allocation of post-model adjustment to the underlying exposures, see "*Risk Management— Credit Risk—Classification of Customers*" and the section "*Classification of customers*" in the risk management notes to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

Loan impairment charges for the year ended December 31, 2020, amounted to DKK 7,089 million (DKK 1,729 million for the year ended December 31, 2019). Impairments were driven primarily by the update of the macroeconomic scenarios as a result of the COVID-19 pandemic and credit deterioration for selected customers, largely within the oil and gas exposure due to the continued uncertainty within the offshore segment.

Accounting Treatment of the Impacts on Expected Credit Losses from the COVID-19 Pandemic

The effect of the COVID-19 pandemic began to affect the Group's credit portfolio in the first quarter of 2020. Further credit deterioration remains to be seen, as the effect is currently limited and mitigated by the continued government support packages. Based on the measures taken by governments across the world and in the Group's market areas to contain the COVID-19 virus, economies are seeing lower activity in the short term, although especially in the Nordic economies, the activity in many sectors was back to a normal activity level already in the second quarter of 2020 after the reopening of societies. However, in the fourth quarter of 2020, a second wave of the COVID-19 pandemic evolved and new lockdowns were introduced. Economies around the world continue to be supported by government support packages. Significant uncertainty still remains as to the effectiveness of actions taken by governments to contain the COVID-19 virus and as to when the roll-out of vaccine programs will have a sufficient coverage to limit the spread of the COVID-19 virus. Economic activity is likely to be impacted in the shorter term and it is yet unknown to which extent governments will continue to provide support to economies.

For most of the Group's credit portfolio, the negative impact on individual customers of the COVID-19 pandemic is expected to materialize over the coming quarters. Customer assessments have been conducted on an ongoing basis since the second quarter of 2020, and impairments were revisited in light of the changed outlook. While customer activity in 2020 was higher than usual, the Group is still awaiting the portfolio impact as customers are still assessing the consequences. As a result, the financial consequences still remain to be seen when, for instance, government support comes to an end and as the pandemic evolves.

The Group's forbearance practices have been updated to pay particular attention to customers affected by the COVID-19 pandemic. This includes additional guidance to ensure that concessions due to the COVID-19 pandemic are considered forbearance only if they relate to customers that are not deemed creditworthy combined with the customer's long-term financial position being further weakened by the COVID-19 pandemic. For the majority of the credit portfolio, short-term concessions to otherwise creditworthy customers are not considered forbearance. In practice, this means that short-term concessions to customers in rating categories 1 to 5 are not considered a forbearance measure when taking the ongoing customer assessments into account. For customers in rating categories 6 and 7, an individual assessment of the customer's financial strength is made, whereas concessions to lower-rated customers are considered forbearance.

A large part of the impact on ECLs resulting from the COVID-19 pandemic relates to changes to forward-looking information, with the macroeconomic scenarios applied being significantly different from those applied in 2019. The Group's base case scenario is based on the Nordic Outlook (*i.e.*, the quarterly report on the expected development in the Nordic economics published by the Group) from October 2020 and reflects a significant decline in economic activity in 2020 followed by a recovery in 2021. The downside scenario has been updated to a W-shaped trend, where the second wave of the COVID-19 pandemic causes lockdowns in the fourth quarter of 2020 and the first quarter of 2021. The base case scenario is considered the most likely scenario with a likelihood of 60 percent, while the downside scenario has a likelihood of 25 percent. For further information on the macroeconomic scenarios used, see the section "*Macroeconomic scenarios*" in the risk management notes to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum. During all quarters of 2020, the base case macroeconomic scenarios used reflected a recovery in 2021. Therefore, the forward-looking information used during the quarters of 2020 gradually became more positive when the period until recovery in 2021 shortened, leading to reversal of the modelled ECLs in all main industries in the second half of 2020. Due to the continued significant uncertainty related to the magnitude of the COVID-19 pandemic and to the extent to which governments will continue to support the economies, management deemed it appropriate to increase the post-model adjustment related to the COVID-19 pandemic during the second half of 2020.

The COVID-19 pandemic-related post-model adjustments relate to industries directly affected by the COVID-19 pandemic and for which the macroeconomic scenarios themselves do not lead to a sufficient increase in ECLs. This includes expected, but not yet materialized, credit deterioration in relation to the personal customers and commercial property industries in Denmark as government support ends. This also includes retailing, hotels and restaurants (within the hotels, restaurants and leisure industry) as well as oil and gas (within the shipping, oil and gas industry). The targeted post-model adjustment related to such sectors amounted to DKK 2.0 billion as at December 31, 2020.

Except as described above, all other policies and principles remain in place. Staging criteria are unchanged, including the 30 days past due criteria and PD-based criteria for transfer to stage 2. Management applies judgement and recognizes post-model adjustments to cover risks that are not reflected sufficiently in the Group's expected credit loss model. Besides increasing the expected credit losses, the post-model adjustments may lead to the transfer of part of the gross exposure covered by the post-model adjustments from stage 1 to stage 2 through targeted PD pushes to the current point in time estimates of PD (*i.e.*, increases in the PD for the underlying customers in the selected portfolios covered by the post-model adjustments) to ensure consistency between the methods used for disclosing information about expected credit losses and exposures subject to significant increases in credit risk. While the distribution of customers between the Group's 11 rating categories is unchanged and reflects the current point-in-time estimate of the underlying customers PDs, the PD pushes may lead to the transfer of gross exposure to stage 2 as the assessment of the increase in credit risk is performed by comparing the initial PD with the current PD (after adjustment for the targeted PD pushes). Model-based staging transfers will largely be reflected in the coming months as specific information on customers becomes available.

See note G15 and the section "*Credit Risk*" in the risk management notes to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum for additional information about ECLs. As at December 31, 2020, financial assets covered by the ECL model accounted for approximately 52 percent of total assets (December 31, 2019: 57 percent).

Fair Value Measurement of Financial Instruments

As at December 31, 2020, no unusual challenges in obtaining reliable pricing apart from insignificant parts of the portfolio remained. The majority of valuation techniques continue to employ only observable market data, and there has been no significant increase in financial instruments measured on the basis of valuation techniques that are based on one or more significant unobservable inputs. The latter continues to include only unlisted shares, certain bonds and some long-dated derivatives for which there is no active market. On the derivatives portfolio, the Group makes fair value adjustments to cover changes in counterparty risk (credit valuation adjustment ("**CVA**") and debt valuation adjustment ("**DVA**")) and to cover expected funding costs (funding valuation adjustment ("**FVA**") and collateral valuation adjustment) on derivatives, bid-offer spreads on the net open position of the portfolio of assets and liabilities with offsetting market risk recognized at mid-market prices, and model risk on level 3 derivatives. As at December 31, 2020, the adjustments totaled DKK 1.6 billion (December 31, 2019: DKK 1.5 billion), including the adjustment for credit risk on derivatives that are credit impaired. For additional information, see note G33(a) to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

The Group uses derivatives to hedge the fixed interest rate risk on some financial assets and liabilities, thus converting the fixed interest rates on the financial instruments to variable interest rates by the use of swaps. The ongoing interest rate benchmark reform will replace existing benchmark interbank offered rates ("**IBORs**") with alternative risk-free rates. There is currently uncertainty as to the timing and the methods of transition of different IBORs and whether some existing benchmarks will continue to be supported. As a result of these developments, accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the interest rate risk due to changes in IBORs continue to qualify for hedge accounting. euro- and U.S. dollar-denominated swaps cleared on a central clearing counterparty ("**CCP**") have been converted to euro short-term rate and SOFR discounting, respectively, and the conversion had no significant impact on the Group's hedge accounting values. Following IASB's "*Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)*" and for the assessment of effectiveness of such hedges, it is assumed that the interest rate benchmark is not altered as a result of the reform. For additional information, see note G12(d) to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

Measurement of Goodwill and Customer Rights

Goodwill is tested for impairment once a year or more frequently if indications of impairment exist. Impairment testing requires management to estimate the future cash flows. A number of factors affect the value of such cash flows, including discount rates, changes in the economic outlook, customer behavior and competition. As at December 31, 2020, goodwill amounted to DKK 6.1 billion (December 31, 2019: DKK 6.2 billion).

Despite the COVID-19 pandemic, the impairment test conducted in 2020 did not reveal any impairment loss. The impairment test conducted in 2019 revealed a total impairment loss of DKK 1.6 billion in FI&C and Capital Markets at Corporates & Institutions and in Danica Pension at Wealth Management, leaving no excess value for those units at the end of 2019. The goodwill in FI&C and Capital Markets of DKK 2.1 billion as at December 31, 2020 (December 31, 2019: DKK 2.1 billion) is highly sensitive to changes in allocated capital, growth in the terminal period and the discount rate. The goodwill in Danica Pension of DKK 1.6 billion as at December 31, 2020 (December 31, 2019: DKK 1.6 billion) is highly sensitive to changes in solvency capital requirements, growth in the terminal period and the discount rate. As at December 31, 2020, the remaining goodwill mainly consisted of DKK 1.8 billion (December 31, 2019: DKK 1.8 billion) in Danske Capital at Wealth Management and DKK 0.5 billion (December 31, 2019: DKK 0.5 billion) in General Banking at Corporates & Institutions, both showing significant amounts of excess value in the impairment tests in 2020 and 2019, although the expected future cash flows of Danske Capital are negatively impacted by the expectation of lower fee income in 2020 triggered by a decline in asset under management, and the expected future cash flows of General Banking are negatively impacted by the expectation of lower income and higher loan impairment charges caused by the COVID-19 pandemic.

See note G19 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum for additional information on impairment testing, including sensitivity to changes in assumptions.

Measurement of Liabilities under Insurance Contracts

Liabilities under insurance contracts are measured at the present value of expected benefits for each insurance contract. The measurement is based on actuarial computations that rely on estimates of a number of variables, including mortality and disability rates, and on the discount rate. The future mortality rates are based on the DFSA's benchmark, while other variables are estimated based on data from the Group's own portfolio of insurance contracts. For more information on the measurement of insurance liabilities, see notes G1(c) and G18 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum. For a sensitivity analysis for life insurance, see the risk management notes to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

Overview of Classification and Measurement Basis for Financial Instruments and Insurance Contracts

General

Financial instruments accounted for approximately 98 percent of the Group's total assets and liabilities as at December 31, 2020. A portion of financial assets relates to investments made under insurance contracts. The following sections provide a general description of the classification and measurement of financial instruments and obligations under insurance contracts.

Financial Instruments – General

The Group recognizes financial assets and liabilities when it becomes a party to the terms of the contract. A financial asset, or a portion of a financial asset, is derecognized if the contractual rights to cash flows from the asset have expired, or have been transferred, usually by sale, leading to substantially all the risks and rewards of the asset or significant risks and rewards being transferred. Financial liabilities are derecognized when the liability has been settled, has expired or has been extinguished.

Regular way purchases and sales of financial instruments are recognized and derecognized at the settlement date. Fair value adjustments of unsettled financial instruments are recognized from the trade date to the settlement date if the financial asset is classified at FVPL or FVOCI.

<u>Classification and Measurement of Financial Assets and Financial Liabilities – General</u>

Financial assets are classified on the basis of the business model adopted for managing the assets and on their contractual cash flow characteristics (including embedded derivatives, if any) are grouped into one of the following measurement categories:

- amortized cost (AMC);
- FVOCI; and
- FVPL.

Financial assets are measured at amortized cost if they are held within a business model for the purpose of collecting contractual cash flows (hold to collect) and if cash flows are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at FVOCI if they are held within a business model for the purpose of both collecting contractual cash flows and selling (hold to collect and sell) and if cash flows are solely payments of principal and interest on the principal amount outstanding. FVOCI results in the assets being recognized at fair value in the balance sheet and at amortized cost in the income statement. Gains and losses, except for ECLs and foreign exchanges gains and losses, are therefore recognized in other comprehensive income until the financial asset is derecognized. When the financial asset is derecognized the cumulative gains and losses previously recognized in other comprehensive income are reclassified to the income statement.

All other financial assets are mandatorily measured at FVPL including financial assets held within other business models, such as financial assets managed at fair value or held for trading and financial assets with contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding.

Generally, financial liabilities are measured at amortized cost and when relevant with bifurcation of embedded derivatives not closely related to the host contract. Financial liabilities measured at fair value comprise the trading portfolio (derivatives and obligations to repurchase securities) and liabilities designated at FVPL under the fair value option. Value adjustments relating to the inherent credit risk of financial liabilities designated at fair value are recognized in other comprehensive income unless this leads to an accounting mismatch.

<u>The Business Model Assessment</u>

The business model assessment in the Group has been applied separately for each business unit represented by the Group's reportable segments, and it is based on observable factors for the different portfolios, such as (i) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Executive Leadership Team and the Board of Directors, (ii) the risks that affect the performance of the business model and the way such risks are managed and (iii) past and expected frequency, value and timing of sales from the portfolio.

In general, the business model assessment of the Group can be summarized as follows:

- The Group's banking units, comprising Banking DK, Banking Nordic, General Banking at C&I and Northern Ireland, have a "hold to collect" business model. The financial assets consist primarily of loans. The management and reporting of performance are based on collecting the contractual cash flows, and loans are only very infrequently sold.
- The trading units at C&I (FI&C and Capital Markets) and the financial assets related to the Group's insurance activities have a business model that is neither "hold to collect" nor "hold to collect and sell" and the financial assets are mandatorily recognized at FVPL. The assets consist of bonds, shares, repo transactions and short-term loans. Some of the financial assets are included in portfolios with a trading pattern that falls under the definition of "held for trading" while other portfolios are managed and their performance reported on a fair value basis.

- Group Treasury has portfolios of bonds within the "hold to collect" business model, the "hold to collect and sell" business models and the "other" business model.
- The remaining portfolio of Non-core is "hold to collect." The financial assets consist primarily of loans.

<u>The SPPI (Solely Payment of Principal and Interest on the Principal Amount Outstanding) Test</u>

The second step in the classification of the financial assets in portfolios being "hold to collect" and "hold to collect and sell" relates to the assessment of whether the contractual cash flows are consistent with the SPPI test. The principal amount reflects the fair value at initial recognition less any subsequent changes, for example, due to repayment. The interest must represent only consideration for the time value of money, credit risk, other basic lending risks and a margin consistent with basic lending features. If the cash flows introduce more than *de minimis* exposure to risk or volatility that is not consistent with basic lending features, the financial asset is mandatorily recognized at FVPL.

In general, the Group's portfolios of financial assets that are "hold to collect" or "hold to collect and sell" (loans and bonds) have contractual cash flows that are consistent with the SPPI test (*i.e.*, they have basic lending features).

However, loans granted under Danish mortgage finance laws are funded by issuing listed mortgage bonds with matching terms. Such loans are granted by the Realkredit Danmark subsidiary only. Borrowers may repay such loans by delivering the underlying bonds. This represents an option to prepay at fair value that can be both above and below the principal amount plus accrued interest. Changes in the fair value of the underlying bonds include other elements than the effect of changes in the relevant benchmark interest rate and the prepayment option is, therefore, not consistent with the SPPI test in IFRS 9 and are mandatorily measured at FVPL.

All equity instruments have contractual cash flows that do not pass the SPPI test. All such holdings are recognized at FVPL since the Group has decided not to use the option to designate equity instruments at FVOCI.

<u>Financial Liabilities</u>

Financial liabilities are generally measured at amortized cost and when relevant with bifurcation of embedded derivatives not closely related to the host contract. Financial liabilities measured at fair value comprise derivatives, the trading portfolio and liabilities designated at FVPL under the fair value option. Value adjustments relating to the inherent own credit risk of financial liabilities designated at fair value are, however, recognized in other comprehensive income unless this leads to an accounting mismatch.

IFRS 9 allows the designation of financial liabilities at FVPL when doing so results in more relevant information, because either (i) it eliminates or significantly reduces an accounting mismatch that would otherwise arise, or (ii) is part of a portfolio of financial instruments that are managed and their performance reported on a fair value basis to management.

The Group designates the following financial liabilities at FVPL:

- *Mortgage bonds issued by Realkredit Danmark.* The bonds fund the loans granted by Realkredit Danmark (*i.e.*, loans that due to the SPPI test are mandatorily recognized at FVPL). The fair value of the loans is based on the fair value of the issued bonds (the loans and the issued bonds that are funding the loans have matching contractual terms) adjusted for changes in the fair value of the credit risk of borrowers. To eliminate the accounting mismatch that exists if the loans are measured at FVPL and the issued bonds at amortized cost, the issued bonds are designated at FVPL, and fair value changes of the issued bonds (including fair value changes related to own credit risk) are offset by the fair value changes of the loans. Hence, changes in the fair value attributable to the Group's own credit risk on the issued bonds are also recognized in the income statement since an accounting mismatch would otherwise arise.
- *Financial liabilities in FI&C and Capital Markets at C&I.* These financial liabilities are part of a portfolio of financial assets and liabilities that is managed and performance reported to the management on a fair value basis. The financial liabilities consist of repo transactions, deposits and commercial papers. Changes, if any, in the fair value attributable to the Group's own credit risk is, however, recognized in other comprehensive income.

<u>Hedge Accounting</u>

The Group uses derivatives to hedge the interest rate risk on some fixed-rate assets and fixed-rate liabilities measured at amortized cost and on some bonds measured at FVOCI. Hedged risks that meet the criteria for fair value hedge accounting are treated accordingly. The interest rate risk on the hedged assets and liabilities is measured at FVPL. As at December 31, 2020, hedging derivatives measured at fair value accounted for approximately 0.3 percent of total assets and approximately 0.1 percent of total liabilities (December 31, 2019: 0.3 percent and 0.1 percent, respectively). For further information on hedge accounting, see note G12(d) to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

Insurance Activities – General

The Group issues life insurance policies, which are divided into insurance and investment contracts. Insurance contracts are contracts that entail significant insurance risk or entitle policyholders to bonuses. Investment contracts are contracts that entail no significant insurance risk and comprise unit-linked contracts under which the investment risk lies with the policyholder.

Insurance Contracts

Insurance contracts comprise both an investment element and an insurance element, which are recognized as aggregate figures.

IFRS 4 includes an option to continue the accounting treatment of insurance contracts under local generally accepted accounting principles (GAAP). The Group's life insurance provisions are therefore recognized at their present value in accordance with the DFSA's Executive Order on Financial Reports for Insurance Companies etc. The life insurance provisions are presented under liabilities under insurance contracts.

Assets earmarked for insurance contracts are recognized under assets under insurance contracts if most of the return on the assets accrues to the policyholders. Most of these assets are measured at fair value.

Investment Contracts

Investment contracts are recognized as financial liabilities, and, consequently, contributions and benefits under such contracts are recognized directly in the balance sheet. Deposits are measured at the value of the savings under deposits under pooled schemes and unit-linked investment contracts.

Savings under unit-linked investment contracts are measured at fair value under assets under pooled schemes and unit-linked investment contracts. The return on the assets and the crediting of the amounts to policyholders' accounts are recognized under net trading income or loss.

Assets Funded by Shareholders' Equity

The separate pool of assets equal to shareholders' equity is recognized at fair value and consolidated with other similar assets.

Income from Insurance Business

Insurance activities are consolidated in the various income statement items. Insurance premiums are recognized under net premiums. Net insurance benefits in the income statement consists of benefits disbursed under insurance contracts and the annual change in insurance obligations not deriving from additional provisions for benefit guarantees and changes to the collective bonus potential. The return on earmarked assets is allocated to the relevant items in the income statement. The return to policyholders is recognized under net trading income or loss as are changes to additional provisions for benefit guarantees. For more information, see note G8 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

The sources of the Group's net income from insurance business comprise the return on assets funded by Danica Pension's shareholders' equity, income from unit-linked business and health and accident business, and income from conventional life insurance business, the so-called risk allowance.

The risk allowance is determined in accordance with the DFSA's Executive Order on the Contribution Principle. The contribution principle regulates how earnings are allocated between policyholders and the life insurance company's shareholders' equity and defines the maximum payment to shareholders' equity (the risk allowance).

Insurance contracts guarantee a certain long-term return on policyholders' funds. If the technical basis exceeds the interest accrual to policyholders and the risk allowance, the difference is allocated to the bonus potential. The bonus potential serves as a risk buffer. If the technical basis is insufficient to cover the risk allowance, the shortfall can be covered by the bonus potential. If the bonus potential is insufficient to cover the shortfall, the difference can be covered by the individual bonus potentials or the profit margin; otherwise, the risk allowance that cannot be recognized will be lost. If the technical basis is insufficient to cover the interest accrual to policyholders, the shortfall is covered by the bonus potentials or the profit margin. Any remaining shortfall is paid by the Group in the form of an outlay. If the Group has made such an outlay, the outlay may be recovered the following year.

Recent Accounting Pronouncements

The IASB has issued one new accounting standard, IFRS 17, and a number of amendments to existing international accounting standards ("*IFRS 1 – First-time Adoption of International Financial Reporting Standards*," IFRS 3, IFRS 4,

IFRS 7, IFRS 9, IFRS 16, IAS 1, "*IAS 16 – Property, Plant and Equipment*," IAS 37, IAS 39 and "*IAS 41 – Agriculture*") that have not yet come into force. The Group has not early adopted any of the changes. The changes that are likely to affect the Group's future financial reporting are discussed below. For more information, see note G2(b) to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

IFRS 17

In May 2017, the IASB issued IFRS 17. IFRS 17 replaces IFRS 4, which was an interim standard that did not prescribe the measurement of insurance contracts but relied on existing accounting practices. IFRS 17 is a comprehensive standard that includes, for example, principles for the measurement of insurance contracts at a current (fulfillment) value in the balance sheet, the recognition of insurance contract revenue in the income statement and the presentation of information on the performance in relation to insurance contracts.

In June 2020, the IASB issued some amendments to IFRS 17, which included a deferral of the effective date to January 1, 2023. IFRS 17 has not yet been adopted by the EU. The standard may have a significant impact on the financial statements due to the new principles for calculating insurance provisions and for the presentation in the income statement and balance sheet. The Group has undertaken a pre-analysis to assess the impact on the Group's financial statements, including an assessment of the Group's insurance products in terms of classification and measurement and aggregation into portfolios. Estimates using the three measurement approaches (Building Block approach, Variable Fee approach and Premium Allocation approach), including a calculation of the Contractual Service Margin, have been made. This indicates that, after a transitional period, net profit before tax will not be significantly altered.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

In August 2020, the IASB issued amendments to various standards to cover the effects on financial statements when old interest rate benchmarks are replaced by alternative benchmark rates as a result of the benchmark reform. The amendments became effective on January 1, 2021, at which date the Group implemented the amendments. The amendments introduce a practical expedient to account for a change to the basis for determination of the contractual cash flows at the date on which interest rate benchmarks are altered or replaced. Under the practical expedient, a change to the determination of the contractual cash flows is applied prospectively by altering the effective interest rate (*i.e.*, not leading to a modification gain or loss recognized in the income statement). To be applicable for the practical expedient, a change must meet two conditions: (a) the change is a direct consequence of the reform and (b) the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

The amendments further introduce reliefs from existing hedge accounting requirements, for example that hedge accounting would not discontinue solely due to the benchmark reform. The amendments further require that the hedging relationships and documentations are amended to reflect changes in the hedged item, the hedging instrument and the hedged risk (which do not represent a discontinuation of the exiting hedge). Disclosure requirements are added. The disclosures relate to how the transition to alternative rates is managed, the progress on the transition and the risks arising from financial assets and financial liabilities due to the reform. The implementation is applied retrospectively without restatement of prior periods. As the transition to alternative benchmark rates for financial assets and financial liabilities measured at amortized cost has not yet taken place, the implementation of the amendments had no impact on shareholders' equity as at January 1, 2021. Following the reliefs from the existing hedge accounting requirements, the Group expects that existing hedge relationships will continue to qualify for hedge accounting. The added disclosures on the transition to alternative rates will be included in the Group's Annual Report 2021.

Description of Consolidated Financial Information

The discussion of the results of operations of the Group and its reporting segments included in this section, "*Operating and Financial Review and Prospects*," is primarily based on the financial highlights and segment reporting presentation used by the Group when presenting such information in its annual reports. The presentation in the financial highlights deviates from the presentation in the consolidated financial statements of the Group and its reporting segments as described under "*Important Information for Investors—Presentation of Financial Information*." The other financial information presented in this section is based on and should be read in conjunction with the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum. The Consolidated Financial Statements have been prepared in accordance with IFRS and Danish disclosure requirements for listed financial companies.

For additional information on the Group's consolidated financial information presented in this section, see "*Important Information for Investors—Presentation of Financial Information*."

Review of Financial Highlights and Consolidated Financial Information for the Years Ended and as at December 31, 2020 and 2019

Income Statement

The Group

The following table sets forth a summary of the Group's results of operations (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2020	2019
	(DKK in millions)	
Net interest income*	21,875	21,877
Net fee income*	15,137	15,201(1)
Net trading income*	4,856	5,441(1)
Other income*	514	2,463(1)
Total income*	42,383	44,982
Operating expenses*	(28,103)	(27,193)(1)
Goodwill impairment charges	–	(1,603)
Impairment charges, other intangible assets*	(379)	(355)(1)
Profit before loan impairment charges*	13,901	15,831
Loan impairment charges*	(7,001)	(1,516)
Profit before tax, core*	6,900	14,315
Profit before tax, Non-core*	(596)	(493)
Profit before tax	6,304	13,822
Tax	(1,715)	1,249(2)
Net profit for the year	4,589	15,072
Attributable to additional tier 1 etc.	551	786

* The table above is based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items marked with an asterisk deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under "*Important Information for Investors—Presentation of Financial Information.*" See notes G1(d) and G3 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation.

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2019*," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2019, in the 2020 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures for the year ended December 31, 2019.

(2) The line item tax includes net income of DKK 4,134 million from reversal of a deferred tax liability for the Danish international joint taxation scheme and increased provisions for deferred tax on assets and liabilities measured at amortized cost for the year ended December 31, 2019.

The following table sets forth the Group's profit before tax by business unit (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2020	2019
	(DKK in millions)	
Banking DK	3,544	6,518
Banking Nordic	2,596	3,788
C&I	842	1,703
Wealth Management	2,484	3,009
Northern Ireland	146	789
Non-core	(596)	(493)
Other Activities(1)	(2,712)	(1,491)
Total Group	6,304	13,822

(1) Profit before tax for Other Activities includes Group eliminations.

Total Income

The Group's total income for the year ended December 31, 2020, amounted to DKK 42,383 million, a decrease of DKK 2,599 million, or 5.8 percent, as compared to DKK 44,982 million for the year ended December 31, 2019.

The Group's net interest income for the year ended December 31, 2020, amounted to DKK 21,875 million, a decrease of DKK 2 million as compared to DKK 21,877 million for the year ended December 31, 2019. The decrease was mainly due to adverse exchange-rate developments, lower lending margins, higher funding costs and a fall in other interest income from, among other things, mortgage lending activities. The decrease was partially offset by positive effects from deposit and lending volumes, higher deposit margins, an increase in amortization of loan origination fees as well as positive effects from structural changes to the Group's funding and liquidity management.

The Group's loans as at December 31, 2020, amounted to DKK 1,838,126 million, an increase of DKK 16,817 million, or 0.9 percent, as compared to DKK 1,821,309 million as at December 31, 2019. At Banking Nordic, lending increased in most market areas. In Sweden and Norway lending increased in the retail segment, whereas, in Finland, lending mostly increased in the commercial segment. At Corporates & Institutions, lending also increased, despite a decrease in bank lending towards the end of 2020. The increase was partly offset by a decrease in lending at Banking DK as lending volumes were adversely affected by lower demand for credit among commercial and retail customers, reflecting the general uncertainty caused by the COVID-19 pandemic. For commercial customers in particular, the decrease was driven not only by uncertainty but also by the substantial relief packages offered by the Danish government, including tax postponement and salary compensation schemes. In Denmark, new gross lending, excluding repo loans, amounted to DKK 87.2 billion as at December 31, 2020, an increase of DKK 14.4 billion, or 19.8 percent, as compared to DKK 72.8 billion as at December 31, 2019. The increase was mainly due to an increase in fixed-term loans in Denmark. Of new gross lending in Denmark, lending to retail customers accounted for DKK 26.0 billion, a decrease of DKK 2.2 billion, or 7.8 percent, as compared to DKK 28.2 billion as at December 31, 2019. The decrease in retail lending was mainly due to a decrease in home loans.

The Group's deposits as at December 31, 2020, amounted to DKK 1,193,173 million, an increase of DKK 230,308 million, or 23.9 percent, as compared to DKK 962,865 million as at December 31, 2019. The increase was mainly due to an increase in deposits at all business units and market share increases in Denmark, Sweden, Finland and Norway.

The Group's net fee income for the year ended December 31, 2020, amounted to DKK 15,137 million, a decrease of DKK 64 million, or 0.4 percent, as compared to DKK 15,201 million for the year ended December 31, 2019. The decrease was mainly due to the effects of the COVID-19 pandemic at Banking DK, which resulted in a decline in card use and transaction-related fees. Further, net fee income was affected by lower income from a distribution agreement in Finland. The decrease was partially offset by an increase in net fee income at Wealth Management, in Asset Management due to record-high performance fees, in Danica Pension due to higher risk allowance fees and positive results from risk products as well as in C&I due to higher net fee income from Capital Markets offerings.

The Group's net trading income for the year ended December 31, 2020, amounted to DKK 4,856 million, a decrease of DKK 585 million, or 10.7 percent, as compared to DKK 5,441 million for the year ended December 31, 2019. The decrease was mainly due to the sale of LR Realkredit A/S in 2019 and a decrease in net trading income at Wealth Management, caused largely by a lower investment result, which includes provisions for pension yield tax in relation to the health and accident business for 2020 and previous years and the clean-up of accounting balances after the merger of Danica Pension and the former SEB Pension. Furthermore, income from remortgaging activity at Banking DK decreased. The decrease was partially offset by an increase in net trading income at C&I, FI&C, due to higher customer activity, improved market conditions and positive value adjustments ("**xVA**") of the derivatives portfolio.

The Group's other income for the year ended December 31, 2020, amounted to DKK 514 million, a decrease of DKK 1,949 million, or 79.1 percent, as compared to DKK 2,463 million for the year ended December 31, 2019. The decrease was mainly due to the Group's other income in 2019 benefiting from the gain on the sale of Danica Pension Försikringsaktiebolag (publ) ("**Danica Pension Sweden**") and the change in the presentation of Danica Pension described under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2019*."

<u>Expenses</u>

The Group's operating expenses for the year ended December 31, 2020, amounted to DKK 28,103 million, an increase of DKK 910 million, or 3.3 percent, as compared to DKK 27,193 million for the year ended December 31, 2019. The increase was mainly due to higher remediation costs related to compliance, financial crime prevention and the AML matters related to the Bank's Estonian branch as well as higher transformation costs.

The Group's goodwill impairment charges for the year ended December 31, 2020, amounted to nil, as compared to DKK 1,603 million for the year ended December 31, 2019. For additional information on the Group's goodwill impairment charges, see "*—Primary Factors Affecting the Group's Results of Operations—Impairment on Goodwill and Customer Relations*" above.

The Group's impairment charges, other intangible assets, for the year ended December 31, 2020, amounted to DKK 379 million, an increase of DKK 24 million, or 6.8 percent, as compared to DKK 355 million for the year ended December 31, 2019. The increase was mainly due to transformation efforts and organizational changes.

Loan Impairment Charges

The Group's loan impairment charges for the year ended December 31, 2020, amounted to DKK 7,001 million, an increase of DKK 5,485 million, as compared to DKK 1,516 million for the year ended December 31, 2019. The increase was mainly due to specific adjustments for industries expected to be impacted by the COVID-19 pandemic and charges due to the updating of macroeconomic scenarios.

Profit Before Tax, Non-core

The Group's loss before tax, Non-core, for the year ended December 31, 2020, amounted to DKK 596 million, an increase of DKK 104 million, or 20.9 percent, as compared to DKK 493 million for the year ended December 31, 2019. The increase was mainly due to losses related to the final exit from Estonia, which affected total income and operating expenses in 2020. Further, operating expenses for 2019 benefited from an adjustment of value added tax regarding previous years.

Profit Before Tax

The Group's profit before tax for the year ended December 31, 2020, amounted to DKK 6,304 million, a decrease of DKK 7,519 million, or 54.4 percent, as compared to DKK 13,822 million for the year ended December 31, 2019.

Tax

The Group's total tax charge for the year ended December 31, 2020, amounted to DKK 1,715 million, a change of DKK 2,964 million, as compared to a net positive charge of DKK 1,249 million for the year ended December 31, 2019. The change was mainly due to the reversal of the deferred tax liability for recapture of tax loss associated with the Group exiting the Danish joint international taxation scheme in 2019 that led to an accounting income of DKK 5,230 million, partially offset by a provision for deferred tax adjustments on assets and liabilities measured at amortized cost of DKK 1,096 million.

Net Profit for the Year

The Group's net profit for the year ended December 31, 2020, amounted to DKK 4,589 million, a decrease of DKK 10,483 million, or 69.6 percent, as compared to DKK 15,072 million for the year ended December 31, 2019.

Banking DK

The following table sets forth a summary of the results of operations of Banking DK (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2020	**2019**
	(DKK in millions)	
Net interest income	8,927	9,111
Net fee income	4,049	4,397
Net trading income	955	1,176
Other income	171	227
Total income	14,101	14,912
Operating expenses	(9,650)	(8,736)
Profit before loan impairment charges	4,451	6,176
Loan impairment charges	(907)	342
Profit before tax	3,544	6,518

The following table sets forth information on Banking DK's LTV ratio, home loans as at the dates indicated:

	As at December 31,			
	2020		**2019**	
	Average LTV	**Net credit exposure[(1)]**	**Average LTV**	**Net credit exposure[(1)]**
	(percent)	**(DKK in billions)**	**(percent)**	**(DKK in billions)**
Retail	59.3	507	60.6	508
Total	59.3	507	60.6	508

(1) Net credit exposure includes loans, guarantees and irrevocable loan commitments. The exposure is measured net of allowance account.

Profit Before Tax

Banking DK's profit before tax for the year ended December 31, 2020, amounted to DKK 3,544 million, a decrease of DKK 2,974 million, or 45.6 percent, as compared to DKK 6,518 million for the year ended December 31, 2018. The decrease was mainly due to lower total income as a result of the COVID-19 pandemic, higher remediation and transformation costs and higher loan impairment charges reflecting the uncertainty related to the COVID-19 pandemic.

Total Income

Banking DK's total income for the year ended December 31, 2020, amounted to DKK 14,101 million, a decrease of DKK 810 million, or 5.4 percent, as compared to DKK 14,912 million for the year ended December 31, 2019. The decrease was mainly due to the COVID-19 pandemic, partially offset by the introduction of negative deposit rates.

Banking DK's net interest income for the year ended December 31, 2020, amounted to DKK 8,927 million, a decrease of DKK 184 million, or 2.0 percent, as compared to DKK 9,111 million for the year ended December 31, 2019. The decrease was mainly due to a decrease in lending volumes triggered by lower demand for credit among commercial customers and customers switching to loan and mortgage products with lower margins. The decrease was partially offset by the introduction of negative interest rates for retail customers with significant deposits.

Banking DK's loans, excluding reverse transactions before impairments, as at December 31, 2020, amounted to DKK 934,994 million, a decrease of DKK 8,729 million, or 0.9 percent, as compared to DKK 943,723 million as at December 31, 2019. The decrease was mainly due to lower demand for credit among commercial and retail customers, reflecting the general uncertainty caused by the COVID-19 pandemic.

Banking DK's deposits, excluding repo deposits, as at December 31, 2020, amounted to DKK 397,987 million, an increase of DKK 40,020 million, or 11.2 percent, as compared to DKK 357,967 million as at December 31, 2019. The increase was mainly due to commercial customers scaling down investments, deferring dividend payments and increasing liquidity buffers and retail customers holding back on investments and reducing spending.

Banking DK's net fee income for the year ended December 31, 2020, amounted to DKK 4,049 million, a decrease of DKK 348 million, or 7.9 percent, as compared to DKK 4,397 million for the year ended December 31, 2019. The decrease was mainly due to a decline in card use and transaction-related fees as a result of the COVID-19 pandemic. Furthermore, the net fee income level in 2019 was high because of the strong remortgaging activity driven by historically low interest rates.

Banking DK's net trading income for the year ended December 31, 2020, amounted to DKK 955 million, a decrease of DKK 222 million, or 18.9 percent, as compared to DKK 1,176 million for the year ended December 31, 2019. The decrease was mainly due to higher remortgaging activity in 2019 than in 2020 combined with lower activity, especially within foreign exchange rate, due to the COVID-19 pandemic.

Banking DK's other income for the year ended December 31, 2020, amounted to DKK 171 million, a decrease of DKK 57 million, or 25.0 percent, as compared to DKK 227 million for the year ended December 31, 2019.

Expenses

Banking DK's operating expenses for the year ended December 31, 2020, amounted to DKK 9,650 million, an increase of DKK 914 million, or 10.5 percent, as compared to DKK 8,736 million for the year ended December 31, 2019. The increase was mainly due to an increase in costs for and in the number of staff working with financial crime prevention, other regulatory requirements and compliance activities, including monitoring and controls, staff training and IT. Costs for the Better Bank transformation strategy, including restructuring, also contributed to the increase.

Loan Impairment Charges

Banking DK's loan impairment charges for the year ended December 31, 2020, amounted to DKK 907 million, a change of DKK 1,249 million, as compared to a net reversal of DKK 342 million for the year ended December 31, 2019. The change was mainly due to the changed outlook and potential downside risk for the portfolio caused by the uncertainty resulting from the COVID-19 pandemic.

Banking Nordic

The following table sets forth a summary of the results of operations of Banking Nordic (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2020	**2019**
	(DKK in millions)	
Net interest income	8,105	7,839
Net fee income	1,690	1,857
Net trading income	242	280
Other income[(1)]	532	592
Total income	10,569	10,567
Operating expenses	(6,569)	(6,269)
Profit before loan impairment charges	4,000	4,298
Loan impairment charges	(1,404)	(510)
Profit before tax	2,596	3,788

(1) Operational leases are presented on a net basis under other income.

The following table sets forth information on Banking Nordic's LTV ratio, home loans as at the dates indicated:

	As at December 31,			
	2020		**2019**	
	Average LTV	**Net credit exposure[(1)]**	**Average LTV**	**Net credit exposure[(1)]**
	(percent)	**(DKK in billions)**	**(percent)**	**(DKK in billions)**
Retail Sweden	61.8	98	63.6	87
Retail Norway	61.2	130	62.7	125
Retail Finland	61.1	86	61.8	86
Total	61.3	314	62.7	297

(1) Net credit exposure includes loans, guarantees and irrevocable loan commitments. The exposure is measured net of allowance account.

Profit Before Tax

Banking Nordic's profit before tax for the year ended December 31, 2020, amounted to DKK 2,596 million, a decrease of DKK 1,192 million, or 31.5 percent, as compared to DKK 3,788 million for the year ended December 31, 2019. The decrease was mainly due to higher remediation and transformation costs and higher loan impairment charges reflecting the uncertainty related to the COVID-19 pandemic.

Total Income

Banking Nordic's total income for the year ended December 31, 2020, amounted to DKK 10,569 million, an increase of DKK 2 million as compared to DKK 10,567 million for the year ended December 31, 2019. The increase was mainly due to a favorable interest rate environment and growth across all market areas, especially in the retail business in Sweden and Norway, with a continuously good inflow of customers. Across Banking Nordic's market areas, partnerships accounted for a significant part of the customer inflow and acted as a core lever for its growth strategies. The increase was partially offset by lower income from a distribution agreement in Banking Finland.

Banking Nordic's net interest income for the year ended December 31, 2020, amounted to DKK 8,105 million, an increase of DKK 266 million, or 3.4 percent, as compared to DKK 7,839 million for the year ended December 31, 2019. The increase was mainly due to the development in the interest rate environment, especially the rate cuts made by the Norwegian central bank but also the lower deposit margin pressure in Sweden for part of 2020. Furthermore, the increase was also driven by growth generated by the partnership strategy.

Banking Nordic's loans, excluding reverse transactions before impairments, as at December 31, 2020, amounted to DKK 655,334 million, an increase of DKK 20,360 million, or 3.2 percent, as compared to DKK 634,974 million as at December 31, 2019. The increase was mainly due to growth in lending in most market areas from the levels at the end of 2019. However, while Sweden and Norway saw growth in the retail space, Finland mostly saw growth in the commercial space. Commercial lending in Sweden and Norway was heavily influenced by lower credit appetite due to general uncertainties because of the COVID-19 pandemic as well as government relief packages.

Banking Nordic's deposits, excluding repo deposits, as at December 31, 2020, amounted to DKK 327,165 million, an increase of DKK 56,643 million, or 20.9 percent, as compared to DKK 270,522 million as at December 31, 2019. The increase was mainly due to the onboarding of HSB customers in Sweden and government packages introduced as a result of the COVID-19 pandemic and low consumer spending.

Banking Nordic's net fee income for the year ended December 31, 2020, amounted to DKK 1,690 million, a decrease of DKK 167 million, or 9.0 percent, as compared to DKK 1,857 million for the year ended December 31, 2019. The decrease was mainly due to lower income from a distribution agreement in Banking Finland.

Banking Nordic's net trading income for the year ended December 31, 2020, amounted to DKK 242 million, a decrease of DKK 38 million, or 13.5 percent, as compared to DKK 280 million for the year ended December 31, 2019. The decrease was mainly due to lower activity, especially within foreign exchange, due to the COVID-19 pandemic.

Banking Nordic's other income for the year ended December 31, 2020, amounted to DKK 532 million, a decrease of DKK 60 million, or 10.1 percent, as compared to DKK 592 million for the year ended December 31, 2019. The decrease was mainly due to the realization of investment properties in 2019.

Expenses

Banking Nordic's operating expenses for the year ended December 31, 2020, amounted to DKK 6,569 million, an increase of DKK 300 million, or 4.8 percent, as compared to DKK 6,269 million for the year ended December 31, 2019. The increase was mainly due to ongoing compliance remediation, as well as costs related to the Better Bank transformation strategy, partially offset by restructuring and tight cost control.

Loan Impairment Charges

Banking Nordic's loan impairment charges for the year ended December 31, 2020, amounted to DKK 1,404 million, an increase of DKK 894 million, as compared to DKK 510 million for the year ended December 31, 2019. The increase was mainly due to the update of macroeconomic scenarios and single-name exposures. The increase related mainly to the commercial portfolio and was driven by Banking Sweden and Banking Finland.

Corporates & Institutions

The following table sets forth a summary of the results of operations of C&I (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2020	**2019**
	(DKK in millions)	
Net interest income	4,029	3,656
Net fee income	3,079	2,909
Net trading income	3,452	2,114
Other income	6	8
Total income	10,567	8,688
Operating expenses	(5,421)	(4,834)
Goodwill impairment charges	–	(803)
Profit before loan impairment charges	5,146	3,051
Loan impairment charges	(4,304)	(1,348)
Profit before tax	842	1,703
Profit before tax and goodwill impairment charges	842	2,506

Profit Before Tax

C&I's profit before tax for the year ended December 31, 2020, amounted to DKK 842 million, a decrease of DKK 861 million, or 50.5 percent, as compared to DKK 1,703 million for the year ended December 31, 2019. The decrease was mainly due to increased loan impairment charges against exposures in the oil and gas industry and an increase in expenses due primarily to remediation and transformation costs.

Total Income

C&I's total income for the year ended December 31, 2020, amounted to DKK 10,567 million, an increase of DKK 1,878 million, or 21.6 percent, as compared to DKK 8,688 million for the year ended December 31, 2019. The increase was mainly due to higher net trading income in FI&C and higher net interest income in General Banking. The increase was partially offset by higher loan impairment charges and higher operating expenses.

C&I's net interest income for the year ended December 31, 2020, amounted to DKK 4,029 million, an increase of DKK 373 million, or 10.2 percent, as compared to DKK 3,656 million for the year ended December 31, 2019. The increase was mainly due to higher average deposit and lending volumes.

C&I's loans, excluding reverse transactions before impairments, as at December 31, 2020, amounted to DKK 213,547 million, an increase of DKK 4,399 million, or 2.1 percent, as compared to DKK 209,148 million as at December 31, 2019.

C&I's deposits, excluding repo deposits, as at December 31, 2020, amounted to DKK 393,690 million, an increase of DKK 123,004 million, or 45.4 percent, as compared to DKK 270,685 million as at December 31, 2019. The increase was mainly due to corporate and institutional customers increasing their liquidity due to the COVID-19 pandemic.

C&I's net fee income for the year ended December 31, 2020, amounted to DKK 3,079 million, an increase of DKK 170 million, or 5.8 percent, as compared to DKK 2,909 million for the year ended December 31, 2019. The increase was mainly due to the favorable development in the primary debt capital markets and the equity capital markets as a result of the investments made in C&I's capital markets offerings, in Capital Markets and FI&C.

C&I's net trading income for the year ended December 31, 2020, amounted to DKK 3,452 million, an increase of DKK 1,338 million, or 63.3 percent, as compared to DKK 2,114 million for the year ended December 31, 2019. The increase was mainly due to FI&C benefiting from higher customer activity and improved market conditions. Positive developments in xVA also contributed to the result.

C&I's other income for the year ended December 31, 2020, amounted to DKK 6 million, a decrease of DKK 2 million, or 29.4 percent, as compared to DKK 8 million for the year ended December 31, 2019.

Expenses

C&I's operating expenses for the year ended December 31, 2020, amounted to DKK 5,421 million, an increase of DKK 587 million, or 12.1 percent, as compared to DKK 4,834 million for the year ended December 31, 2019. The increase was mainly due to ongoing compliance remediation as well as the contribution to the Danish resolution fund and the planned costs related to the Better Bank transformation strategy. The increase was partially offset by lower direct staff costs as a result of fewer FTEs and the actions announced in the third quarter of 2019 to restore profitability in FI&C.

C&I's goodwill impairment charges for the year ended December 31, 2020, amounted to nil, as compared to DKK 803 million for the year ended December 31, 2019.

Loan Impairment Charges

C&I's loan impairment charges for the year ended December 31, 2020, amounted to DKK 4,304 million, an increase of DKK 2,956 million, as compared to DKK 1,348 million for the year ended December 31, 2018. The increase was mainly due to oil- and gas-related exposures. The initial impairments were driven by the rapid decline in oil prices, whereas the continued uncertainty in the asset-heavy offshore service and drilling segments led to additional impairments during 2020, as lower activity made restructurings difficult.

Wealth Management

The following table sets forth a summary of the results of operations of Wealth Management (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2020	**2019**
	(DKK in millions)	
Net interest income/(expense)	(285)	(248)
Net fee income	6,310	5,902
Net trading income/(expense)	(26)	340
Other income	(79)	1,405
Total income	5,919	7,398
Operating expenses	(3,435)	(3,589)
Goodwill impairment charges	–	(800)
Profit before tax	2,484	3,009
Profit before tax and goodwill impairment charges	2,484	3,809

Profit Before Tax

Wealth Management's profit before tax for the year ended December 31, 2020, amounted to DKK 2,484 million, a decrease of DKK 525 million, or 17.4 percent, as compared to DKK 3,009 million for the year ended December 31, 2019. The decrease was mainly due to the gain of DKK 1,350 million from the sale of Danica Pension Sweden in 2019, partially offset by a DKK 800 million goodwill impairment charge in 2019 on SEB Pension Danmark caused by regulatory changes.

Total Income

Wealth Management's total income for the year ended December 31, 2020, amounted to DKK 5,919 million, a decrease of DKK 1,479 million, or 20.0 percent, as compared to DKK 7,398 million for the year ended December 31, 2019.

Wealth Management's assets under management as at December 31, 2020, amounted to DKK 1,765 billion, an increase of DKK 149 billion, or 9.2 percent, as compared to DKK 1,616 billion as at December 31, 2019. The increase was mainly due to positive developments in the financial markets.

Wealth Management's net fee income for the year ended December 31, 2020, amounted to DKK 6,310 million, an increase of DKK 408 million, or 6.9 percent, as compared to DKK 5,902 million for the year ended December 31, 2019. The increase was mainly due to Danica Pension's higher risk allowance fees and improved result in the health and accident business as well as Asset Management's record-high performance fees.

Wealth Management's net trading expense for the year ended December 31, 2020, amounted to DKK 26 million, a change of DKK 366 million as compared to net trading income of DKK 340 million for the year ended December 31, 2019. The change was mainly due to a lower investment result on life insurance products where Danica Pension bears the investment risk. The investment result includes provisions for pension yield tax in relation to the health and accident business and write-downs of assets in connection with the clean-up of accounting balances after the merger of Danica Pension and the former SEB Pension.

Wealth Management's other expense for the year ended December 31, 2020, amounted to DKK 79 million, a change of DKK 1,484 million as compared to other income of DKK 1,405 million for the year ended December 31, 2019. The change was mainly due to the gain of DKK 1,350 million from the sale of Danica Pension Sweden in 2019.

Expenses

Wealth Management's operating expenses for the year ended December 31, 2020, amounted to DKK 3,435 million, a decrease of DKK 154 million, or 4.3 percent, as compared to DKK 3,589 million for the year ended December 31, 2019. The decrease was mainly due to extraordinary costs for the integration of SEB Pension Danmark and the provision for the approximately DKK 210 million one-off compensation payable in relation to the Flexinvest Fri Matter affecting the 2019 figure. The decrease was partially offset by costs for ongoing compliance remediation as well as planned costs related to the Better Bank transformation strategy.

Wealth Management's goodwill impairment charges for the year ended December 31, 2020, amounted to nil, as compared to DKK 800 million for the year ended December 31, 2019.

Northern Ireland

The following table sets forth a summary of the results of operations of Northern Ireland (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2020	**2019**
	(DKK in millions)	
Net interest income	1,359	1,524
Net fee income	264	363
Net trading income	98	110
Other income	16	14
Total income	1,736	2,011
Operating expenses	(1,212)	(1,216)
Profit before loan impairment charges	524	794
Loan impairment charges	(378)	(5)
Profit before tax	146	789

Profit Before Tax

Northern Ireland's profit before tax for the year ended December 31, 2020, amounted to DKK 146 million, a decrease of DKK 643 million, or 81.5 percent, as compared to DKK 789 million for the year ended December 31, 2019. The decrease was mainly due to an increase in loan impairment charges reflecting the uncertainty related to the COVID-19 pandemic and lower income.

Total Income

Northern Ireland's total income for the year ended December 31, 2020, amounted to DKK 1,736 million, a decrease of DKK 274 million, or 13.6 percent, as compared to DKK 2,011 million for the year ended December 31, 2019.

Northern Ireland's net interest income for the year ended December 31, 2020, amounted to DKK 1,359 million, a decrease of DKK 165 million, or 10.8 percent, as compared to DKK 1,524 million for the year ended December 31, 2019. The decrease was mainly due to the sharp decline in U.K. interest rates from late March 2020.

Northern Ireland's loans, excluding reverse transactions before impairments, as at December 31, 2020, amounted to DKK 52,179 million, a decrease of DKK 2,107 million, or 3.9 percent, as compared to DKK 54,287 million as at December 31, 2019.

Northern Ireland's deposits, excluding repo deposits, as at December 31, 2020, amounted to DKK 84,158 million, an increase of DKK 13,215 million, or 18.6 percent, as compared to DKK 70,943 million as at December 31, 2019. The increase was mainly due to additional liquidity being held by both business and personal customers.

Northern Ireland's net fee income for the year ended December 31, 2020, amounted to DKK 264 million, a decrease of DKK 100 million, or 27.4 percent, as compared to DKK 363 million for the year ended December 31, 2019. The decrease was mainly due to very low activity levels, particularly in the second quarter of 2020, due to COVID-19 pandemic-related lockdown measures.

Northern Ireland's net trading income for the year ended December 31, 2020, amounted to DKK 98 million, a decrease of DKK 12 million, or 11.0 percent, as compared to DKK 110 million for the year ended December 31, 2019. The decrease was mainly due to very low activity levels, particularly in the second quarter of 2020, due to COVID-19 pandemic-related lockdown measures.

Northern Ireland's other income for the year ended December 31, 2020, amounted to DKK 16 million, an increase of DKK 2 million, or 16.2 percent, as compared to DKK 14 million for the year ended December 31, 2019.

Expenses

Northern Ireland's operating expenses for the year ended December 31, 2020, amounted to DKK 1,212 million, a decrease of DKK 4 million, or 0.3 percent, as compared to DKK 1,216 million for the year ended December 31, 2019. The decrease was mainly due to local cost reduction initiatives, partially offset by costs related to the Better Bank transformation strategy and regulatory compliance.

Loan Impairment Charges

Northern Ireland's loan impairment charges for the year ended December 31, 2020, amounted to DKK 378 million, an increase of DKK 373 million, as compared to DKK 5 million for the year ended December 31, 2019. The increase was mainly due to the weaker economic outlook in the U.K. with impairment charges for potential future loan losses in sectors heavily impacted by the COVID-19 pandemic.

Non-core

The following table sets forth a summary of the results of operations of Non-core (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2020	**2019**
	(DKK in millions)	
Total income/(expense)	(215)	(61)
Operating expenses	(293)	(219)
Profit/(loss) before loan impairment charges	(508)	(280)
Loan impairment charges	(88)	(213)
Profit/(loss) before tax	(596)	(493)

Loss Before Tax

Non-core's loss before tax for the year ended December 31, 2020, amounted to DKK 596 million, an increase of DKK 103 million, or 21.1 percent, as compared to DKK 493 million for the year ended December 31, 2019. The increase was mainly due to losses related to the final exit from Estonia, which affected total income and operating expenses in 2020. Further, operating expenses for 2019 benefited from an adjustment of value added tax regarding previous years.

Total Income

Non-core's total expense for the year ended December 31, 2020, amounted to DKK 215 million, an increase of DKK 154 million, as compared to DKK 61 million for the year ended December 31, 2019. The increase was mainly due to the final exit from Estonia.

Non-core's loans, excluding reverse transactions before impairments, as at December 31, 2020, amounted to DKK 3,083 million, a decrease of DKK 4,373 million, or 58.6 percent, as compared to DKK 7,456 million as at December 31, 2019. The decrease was mainly due to the sale of the Baltic loan portfolios.

Operating Expenses

Non-core's operating expenses for the year ended December 31, 2020, amounted to DKK 293 million, an increase of DKK 74 million, or 33.9 percent, as compared to DKK 219 million for the year ended December 31, 2019. The increase was mainly due to the final exit from Estonia. Further, operating expenses for 2019 benefited from an adjustment of value added tax regarding previous years.

Loan Impairment Charges

Non-core's loan impairment charges for the year ended December 31, 2020, amounted to DKK 88 million, a decrease of DKK 125 million, or 58.5 percent, as compared to DKK 213 million for the year ended December 31, 2019. The decrease was mainly due to the sale of the Baltic loan portfolios and a single-name exposure in a legacy Non-core portfolio.

Other Activities

The following table sets forth a summary of the results of operations of Other Activities (based on the Group's business segment presentation) for the years indicated:

	For the year ended December 31,	
	2020	**2019**
	(DKK in millions)	
Net interest income/(expense)	(260)	(5)
Net fee income/(expense)	(255)	(227)
Net trading income	136	1,421
Other income	(131)	217
Total income/(expense)	(509)	1,407
Operating expenses	(1,816)	(2,548)[(1)]
Impairment charges, other intangible assets	(379)	(355)[(1)]
Profit before loan impairment charges	(2,704)	(1,497)
Loan impairment charges	(8)	5
Profit/(loss) before tax	(2,712)	(1,491)

Note: The presentation of Other Activities includes Group eliminations.

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2019*," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2019, in the 2020 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures for the year ended December 31, 2019.

The following table sets forth a breakdown of Other Activities' profit/loss before tax (based on the Group's financial highlights presentation) for the years indicated:

	For the year ended December 31,	
	2020	2019
	(DKK in millions)	
Group Treasury	(754)	825
Own shares	94	59
Additional tier 1 capital	550	785
Group support functions	(2,603)	(3,160)
Total Other Activities	(2,712)	(1,491)

Note: Profit before tax for Other Activities includes Group eliminations.

Other Activities' total expense for the year ended December 31, 2020, amounted to DKK 509 million, a change of DKK 1,916 million, as compared to total income of DKK 1,407 million for the year ended December 31, 2019. The change was mainly due to a decrease in net trading income, net interest income and other income.

Group Treasury recorded a loss before tax of DKK 754 million for the year ended December 31, 2020, a change of DKK 1,579 million as compared to profit before tax of DKK 825 million for the year ended December 31, 2019. The change was mainly due to the fact that 2019 benefited from the gain from the sale of the shareholding in LR Realkredit A/S and from other positive market value adjustments of the private equity portfolio.

A profit before tax of DKK 94 million was recorded from the Bank's own shares for the year ended December 31, 2020, an increase of DKK 36 million, or 59.3 percent, as compared to DKK 59 million for the year ended December 31, 2019.

A profit before tax of DKK 550 million was recorded from additional tier 1 capital for the year ended December 31, 2020, a decrease of DKK 235 million, or 29.9 percent, as compared to DKK 785 million for the year ended December 31, 2019.

Group support functions recorded a loss before tax of DKK 2,603 million for the year ended December 31, 2020, a decrease of DKK 557 million, or 17.6 percent, as compared to DKK 3,160 million for the year ended December 31, 2019. The decrease was mainly due to a net reversal of provisions for operational risk-related losses that was made in 2019, and thus also affected the 2019 expense level.

Other Activities' loss before tax for the year ended December 31, 2020, amounted to DKK 2,712 million, an increase of DKK 1,221 million, or 81.9 percent, as compared to DKK 1,491 million for the year ended December 31, 2019.

Balance Sheet

The following table sets forth the Group's balance sheet data (prepared in accordance with IFRS as adopted by the EU and Danish disclosure requirements for listed financial companies) as at the dates indicated:

	As at December 31,	
	2020	**2019**
	(DKK in millions)	
Assets		
Cash in hand and demand deposits with central banks	320,702	99,035
Due from credit institutions and central banks	81,428	105,674
Trading portfolio assets	682,948	495,321
Investment securities	296,769	284,873
Loans at amortized cost	1,024,607	1,028,011
Loans at fair value	1,023,323	1,122,048
Assets under pooled schemes and unit-linked investment contracts	82,795	79,912(1)
Assets under insurance contracts	545,708	494,993(1)
Intangible assets	8,785	9,165
Tax assets	5,202	2,987
Other assets	36,964	39,031
Total assets	4,109,231	3,761,050
Equity and liabilities		
Due to credit institutions and central banks	211,182	155,246
Trading portfolio liabilities	499,334	452,202
Deposits	1,333,781	1,140,726
Issued bonds at fair value	784,027	802,501
Issued bonds at amortized cost	245,573	256,355
Deposits under pooled schemes and unit-linked investment contracts	82,905	80,360(1)
Liabilities under insurance contracts	591,930	535,891(1)
Tax liabilities	1,821	2,172
Other liabilities	51,291	46,301
Non-preferred senior bonds	106,371	87,054
Subordinated debt	32,337	31,733
Total liabilities	3,940,552	3,590,541
Total equity	168,679	170,508
Total liabilities and equity	4,109,231	3,761,050

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2020*," the Group has reclassified a portfolio of unit-linked contracts of DKK 31 billion from investment contracts to insurance contracts in the 2020 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures as at December 31, 2019.

Assets

As at December 31, 2020, the Group's total assets amounted to DKK 4,109,231 million, an increase of DKK 348,181 million, or 9.3 percent, as compared to DKK 3,761,050 million as at December 31, 2019. The increase was mainly due to an increase in cash in hand and demand deposits with central banks, trading portfolio assets and assets under insurance contracts, which was partially offset by a decrease in amounts due from credit institutions and central banks and loans at fair value. As at December 31, 2020, total lending was up 0.9 percent from the level as at December 31, 2019. At Banking Nordic, lending increased in most market areas. In Sweden and Norway lending increased in the retail segment, whereas, in Finland, lending mostly increased in the commercial segment. At Corporates & Institutions, lending also increased, despite a decrease in bank lending towards the end of 2020. The increase was partly offset by a decrease in lending at Banking DK as lending volumes were adversely affected by lower demand for credit among commercial and retail customers, reflecting the general uncertainty caused by the COVID-19 pandemic. For commercial customers in particular, the decrease was driven not only by uncertainty but also by the substantial relief packages offered by the Danish government, including tax postponement and salary compensation schemes. In Denmark, new gross lending, excluding repo loans, amounted to DKK 87.2 billion as at December 31, 2020, an increase of DKK 14.4 billion, or 19.8 percent, as compared to DKK 72.8 billion as at December 31, 2019. The increase was mainly due to an increase in fixed-term loans in Denmark. Of new gross lending in Denmark, lending to retail customers accounted for DKK 26.0 billion, a decrease of DKK 2.2 billion, or 7.8 percent, as compared to DKK 28.2 billion as at December 31, 2019. The decrease in retail lending was mainly due to a decrease in home loans.

Liabilities

As at December 31, 2020, the Group's total liabilities amounted to DKK 3,940,552 million, an increase of DKK 350,011 million, or 9.7 percent, as compared to DKK 3,590,541 million as at December 31, 2019. The increase was mainly due to an increase in the amounts due to credit institutions and central banks, trading portfolio liabilities, deposits, liabilities under insurance contracts and non-preferred senior bonds, which was partially offset by a decrease in issued bonds at fair value and issued bonds at amortized costs. As at December 31, 2020, total deposits were up 23.9 percent from the level as at December 31, 2019. The increase was mainly due to an increase in deposits at all business units and market share increases in Denmark, Sweden, Finland and Norway.

Equity

As at December 31, 2020, the Group's total equity amounted to DKK 168,679 million, a decrease of DKK 1,829 million, or 1.1 percent, as compared to DKK 170,508 million as at December 31, 2019. The decrease was mainly due to lower proposed dividends and the redemption of additional tier 1 capital in April 2020, which was partially offset by an increase in retained earnings.

The Group's return on average shareholders' equity for the year ended December 31, 2020, was 2.6 percent, as compared to 9.6 percent for the year ended December 31, 2019. The Group's earnings per share for the year ended December 31, 2020, were DKK 4.7, as compared to DKK 16.7 for the year ended December 31, 2019. The decrease was mainly due to a decrease in net profit.

Cash Flows

The following table sets forth the Group's cash flow data as at the dates and for the years indicated:

	As at and for the year ended December 31,	
	2020	2019
	(DKK in millions)	
Cash flow from operations		
Profit before tax	6,304	13,822
Tax paid	(4,315)	(5,245)
Adjustment for non-cash operating items	12,993	10,369
Total	14,982	18,946
Changes in operating capital		
Amounts due to/from credit institutions and central banks	59,794	(96,693)
Trading portfolio	(140,495)	(17,527)
Acquisition/sale of own shares and additional tier 1 capital	(83)	(278)
Investment securities	(11,896)	(8,449)
Loans at amortized cost and fair value	95,039	(108,208)
Deposits	193,055	81,606
Issued bonds at amortized cost and fair value	(33,550)	14,533
Assets/liabilities under insurance contracts	5,323	988
Other assets/liabilities	4,337	(11,690)
Cash flow from operations	186,506	(126,772)
Cash flow from investing activities		
Acquisition/sale of businesses	5	1,683
Acquisition of intangible assets	(872)	(878)
Acquisition of tangible assets	(408)	(666)
Sale of tangible assets	12	12
Cash flow from investing activities	(1,263)	151
Cash flow from financing activities		
Issues of subordinated debt	3,721	11,791
Redemption of subordinated debt	(2,180)	(3,467)
Issues of non-preferred senior bonds	23,610	59,808
Dividends	–	(7,239)[(1)]
Redemption of equity accounted additional tier 1 capital	(5,600)	–
Paid interest on equity accounted additional tier 1 capital	(625)	(787)
Principal portion of lessee lease payments	(653)	(729)
Cash flow from financing activities	18,273	59,377
Cash and cash equivalents as at January 1	199,608	264,836
Foreign currency translation	(2,235)	2,016
Change in cash and cash equivalents	203,516	(67,244)
Cash and cash equivalents, end of period	400,889	199,608
Cash and cash equivalents end of period		
Cash in hand	6,131	6,235
Demand deposits with central banks	314,572	92,800
Amounts due from credit institutions and central banks within three months	80,186	100,574
Total	400,889	199,608

Note: The cash flow statement is prepared according to the indirect method. The statement is based on the pre-tax profit for the year and shows the cash flows from operating, investing and financing activities and the increase or decrease in cash and cash equivalents during the year. Cash and cash equivalents consists of cash in hand and demand deposits with central banks as well as amounts due from credit institutions and central banks with an original maturity shorter than three months.

The list of Group holdings and undertakings in note G38 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum provides information about restrictions on the use of cash flows from Group undertakings.

(1) In order to support the initiatives aimed at minimizing the economic consequences of the COVID-19 pandemic, the Board of Directors proposed to the General Meeting on April 20, 2020, that no dividends be paid for 2019. The proposal was adopted at the annual General Meeting on June 9, 2020.

Total cash inflow from operations for the year ended December 31, 2020, was DKK 186,506 million, a change of DKK 313,278 million as compared to a cash outflow from operations of DKK 126,772 million for the year ended December 31, 2019. The change was mainly due to a reduced amount of loans at amortized cost and fair value and an increase in deposits and amounts due to/from credit institutions and central banks, which partially offset by an increased amount of trading portfolio and a decreased amount of issued bonds at amortized cost and fair value.

Total cash outflow from investing activities for the year ended December 31, 2020, was DKK 1,263 million, a change of DKK 1,414 million as compared to a cash inflow from investing activities of DKK 151 million for the year ended

December 31, 2019. The change was mainly due to a decreased amount of cash from the sale of businesses, which was partially offset by a decrease in the acquisition of tangible assets.

Total cash inflow from financing activities for the year ended December 31, 2020, was DKK 18,273 million, a decrease of DKK 41,104 million, or 69.2 percent, as compared to DKK 59,377 million for the year ended December 31, 2019. The decrease was mainly due to a decrease in the issue of non-preferred senior bonds and subordinated debt, which was partially offset by the decision of the 2020 annual General Meeting not to pay dividends for 2019 in order to support the initiatives aimed at minimizing the economic consequences of the COVID-19 pandemic.

Review of Financial Highlights and Consolidated Financial Information for the Years Ended and as at December 31, 2019 and 2018

Income Statement

The Group

The following table sets forth a summary of the Group's results of operations (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2019	2018
	(DKK in millions)	
Net interest income*	21,877	23,571
Net fee income*	15,895	15,402
Net trading income*	4,985	4,676
Other income*	2,225	716
Total income*	44,982	44,365
Operating expenses*	(27,548)	(25,011)
Goodwill impairment charges	(1,603)	–
Profit before loan impairment charges*	15,831	19,354
Loan impairment charges*	(1,516)	650
Profit before tax, core*	14,315	20,004
Profit before tax, Non-core*	(493)	(282)
Profit before tax	13,822	19,722*
Tax	1,249(1)	(4,548)*(2)
Net profit for the year	15,072	15,174*(2)
Attributable to additional tier 1 etc.	786	781

* The table above is based on the financial highlights presentation used by the Group when presenting such information in its annual reports. The line items and figures marked with an asterisk deviate from the corresponding figures in the Consolidated Financial Statements as discussed in more detail under "*Important Information for Investors—Presentation of Financial Information*." See notes G1(d) and G3 to the 2019 Financial Statements incorporated by reference into this Base Information Memorandum for information on reconciling the consolidated income statements and the financial highlights presentation.

(1) The line item tax includes net income of DKK 4,134 million from reversal of a deferred tax liability for the Danish international joint taxation scheme and increased provisions for deferred tax on assets and liabilities measured at amortized cost for the year ended December 31, 2019.

(2) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2019*," the Group has restated the comparative financial highlights as at and for the year ended December 31, 2018, in the 2019 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures as at and for the year ended December 31, 2018.

The following table sets forth the Group's profit before tax by business unit (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2019	2018
	(DKK in millions)	
Banking DK	6,518	8,137
Banking Nordic	3,788	5,867
C&I	1,703	4,322
Wealth Management	3,009	2,161
Northern Ireland	789	744
Non-core	(493)	(282)
Other Activities(1)	(1,491)	(1,227)
Total Group	13,822	19,722

(1) Profit before tax for Other Activities includes Group eliminations.

Total Income

The Group's total income for the year ended December 31, 2019, amounted to DKK 44,982 million, an increase of DKK 617 million, or 1.4 percent, as compared to DKK 44,365 million for the year ended December 31, 2018.

The Group's net interest income for the year ended December 31, 2019, amounted to DKK 21,877 million, a decrease of DKK 1,694 million, or 7.2 percent, as compared to DKK 23,571 million for the year ended December 31, 2018. The decrease was mainly due to a significant decrease in lending margins due to development in market rates and higher funding costs, primarily as a result of the issuing of non-preferred senior debt for MREL compliance, partially offset by positive developments in deposit margins and lending and deposit volumes.

The Group's loans as at December 31, 2019, amounted to DKK 1,821,309 million, an increase of DKK 51,871 million, or 2.9 percent, as compared to DKK 1,769,438 million as at December 31, 2018. The increase was due to increased lending volumes in almost all geographies and across most markets.

The Group's deposits as at December 31, 2019, amounted to DKK 962,865 million, an increase of DKK 68,370 million, or 7.6 percent, as compared to DKK 894,495 million as at December 31, 2018. The increase was mainly due to increased market shares in Denmark, Norway and Sweden, partially offset by a decreased market share in Finland.

The Group's net fee income for the year ended December 31, 2019, amounted to DKK 15,895 million, an increase of DKK 493 million, or 3.2 percent, as compared to DKK 15,402 million for the year ended December 31, 2018. The increase was mainly due to income from SEB Pension Danmark activities and higher remortgaging activity at Banking DK, partially offset by the compensation payable in relation to the Flexinvest Fri Matter.

The Group's net trading income for the year ended December 31, 2019, amounted to DKK 4,985 million, an increase of DKK 309 million, or 6.6 percent, as compared to DKK 4,676 million for the year ended December 31, 2018. The increase was mainly due to the sale of LR Realkredit A/S and higher remortgaging activity at Banking DK. At C&I, net trading fell as a result of one-off income in 2018 related to sales of assets taken over and negative xVA of the derivatives portfolio in 2019. At Wealth Management, net trading income was negatively affected by a regulatory change to the discount curve for life insurance provisions.

The Group's other income for the year ended December 31, 2019, amounted to DKK 2,225 million, an increase of DKK 1,509 million as compared to DKK 716 million for the year ended December 31, 2018. The increase was mainly due to the gain on the sale of Danica Pension Sweden.

Expenses

The Group's operating expenses for the year ended December 31, 2019, amounted to DKK 27,548 million, an increase of DKK 2,537 million, or 10.1 percent, as compared to DKK 25,011 million for the year ended December 31, 2018. Adjusted for the expense of the DKK 1.5 billion donation in 2018 of the estimated gross income from the non-resident portfolio in Estonia in the period from 2007 to 2015, operating expenses increased 17 percent. The increase was mainly due to higher costs related to compliance and activities related to AML matters, costs related to the AML matters related to the Bank's Estonian branch and transformation costs. Impairment of software, provisions made for the compensation payable in relation to the Flexinvest Fri Matter and the ordinary operating expenses of SEB Pension Danmark also had a negative impact. In Finland, higher value added tax charges on costs due to new value added tax rules as well as an adjustment of the expected value of a distribution contract also contributed to the increase in operating expenses. In addition, a provision of DKK 419 million related to data quality issues affecting a limited part of the Group's operations made for operational risk-related losses also contributed to the increase in operating expenses.

The Group's goodwill impairment charges for the year ended December 31, 2019, amounted to DKK 1,603 million, as compared to nil for the year ended December 31, 2018. Out of the total goodwill impairment charge, DKK 800 million related to the acquisition of SEB Pension Danmark and it was recognized as the upcoming Solvency II changes are expected to increase capital requirements. An additional goodwill impairment charge of DKK 803 million was recognized at FI&C and Capital Markets due to updated assumptions of lower future structural income at FI&C and expectations of higher allocated capital as a result of the implementation of higher regulatory capital requirements. For additional information on the Group's goodwill impairment charges, see "*—Primary Factors Affecting the Group's Results of Operations—Impairment on Goodwill and Customer Relations*" above.

Loan Impairment Charges

The Group's loan impairment charges for the year ended December 31, 2019, amounted to DKK 1,516 million, a change of DKK 2,166 million as compared to a reversal of DKK 650 million for the year ended December 31, 2018. The change in loan impairment charges was mainly due to increased impairments against a few single-name exposures at C&I and Banking Nordic and lower reversals on non-performing loans in Denmark. Of the loan impairment charges in 2019, DKK 0.4 billion were recognized following a review of the Group's loan portfolio. This review was carried out in connection with an ongoing review by the DFSA in connection with a sector review and affected primarily Banking Nordic. In addition, adjustments made to take into account the increased downside risk in the macroeconomic outlook for the Nordic countries had a negative effect. Although the risk of a downside to the outlook increased, credit quality remained solid, supported by stable macroeconomic conditions and stable collateral values in most markets.

Profit Before Tax, Non-core

The Group's loss before tax, Non-core, for the year ended December 31, 2019, amounted to DKK 493 million, an increase of DKK 211 million, or 74.8 percent, as compared to DKK 282 million for the year ended December 31, 2018. The increase was mainly due to the sale of the Baltic loan portfolios.

Profit Before Tax

The Group's profit before tax for the year ended December 31, 2019, amounted to DKK 13,822 million, a decrease of DKK 5,900 million, or 29.9 percent, as compared to DKK 19,722 million for the year ended December 31, 2018.

Tax

The Group's total tax charge for the year ended December 31, 2019, amounted to a net positive charge of DKK 1,249 million, a change of DKK 5,797 million as compared to a tax charge of DKK 4,548 million for the year ended December 31, 2018. The change was mainly due to the reversal of the deferred tax liability for recapture of tax loss associated with the Group exiting the Danish joint international taxation scheme in 2019 that led to an accounting income of DKK 5,230 million, partially offset by a provision for deferred tax adjustments on assets and liabilities measured at amortized cost of DKK 1,096 million.

Net Profit for the Year

The Group's net profit for the year ended December 31, 2019, amounted to DKK 15,072 million, a decrease of DKK 102 million, or 0.7 percent, as compared to DKK 15,174 million for the year ended December 31, 2018.

Banking DK

The following table sets forth a summary of the results of operations of Banking DK (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2019	**2018**
	(DKK in millions)	
Net interest income	9,111	9,622
Net fee income	4,397	4,363
Net trading income	1,176	948
Other income	227	237
Total income	14,912	15,170
Operating expenses	(8,736)	(7,831)
Profit before loan impairment charges	6,176	7,339
Loan impairment charges	342	798
Profit before tax	6,518	8,137

The following table sets forth information on Banking DK's LTV ratio, home loans as at the dates indicated:

	As at December 31,			
	2019		**2018**	
	Average LTV	**Net credit exposure(1)**	**Average LTV**	**Net credit exposure(1)**
	(percent)	**(DKK in billions)**	**(percent)**	**(DKK in billions)**
Retail	60.6	508	61.2	510
Total	60.6	508	61.2	510

(1) Net credit exposure includes loans, guarantees and irrevocable loan commitments. The exposure is measured net of allowance account.

Profit Before Tax

Banking DK's profit before tax for the year ended December 31, 2019, amounted to DKK 6,518 million, a decrease of DKK 1,619 million, or 19.9 percent, as compared to DKK 8,137 million for the year ended December 31, 2018. The decrease was mainly due to strong competition and increases in regulatory costs and compliance investments as well as lower impairment reversals, partially offset by significant remortgaging activity due to low interest rates.

Total Income

Banking DK's total income for the year ended December 31, 2019, amounted to DKK 14,912 million, a decrease of DKK 258 million, or 1.7 percent, as compared to DKK 15,170 million for the year ended December 31, 2018.

Banking DK's net interest income for the year ended December 31, 2019, amounted to DKK 9,111 million, a decrease of DKK 511 million, or 5.3 percent, as compared to DKK 9,622 million for the year ended December 31, 2018. The decrease was mainly due to pressure on deposit margins encouraging customers to switch to loan and mortgage products with lower margins, strong competition and increasing funding costs related to the new MREL requirement set by the DFSA effective from July 1, 2019.

Banking DK's loans, excluding reverse transactions before impairments, as at December 31, 2019, amounted to DKK 943,723 million, an increase of DKK 5,605 million, or 0.6 percent, as compared to DKK 938,118 million as at December 31, 2018. The increase was mainly due to increased demand from Banking DK's large real estate customers for subsidized housing and commercial property financing and high remortgaging activity.

Banking DK's deposits, excluding repo deposits, as at December 31, 2019, amounted to DKK 357,967 million, an increase of DKK 27,843 million, or 8.4 percent, as compared to DKK 330,124 million as at December 31, 2018.

Banking DK's net fee income for the year ended December 31, 2019, amounted to DKK 4,397 million, an increase of DKK 34 million, or 0.8 percent, as compared to DKK 4,363 million for the year ended December 31, 2018. Net fee income remained largely unchanged, mainly due to the compensation of approximately DKK 150 million payable in relation to the Flexinvest Fri Matter and the reduced customer appetite for actively managed investment products.

Banking DK's net trading income for the year ended December 31, 2019, amounted to DKK 1,176 million, an increase of DKK 228 million, or 24.1 percent, as compared to DKK 948 million for the year ended December 31, 2018. The increase was mainly due to higher remortgaging activity.

Banking DK's other income for the year ended December 31, 2019, amounted to DKK 227 million, a decrease of DKK 10 million, or 4.2 percent, as compared to DKK 237 million for the year ended December 31, 2018.

Expenses

Banking DK's operating expenses for the year ended December 31, 2019, amounted to DKK 8,736 million, an increase of DKK 905 million, or 11.6 percent, as compared to DKK 7,831 million for the year ended December 31, 2018. The increase was mainly due to increasing costs related to regulatory requirements and compliance, primarily for investments in AML activities, such as monitoring and controls, staff training and IT.

Loan Impairment Charges

Banking DK's loan impairment charges for the year ended December 31, 2019, amounted to a net reversal of DKK 342 million, a decrease in net reversals of DKK 456 million, or 57.1 percent, as compared to a net reversal of DKK 798 million for the year ended December 31, 2018. The loan impairment charges mainly related to Banking DK's agricultural portfolios.

Banking Nordic

The following table sets forth a summary of the results of operations of Banking Nordic (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2019	2018
	(DKK in millions)	
Net interest income	7,839	8,183
Net fee income	1,857	1,875
Net trading income	280	323
Other income[(1)]	592	649
Total income	10,567	11,029
Operating expenses	(6,269)	(5,324)
Profit before loan impairment charges	4,298	5,706
Loan impairment charges	(510)	161
Profit before tax	3,788	5,867

(1) Operational leases are presented on a net basis under other income.

The following table sets forth information on Banking Nordic's LTV ratio, home loans as at the dates indicated:

	As at December 31,			
	2019		2018	
	Average LTV	Net credit exposure[(1)]	Average LTV	Net credit exposure[(1)]
	(percent)	(DKK in billions)	(percent)	(DKK in billions)
Retail Sweden	63.6	87	64.7	86
Retail Norway	62.7	125	61.9	104
Retail Finland	61.8	86	61.2	86
Total	62.7	297	62.6	276

(1) Net credit exposure includes loans, guarantees and irrevocable loan commitments. The exposure is measured net of allowance account.

Profit Before Tax

Banking Nordic's profit before tax for the year ended December 31, 2019, amounted to DKK 3,788 million, a decrease of DKK 2,079 million, or 35.4 percent, as compared to DKK 5,867 million for the year ended December 31, 2018. The decrease was mainly due to a decrease in net interest income resulting from higher interest rates in Norway and Sweden that put pressure on margins, as well as to an increase in operating expenses resulting from investments in compliance and higher costs related to regulatory requirements. Increased impairments in Finland and Sweden as well as adverse currency effects also contributed to the decrease in profit before tax.

Total Income

Banking Nordic's total income for the year ended December 31, 2019, amounted to DKK 10,567 million, a decrease of DKK 462 million, or 4.2 percent, as compared to DKK 11,029 million for the year ended December 31, 2018.

Banking Nordic's net interest income for the year ended December 31, 2019, amounted to DKK 7,839 million, a decrease of DKK 344 million, or 4.2 percent, as compared to DKK 8,183 million for the year ended December 31, 2018. The decrease was mainly due to increased margin pressures as a result of rising interest rates in Norway and Sweden as well as intensified competition. Increased funding costs related to the funding needs triggered by the new MREL requirement set by the DFSA also contributed to the decrease in net interest income.

Banking Nordic's loans, excluding reverse transactions before impairments, as at December 31, 2019, amounted to DKK 634,974 million, an increase of DKK 30,295 million, or 5.0 percent, as compared to DKK 604,679 million as at December 31, 2018. The increase was mainly due to increased lending in Finland and Norway over the year. In Norway, the growth was driven by retail customers and large commercial customers, and in Finland by medium-sized and large commercial customers. The increase in loans, excluding reverse transactions before impairments, was partially offset by a decline in lending in Sweden in the second half of 2019, mainly due to a revision of the risk and pricing strategy in the second and third quarters of 2019. Retail lending volumes in Sweden increased somewhat, whereas lending volumes from medium-sized and large commercial customers within the real estate sector declined.

Banking Nordic's deposits, excluding repo deposits, as at December 31, 2019, amounted to DKK 270,522 million, an increase of DKK 24,655 million, or 10.0 percent, as compared to DKK 245,867 million as at December 31, 2018. The increase was mainly due to high inflow of deposits in Norway related to the win of tender offers in the public sector.

Furthermore, deposits grew in Sweden in 2019 compared to 2018 after being adversely affected at the end of 2018 by the AML matters related to the Bank's Estonian branch.

Banking Nordic's net fee income for the year ended December 31, 2019, amounted to DKK 1,857 million, a decrease of DKK 18 million, or 1.0 percent, as compared to DKK 1,875 million for the year ended December 31, 2018. However, net fee income increased in local currencies in Norway and Sweden, primarily as a result of financing and investment fees mainly from Private Banking.

Banking Nordic's net trading income for the year ended December 31, 2019, amounted to DKK 280 million, a decrease of DKK 43 million, or 13.3 percent, as compared to DKK 323 million for the year ended December 31, 2018.

Banking Nordic's other income for the year ended December 31, 2019, amounted to DKK 592 million, a decrease of DKK 57 million, or 8.8 percent, as compared to DKK 649 million for the year ended December 31, 2018. The decrease was partly related to the gain from the sale of Eiendomsmegler Krogsveen AS, a Norwegian real estate agency chain, in the first quarter of 2018. A decrease in sales in Asset Finance also contributed to the decrease in other income, despite strong demand for leasing services and one-off income from sales of investment properties.

Expenses

Banking Nordic's operating expenses for the year ended December 31, 2019, amounted to DKK 6,269 million, an increase of DKK 945 million, or 17.7 percent, as compared to DKK 5,324 million for the year ended December 31, 2018. The increase was partially due to the relatively low level of operating expenses in 2018, when Banking Nordic was a new business segment. Significant investments in compliance and AML activities, higher activity in Norway, higher value added tax charges in Finland as well as an adjustment to the expected value of a distribution contract in Finland also contributed to the increase in operating expenses.

Loan Impairment Charges

Banking Nordic's loan impairment charges for the year ended December 31, 2019, amounted to DKK 510 million, a change of DKK 671 million as compared to a net reversal of DKK 161 million for the year ended December 31, 2018. The change was mainly due to a review of the loan portfolio. The charges related mainly to single-name exposures in the commercial portfolio, specifically within the construction and building materials as well as social services industries.

Corporates & Institutions

The following table sets forth a summary of the results of operations of C&I (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2019	**2018**
	(DKK in millions)	
Net interest income	3,656	3,928
Net fee income	2,909	2,914
Net trading income	2,114	2,440
Other income	8	7
Total income	8,688	9,289
Operating expenses	(4,834)	(4,689)
Goodwill impairment charges	(803)	–
Profit before loan impairment charges	3,051	4,600
Loan impairment charges	(1,348)	(278)
Profit before tax	1,703	4,322
Profit before tax and goodwill impairment charges	2,506	4,322

Profit Before Tax

C&I's profit before tax for the year ended December 31, 2019, amounted to DKK 1,703 million, a decrease of DKK 2,619 million, or 60.6 percent, as compared to DKK 4,322 million for the year ended December 31, 2018. The decrease was mainly due to increased loan impairment charges, goodwill impairment charges and negative developments in value adjustments.

Total Income

C&I's total income for the year ended December 31, 2019, amounted to DKK 8,688 million, a decrease of DKK 601 million, or 6.5 percent, as compared to DKK 9,289 million for the year ended December 31, 2018. The decrease was mainly due to lower trading income and the transfer of C&I's portfolios in the Baltics and Russia to the Non-core unit.

C&I's net interest income for the year ended December 31, 2019, amounted to DKK 3,656 million, a decrease of DKK 272 million, or 6.9 percent, as compared to DKK 3,928 million for the year ended December 31, 2018. The decrease was mainly due to the transfer of C&I's portfolios in the Baltics and Russia to the Non-core unit as well as a decline in activity-driven income and higher funding costs.

C&I's loans, excluding reverse transactions before impairments, as at December 31, 2019, amounted to DKK 209,148 million, an increase of DKK 10,828 million, or 5.5 percent, as compared to DKK 198,320 million as at December 31, 2018. The increase was mainly due to changes in the gross value of collateral related to derivatives exposure. An increase in underlying bank lending also contributed to the increase in loans, excluding reverse transactions before impairments.

C&I's deposits, excluding repo deposits, as at December 31, 2019, amounted to DKK 270,685 million, an increase of DKK 9,904 million, or 3.8 percent, as compared to DKK 260,781 million as at December 31, 2018.

C&I's net fee income for the year ended December 31, 2019, amounted to DKK 2,909 million, a decrease of DKK 5 million, or 0.2 percent, as compared to DKK 2,914 million for the year ended December 31, 2018. Net fee income remained largely unchanged as net fee income from Debt Capital Markets and Loan Capital Markets offset lower net fee income from Equities.

C&I's net trading income for the year ended December 31, 2019, amounted to DKK 2,114 million, a decrease of DKK 326 million, or 13.4 percent, as compared to DKK 2,440 million for the year ended December 31, 2018. The decrease was mainly due to the one-off income at the end of 2018 related to the sale of assets previously taken over as collateral as well as negative developments in xVA of the derivatives portfolio. Trading income in FI&C remained challenged and did not improve from the level in 2018.

C&I's other income for the year ended December 31, 2019, amounted to DKK 8 million, an increase of DKK 1 million, or 14.3 percent, as compared to DKK 7 million for the year ended December 31, 2018.

Expenses

C&I's operating expenses for the year ended December 31, 2019, amounted to DKK 4,834 million, an increase of DKK 145 million, or 3.1 percent, as compared to DKK 4,689 million for the year ended December 31, 2018. The increase was mainly due to investments in AML activities and regulatory compliance.

C&I's goodwill impairment charges for the year ended December 31, 2019, amounted to DKK 803 million, as compared to nil for the year ended December 31, 2018. The goodwill impairment charges were recognized at FI&C and Capital Markets due to updated assumptions of lower future structural income at FI&C and expectations of a higher capital allocation as a result of the implementation of higher regulatory capital requirements. For additional information on the Group's goodwill impairment charges, see "*—Primary Factors Affecting the Group's Results of Operations—Impairment on Goodwill and Customer Relations*" above.

Loan Impairment Charges

C&I's loan impairment charges for the year ended December 31, 2019, amounted to DKK 1,348 million, an increase of DKK 1,070 million as compared to DKK 278 million for the year ended December 31, 2018. The increase was mainly due to single-name charges in the shipping, oil & gas and retailing industries. The general review of the Group's loan portfolio carried out in connection with an ongoing review by the DFSA also had a negative effect on loan impairment charges.

Wealth Management

The following table sets forth a summary of the results of operations of Wealth Management (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2019	**2018**
	(DKK in millions)	
Net interest income/(expense)	(248)	(167)
Net fee income	6,596	6,119
Net trading income/(expense)	(117)	(50)
Other income	1,167	(197)
Total income	7,398	5,705
Operating expenses	(3,589)	(3,545)
Goodwill impairment charges	(800)	–
Profit before tax	3,009	2,161
Profit before tax and goodwill impairment charges	3,809	2,161

Profit Before Tax

Wealth Management's profit before tax for the year ended December 31, 2019, amounted to DKK 3,009 million, an increase of DKK 848 million, or 39.2 percent, as compared to DKK 2,161 million for the year ended December 31, 2018. The increase was mainly due to the gain of DKK 1,350 million from the sale of Danica Pension Sweden, partially offset by a DKK 800 million goodwill impairment charge on SEB Pension Danmark caused by regulatory changes. Net fee income benefited from the inclusion of SEB Pension Danmark. Improved conditions in the equity markets also contributed to the increase in profit before tax, partially offset by lower interest rates, a regulatory change implemented by the European Insurance and Occupational Pensions Authority ("**EIOPA**") to the discount curve for life insurance provisions and a provision for the compensation payable in relation to the Flexinvest Fri Matter.

Total Income

Wealth Management's total income for the year ended December 31, 2019, amounted to DKK 7,398 million, an increase of DKK 1,693 million, or 29.7 percent, as compared to DKK 5,705 million for the year ended December 31, 2018. The increase was partly due to the inclusion of SEB Pension Danmark and the gain on the sale of Danica Pension Sweden, which was partly offset by a decrease in net trading income.

Wealth Management's assets under management as at December 31, 2019, amounted to DKK 1,651 billion, an increase of DKK 76 billion, or 4.8 percent, as compared to DKK 1,575 billion as at December 31, 2018. The increase was mainly due to positive development of the financial markets.

Wealth Management's net fee income for the year ended December 31, 2019, amounted to DKK 6,596 million, an increase of DKK 477 million, or 7.8 percent, as compared to DKK 6,119 million for the year ended December 31, 2018. The increase was mainly due to the inclusion of SEB Pension Danmark following the acquisition, partially offset by the sale of Danica Pension Sweden, which decreased the fee income by DKK 224 million from the level in 2018. An increase in performance fees in Asset Management also contributed to the increase in net fee income.

Wealth Management's net trading expense for the year ended December 31, 2019, amounted to DKK 117 million, an increase of DKK 67 million as compared to DKK 50 million for the year ended December 31, 2018. The increase was mainly due to a DKK 140 million one-off add-on in the first quarter of 2019 resulting from a regulatory change by EIOPA to its method of calculating the volatility adjustment component of net trading income.

Wealth Management's other income for the year ended December 31, 2019, amounted to DKK 1,167 million, an increase of DKK 1,364 million as compared to a negative DKK 197 million for the year ended December 31, 2018. The increase was mainly due to the gain of DKK 1,350 million from the sale of Danica Pension Sweden, partially offset by a negative impact of DKK 582 million from the health and accident business, against a negative impact of DKK 487 million in 2018.

Expenses

Wealth Management's operating expenses for the year ended December 31, 2019, amounted to DKK 3,589 million, an increase of DKK 44 million, or 1.2 percent, as compared to DKK 3,545 million for the year ended December 31, 2018. The increase was mainly due to the addition of the ordinary operating expenses of SEB Pension Danmark, increased costs for regulatory compliance, and the provision for the approximately DKK 210 million one-off compensation payable in relation to the Flexinvest Fri Matter, partially offset by the sale of Danica Pension Sweden, which lowered the costs by approximately DKK 250 million from 2018.

Wealth Management's goodwill impairment charges for the year ended December 31, 2019, amounted to DKK 800 million, as compared to nil for the year ended December 31, 2018. The goodwill impairment charges related to the acquisition of SEB Pension Danmark and were recognized as the upcoming Solvency II changes that take effect for 2020 are expected to increase capital requirements. For additional information on the Group's goodwill impairment charges, see "*—Primary Factors Affecting the Group's Results of Operations—Impairment on Goodwill and Customer Relations*" above.

Northern Ireland

The following table sets forth a summary of the results of operations of Northern Ireland (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2019	2018
	(DKK in millions)	
Net interest income	1,524	1,491
Net fee income	363	392
Net trading income	110	82
Other income	14	12
Total income	2,011	1,978
Operating expenses	(1,216)	(1,207)
Profit before loan impairment charges	794	770
Loan impairment charges	(5)	(26)
Profit before tax	789	744

Profit Before Tax

Northern Ireland's profit before tax for the year ended December 31, 2019, amounted to DKK 789 million, an increase of DKK 45 million, or 6.0 percent, as compared to DKK 744 million for the year ended December 31, 2018. The increase was partly due to higher income and a decrease in loan impairment charges, partially offset by marginally higher costs.

Total Income

Northern Ireland's total income for the year ended December 31, 2019, amounted to DKK 2,011 million, an increase of DKK 33 million, or 1.7 percent, as compared to DKK 1,978 million for the year ended December 31, 2018. The increase was mainly due to increases in net interest income and net trading income as well as a decrease in loan impairment charges, partially offset by an increase in operating expenses.

Northern Ireland's net interest income for the year ended December 31, 2019, amounted to DKK 1,524 million, an increase of DKK 33 million, or 2.2 percent, as compared to DKK 1,491 million for the year ended December 31, 2018. The increase was mainly due to an increase in both lending and deposit volumes as well as higher U.K. interest rates.

Northern Ireland's loans, excluding reverse transactions before impairments, as at December 31, 2019, amounted to DKK 54,287 million, an increase of DKK 4,482 million, or 9.0 percent, as compared to DKK 49,805 million as at December 31, 2018. The increase was mainly due to lending activity remaining high in the retail segment, whereas lending to businesses was impacted by Brexit-related uncertainty, with some customers delaying investment decisions.

Northern Ireland's deposits, excluding repo deposits, as at December 31, 2019, amounted to DKK 70,943 million, an increase of DKK 8,388 million, or 13.4 percent, as compared to DKK 62,555 million as at December 31, 2018. The increase was mainly due to Brexit-related uncertainty deterring customers from investing in other assets.

Northern Ireland's net fee income for the year ended December 31, 2019, amounted to DKK 363 million, a decrease of DKK 29 million, or 7.4 percent, as compared to DKK 392 million for the year ended December 31, 2018. The decrease was mainly driven by the impact of regulatory change, particularly in respect of personal current account charging structures.

Northern Ireland's net trading income for the year ended December 31, 2019, amounted to DKK 110 million, an increase of DKK 28 million, or 34.1 percent, as compared to DKK 82 million for the year ended December 31, 2018. The increase reflects mark-to-market gains on the Bank's interest rate structural hedges.

Northern Ireland's other income for the year ended December 31, 2019, amounted to DKK 14 million, an increase of DKK 2 million, or 16.7 percent, as compared to DKK 12 million for the year ended December 31, 2018.

Expenses

Northern Ireland's operating expenses for the year ended December 31, 2019, amounted to DKK 1,216 million, an increase of DKK 9 million, or 0.7 percent, as compared to DKK 1,207 million for the year ended December 31, 2018. The increase was mainly due to continued management of the cost base and investments in improved solutions and skills designed to ensure customer expectations are fully met.

Loan Impairment Charges

Northern Ireland's loan impairment charges for the year ended December 31, 2019, amounted to DKK 5 million, a decrease of DKK 21 million, or 80.8 percent, as compared to DKK 26 million for the year ended December 31, 2018. The possibility that the U.K. may exit the EU at the end of the transition period without a trade agreement has been factored into the charges.

Non-core

The following table sets forth a summary of the results of operations of Non-core (based on the Group's financial highlights and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2019	**2018**
	(DKK in millions)	
Total income/(expense)	(61)	213
Operating expenses	(219)	(632)
Profit/(loss) before loan impairment charges	(280)	(419)
Loan impairment charges	(213)	137
Profit/(loss) before tax	(493)	(282)

Loss Before Tax

Non-core's loss before tax for the year ended December 31, 2019, amounted to DKK 493 million, an increase of DKK 211 million, or 74.8 percent, as compared to DKK 282 million for the year ended December 31, 2018. The increase was mainly due to the sale of the Baltic loan portfolios.

Total Income

Non-core's total expense for the year ended December 31, 2019, amounted to DKK 61 million, a change of DKK 274 million as compared to total income of DKK 213 million for the year ended December 31, 2018.

Non-core's loans, excluding reverse transactions before impairments, as at December 31, 2019, amounted to DKK 7,456 million, a decrease of DKK 7,450 million, or 50.0 percent, as compared to DKK 14,906 million as at December 31, 2018. The decrease was mainly due to the sale of the portfolio of local personal customers in Estonia that was finalized in November 2019. In December 2019 and January 2020, the Group entered into agreements to sell its personal customer portfolios in Latvia and Lithuania. The sale of the Latvian personal customer portfolio was completed in February 2020. The sale of the Lithuanian personal customer portfolio is expected to be finalized in the first half of 2020.

Operating Expenses

Non-core's operating expenses for the year ended December 31, 2019, amounted to DKK 219 million, a decrease of DKK 413 million, or 65.3 percent, as compared to DKK 632 million for the year ended December 31, 2018. The decrease was mainly due to an adjustment of value added tax regarding previous years.

Loan Impairment Charges

Non-core's loan impairment charges for the year ended December 31, 2019, amounted to DKK 213 million, a change of DKK 350 million as compared to a net reversal of DKK 137 million for the year ended December 31, 2018. The change in loan impairment charges was mainly due to a single-name exposure in the legacy Non-core portfolio.

Other Activities

The following table sets forth a summary of the results of operations of Other Activities (based on the Group's business segment presentation) for the years indicated:

	For the year ended December 31,	
	2019	2018
	(DKK in millions)	
Net interest income/(expense)	(5)	515
Net fee income/(expense)	(227)	(261)
Net trading income	1,421	933
Other income	217	7
Total income	1,407	1,194
Operating expenses	(2,903)	(2,416)
Profit before loan impairment charges	(1,497)	(1,222)
Loan impairment charges	5	(5)
Profit/(loss) before tax	(1,491)	(1,227)

Note: The presentation of Other Activities includes Group eliminations.

The following table sets forth a breakdown of Other Activities' profit/loss before tax (based on the Group's financial highlights presentation) for the years indicated:

	For the year ended December 31,	
	2019	2018
	(DKK in millions)	
Group Treasury(1)	825	241
Own shares(1)	59	482
Additional tier 1 capital	785	782
Group support functions	(3,160)	(2,731)
Total Other Activities	(1,491)	(1,227)

Note: Profit before tax for Other Activities includes Group eliminations.

(1) Eliminations related to market-making in own issues have been moved from Group Treasury to own shares and issues for the year ended December 31, 2019. Comparative figures for the year ended December 31, 2018, have been restated accordingly.

Other Activities' total income for the year ended December 31, 2019, amounted to DKK 1,407 million, an increase of DKK 213 million, or 17.8 percent, as compared to DKK 1,194 million for the year ended December 31, 2018. The increase was mainly due to increases in net trading income and other income. The increase in total income was partially offset by a decrease in net interest income, reflecting differences at the Internal Bank between actual and allocated funding costs using the Group's funds transfer pricing model, the elimination of the interest expense on equity-accounted additional tier 1 capital (reported as an interest expense in the Group's business segments), and income related to the Group's liquidity portfolio.

Group Treasury recorded a profit before tax of DKK 825 million for the year ended December 31, 2019, an increase of DKK 584 million as compared to DKK 241 million for the year ended December 31, 2018. The increase was mainly due to the sale of the shareholding in LR Realkredit A/S and positive market value adjustments of the private equity portfolio.

A profit before tax of DKK 59 million was recorded from the Bank's own shares for the year ended December 31, 2019, a decrease of DKK 423 million, or 87.8 percent, as compared to DKK 482 million for the year ended December 31, 2018.

A profit before tax of DKK 785 million was recorded from additional tier 1 capital for the year ended December 31, 2019, an increase of DKK 3 million, or 0.4 percent, as compared to DKK 782 million for the year ended December 31, 2018.

Group support functions recorded a loss before tax of DKK 3,160 million for the year ended December 31, 2019, an increase of DKK 429 million, or 15.7 percent, as compared to DKK 2,731 million for the year ended December 31, 2018. The increase was mainly due to higher costs for the AML matters related to the Bank's Estonian branch, a provision for operational risk-related losses and transformation costs.

Other Activities' loss before tax for the year ended December 31, 2019, amounted to DKK 1,491 million, an increase of DKK 264 million, or 21.5 percent, as compared to DKK 1,227 million for the year ended December 31, 2018.

Balance Sheet

The following table sets forth the Group's balance sheet data (prepared in accordance with IFRS as adopted by the EU and Danish disclosure requirements for listed financial companies) as at the dates indicated:

	As at December 31,	
	2019	2018
	(DKK in millions)	
Assets		
Cash in hand and demand deposits with central banks	99,035	40,997
Due from credit institutions and central banks	105,674	225,600
Trading portfolio assets	495,321	415,818
Investment securities	284,873	276,424
Loans at amortized cost	1,028,011	986,240
Loans at fair value	1,122,048	1,057,340
Assets under pooled schemes and unit-linked investment contracts	111,089	93,988
Assets under insurance contracts	463,816	377,369
Assets held for sale	1,352	60,247
Intangible assets	9,165	11,224
Tax assets	2,987	2,981
Other assets	37,679	30,239
Total assets	3,761,050	3,578,467
Equity and liabilities		
Due to credit institutions and central banks	155,246	248,601
Trading portfolio liabilities	452,202	390,226
Deposits	1,140,726	1,059,119
Issued bonds at fair value	802,501	759,588
Issued bonds at amortized cost	256,355	285,629
Deposits under pooled schemes and unit-linked investment contracts	111,537	97,840
Liabilities under insurance contracts	504,714	417,279
Liabilities in disposal groups held for sale	110	58,467
Tax liabilities	2,172	8,880
Other liabilities	46,191	40,117
Non-preferred senior bonds	87,054	26,353
Subordinated debt	31,733	23,092
Total liabilities	3,590,541	3,415,191
Total equity	170,508	163,276
Total liabilities and equity	3,761,050	3,578,467

Assets

As at December 31, 2019, the Group's total assets amounted to DKK 3,761,050 million, an increase of DKK 182,583 million, or 5.1 percent, as compared to DKK 3,578,467 million as at December 31, 2018. The increase was mainly due to an increase in cash in hand and demand deposits with central banks, trading portfolio assets, loans at amortized cost and assets under insurance contracts, which was partially offset by a decrease in amounts due from credit institutions and central banks and assets held for sale. As at December 31, 2019, total lending was up 3 percent from the level as at December 31, 2018. Lending increased in almost all geographies and across most markets. In Denmark, new gross lending, excluding repo loans, amounted to DKK 72.8 billion as at December 31, 2019, of which lending to retail customers accounted for DKK 28.2 billion.

Liabilities

As at December 31, 2019, the Group's total liabilities amounted to DKK 3,590,541 million, an increase of DKK 175,350 million, or 5.1 percent, as compared to DKK 3,415,191 million as at December 31, 2018. The increase was mainly due to an increase of trading portfolio liabilities, deposits, issued bonds at fair value, liabilities under insurance contracts and non-preferred senior bonds, which was partially offset by a decrease due to credit institutions and central banks, liabilities in disposal groups held for sale, issued bonds at amortized costs, and tax liabilities. As at December 31, 2019, total deposits were up 8 percent from the level as at December 31, 2018. The increase was mainly due to market share increases in Denmark, Norway and Sweden.

Equity

As at December 31, 2019, the Group's total equity amounted to DKK 170,508 million, an increase of DKK 7,232 million, or 4.4 percent, as compared to DKK 163,276 million as at December 31, 2018. The increase was mainly due to an increase in retained earnings and lower proposed dividends, which was partially offset by lower share capital.

The Group's return on average shareholders' equity for the year ended December 31, 2019, was 9.6 percent, as compared to 9.8 percent for the year ended December 31, 2018. The Group's earnings per share for the year ended December 31, 2019, were DKK 16.7, as compared to DKK 16.5 for the year ended December 31, 2018. The increase was mainly due to an increase in net profit.

Cash Flows

The following table sets forth the Group's cash flow data as at the dates and for the years indicated:

	As at and for the year ended December 31,	
	2019	2018
	(DKK in millions)	
Cash flow from operations		
Profit before tax	13,822	19,322
Tax paid	(5,245)	(5,427)
Adjustment for non-cash operating items	10,369	1,997
Total	18,946	15,892
Changes in operating capital		
Amounts due to/from credit institutions and central banks	(96,693)	7,154
Trading portfolio	(17,527)	23,104
Acquisition/sale of own shares and additional tier 1 capital	(278)	(277)
Investment securities	(8,449)	43,615
Loans at amortized cost and fair value	(108,208)	(143,218)
Deposits	81,606	12,262
Issued bonds at amortized cost and fair value	14,533	(117,701)
Assets/liabilities under insurance contracts	988	17,051
Other assets/liabilities	(11,690)	(2,547)
Cash flow from operations	(126,772)	(144,665)
Cash flow from investing activities		
Acquisition/sale of businesses	1,683	(5,000)
Acquisition of intangible assets	(878)	(1,120)
Acquisition of tangible assets	(666)	(549)
Sale of tangible assets	12	10
Cash flow from investing activities	151	(6,659)
Cash flow from financing activities		
Issues of subordinated debt	11,791	4,748
Redemption of subordinated debt	(3,467)	(10,928)
Issues of non-preferred senior bonds	59,808	25,816
Dividends	(7,239)[(2)]	(8,851)
Share buy-back program[(1)]	–	(7,825)
Paid interest on additional tier 1 capital	(787)	(784)
Principal portion of lessee lease payments	(729)	–
Cash flow from financing activities	59,377	2,176
Cash and cash equivalents at January 1	264,836	413,593
Foreign currency translation	2,016	393
Change in cash and cash equivalents	(67,244)	(149,150)
Cash and cash equivalents, end of period	199,608	264,836
Cash and cash equivalents end of period		
Cash in hand	6,235	8,799
Demand deposits with central banks	92,800	32,198
Amounts due from credit institutions and central banks within three months	100,574	223,839
Total	199,608	264,836

Note: The cash flow statement is prepared according to the indirect method. The statement is based on the pre-tax profit for the year and shows the cash flows from operating, investing and financing activities and the increase or decrease in cash and cash equivalents during the year. Cash and cash equivalents consists of cash in hand and demand deposits with central banks as well as amounts due from credit institutions and central banks with an original maturity shorter than three months.
The list of Group holdings and undertakings in note G38 to the 2019 Financial Statements incorporated by reference into this Base Information Memorandum provides information about restrictions on the use of cash flows from Group undertakings.

(1) Shares acquired under the share buy-back program are recognized at settlement date.

(2) In order to support the initiatives aimed at minimizing the economic consequences of the COVID-19 pandemic, the Board of Directors proposed to the General Meeting on April 20, 2020, that no dividends be paid for 2019. The proposal was adopted at the annual General Meeting on June 9, 2020.

Total cash outflow from operations for the year ended December 31, 2019, was DKK 126,772 million, a decrease of DKK 17,893 million, or 12.4 percent, as compared to DKK 144,665 million for the year ended December 31, 2018. The decrease was mainly due to an increased amount of issued bonds at amortized cost and fair value.

Total cash inflow from investing activities for the year ended December 31, 2019, was DKK 151 million, a change of DKK 6,810 million as compared to a cash outflow from investing activities of DKK 6,659 million for the year ended December 31, 2018. The change was mainly due to the acquisition of SEB Pension Danmark affecting the 2018 acquisition/sale of businesses figure.

Total cash inflow from financing activities for the year ended December 31, 2019, was DKK 59,377 million, an increase of DKK 57,201 million as compared to DKK 2,176 million for the year ended December 31, 2018. The increase was mainly due to an increase in the issue of non-preferred senior bonds.

Contingent Liabilities

Contingent liabilities consist of possible obligations arising from past events. The existence of such obligations will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. Further, contingent liabilities consist of present obligations arising from past events, for which it is either not probable that the obligation will result in an outflow of financial resources, or it is not possible to reliably estimate the amount of the obligation.

A contingent liability is not recognized in the financial statements but is disclosed, unless the possibility of an outflow of financial resources is remote, in which case it is not disclosed.

From 2018, loan commitments and guarantees are subject to the ECL impairment model in IFRS 9. For further information, see note G15 to the 2019 Financial Statements incorporated by reference into this Base Information Memorandum.

The following table sets forth the Group's guarantees and commitments as at the dates indicated:

	As at December 31,		
	2020	**2019**	**2018**
	(DKK in millions)		
Guarantees			
Financial guarantees	6,708	4,661	6,513
Other guarantees	65,108	64,403	77,204
Total	71,816	69,064	83,717
Commitments			
Loan commitments shorter than 1 year	276,413	204,610	183,767
Loan commitments longer than 1 year	198,830	174,211	161,350
Other unutilized loan commitments	18,995	25,760(1)	282
Total	494,239	404,581	345,399

(1) In the 2020 Financial Statements incorporated by reference into this Base Information Memorandum, other unutilized commitments as at December 31, 2019, was restated to include investment commitments in Danica Pension of DKK 25,477 million. The corresponding figure as at December 31, 2018, was not restated. As at December 31, 2020, the investment commitments in Danica Pension amounted to DKK 18,822 million.

In addition to credit exposure from lending activities, loan offers made and uncommitted lines of credit granted by the Group amounted to DKK 242 billon as at December 31, 2020, DKK 213 billion as at December 31, 2019, and DKK 205 billion as at December 31, 2018. These items are included in the calculation of the total REA in accordance with the CRR.

The Group remains in dialogue with authorities regarding the terminated non-resident portfolio at the Bank's Estonian branch. This includes criminal and regulatory investigations by authorities in Estonia, Denmark, France and the United States. The Bank continues to cooperate with all authorities. The overall timing of the authorities' investigations remains unknown and is not within the Bank's control. As at the date of this Base Information Memorandum, it is not possible to reliably estimate the timing or amount of potential settlement or fines, which could be material.

For further information on the AML matters related to the Bank's Estonian branch, see "*Description of the Group—Legal and Arbitration Proceedings*."

Owing to its business volume, Danske Bank is continually a party to various other lawsuits and disputes and has an ongoing dialogue with public authorities, such as the DFSA on other matters. On November 14, 2019, Danske Bank was preliminarily charged by SØIK for violating the Danish Executive Order on Investor Protection in connection with the Flexinvest Fri Matter. Danske Bank has cooperated fully with SØIK and in November 2020, accepted a fine of DKK 9 million after which the matter has been closed. In general, Danske Bank does not expect the outcomes of any of these other pending lawsuits and disputes or its dialogue with public authorities to have any material effect on its financial position. Provisions for litigations are included in other liabilities (for further information, see note G24 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum). For additional information, see "*Description of the Group—Legal and Arbitration Proceedings*."

A limited number of employees are employed under terms which, if they are dismissed before reaching their normal retirement age, grant them a severance and/or pension payment in excess of their entitlement under ordinary terms of employment. As the sponsoring employer, the Group is also liable for the pension obligations of a number of company pension funds.

The Group participates in the Danish Guarantee Fund for Depositors and Investors (the "**Danish Guarantee Fund**") (pursuant to which Danish credit institutions undertake to cover losses incurred on covered deposits held with distressed credit institutions) and the Danish resolution fund. The funds' capital must amount to at least 0.8 percent and 1 percent, respectively, of the covered deposits of all Danish credit institutions by December 31, 2024. The Danish Guarantee Fund is currently fully funded, but if the fund subsequently does not have sufficient means to make the required payments, extraordinary contributions of up to 0.5 percent of the individual institution's covered deposits may be required. Extraordinary contributions above this percentage require the consent of the DFSA. The first contribution to the Danish resolution fund was made in December 2015. The Bank and Realkredit Danmark make contributions to the Danish resolution fund on the basis of their size and risk relative to other credit institutions in Denmark. The contribution to the Danish resolution fund is recognized as operating expenses.

If the Danish resolution fund does not have sufficient means to make the required payments, extraordinary contributions of up to three times the latest annual contributions may be required. In addition, Danish banks participate in the Danish restructuring fund, which reimburses creditors if the final dividend is lower than the interim dividend in respect of banks that were in distress before June 1, 2015. Similarly, Danish banks have made payment commitments (totaling DKK 1 billion) to cover losses incurred by the Danish restructuring fund for the withdrawal of distressed banks from data centers, etc. Payments to the Danish restructuring fund are calculated on the basis of the individual credit institution's share of covered deposits relative to other credit institutions in Denmark. However, each institution's contribution to the Danish restructuring fund may not exceed 0.2 percent of its covered deposits.

The Group is a member of deposit guarantee schemes and other compensation schemes in Norway, the U.K. and Luxembourg. As in Denmark, the contributions to the schemes in these countries are annual contributions combined with extraordinary contributions if the means of the schemes are not sufficient to cover the required payments.

The Bank is taxed jointly with all Danish entities of the Group and is jointly and severally liable with these for payment of Danish corporate tax, withholding tax and similar taxes.

The Bank is registered jointly with all significant Danish entities in the Group for financial services employer tax and value added tax, for which the Bank and the entities are jointly and severally liable.

Funding and Liquidity

Funding

The Group monitors its funding mix to ensure that it is well-diversified in terms of funding sources, maturities and currencies. A diverse range of funding sources is intended to provide protection against market disruptions.

The following table sets forth the contribution of the Group's funding sources to its total funding (excluding funding in the form of mortgage bonds issued by Realkredit Danmark) as at the dates indicated:

	As at December 31,		
	2020	**2019**	**2018**
		(restated)(1)	
		(percent)	
Funding sources by type of liability			
Central banks/credit institutions	6	6	9
Repo transactions	(2)	(7)	(4)
Short-term bonds	1	1	1
Long-term bonds	9	10	8
Other covered bonds	13	15	15
Deposits (business)	39	36	33
Deposits (personal)	24	28	26
Subordinated debt	1	2	1
Shareholders' equity	8	11	10
Total	100	100	100

(1) The figures as at December 31, 2019 and 2018, have been restated to include repo transactions at fair value.

The following table sets forth a breakdown of the Group's total funding (excluding funding in the form of mortgage bonds issued by Realkredit Danmark) by currency as at the dates indicated:

	As at December 31,		
	2020	2019	2018
		(restated)[(1)]	
		(percent)	
Funding sources by currency			
DKK	28	31	33
EUR	31	32	31
USD	12	14	15
SEK	13	8	7
GBP	6	5	5
Other	10	9	8
Total	100	100	100

(1) The figures as at December 31, 2019 and 2018, have been restated to include repo transactions at fair value.

The Group's funding need arises mainly from its lending activities. In addition to senior unsecured bonds and the bonds issued by Realkredit Danmark, the Group issues covered bonds based on multiple cover pools of mortgages in Denmark, Sweden, Norway and Finland.

The Group's strategy is to secure more funding directly in its main lending currencies, including Norwegian Kroner and Swedish Kronor, but it will also utilize central bank facilities to obtain funding in the most cost-efficient manner. The Group plans for regular issues in the euro benchmark format in covered bonds, senior and non-preferred senior bonds as well as issues in the domestic U.S. dollar market for senior and non-preferred senior bonds in the Rule 144A format. The benchmark issues are expected to be supplemented by private placements of bonds. From time to time, the Group will issue in British pound sterling, Japanese yen, Swiss franc and other currencies when market conditions allow. Issuance plans for subordinated debt in either the additional tier 1 or tier 2 formats will depend on the growth of the Group's balance sheet and redemptions on the one side, and the Group's capital targets on the other. Any issuance of subordinated debt may cover part of the Group's funding need.

On the back of strong economic growth, monetary policy was tightened in the United States in 2018 with interest rate increases and a reversal of quantitative easing. In Europe, many eurozone economies remained weak. At the end of 2018, quantitative easing from the ECB came to an end, and other central banks made similar moves. Liquidity, therefore, became less abundant, and the supply of wholesale deposits weakened.

In addition, the investigation of the non-resident portfolio at the Bank's Estonian branch and the subsequent downgrade of some of the Bank's ratings resulted in higher credit risk premiums and, therefore, narrowed funding opportunities somewhat for unsecured instruments. For secured instruments, the effect was insignificant.

During 2018, the Group's LCR was gradually reduced as both short-term funding and the corresponding liquidity reserves were reduced. Towards the end of 2018, the LCR stabilized, and was 121 percent as at December 31, 2018. This LCR level is based primarily on core stable funding elements such as retail and corporate deposits supplemented by long-term funding. During 2018, the Group issued preferred senior bonds of DKK 3.5 billion, non-preferred senior bonds of DKK 26.1 billion, covered bonds of DKK 34.9 billion, and additional tier 1 bonds of DKK 4.8 billion, bringing total new long-term wholesale funding to DKK 69.3 billion.

The AML matters related to the Bank's Estonian branch combined with generally turbulent market conditions created a challenging market environment for Danske Bank in the last months of 2018 and into 2019. However, during the first quarter of 2019, Danske Bank demonstrated full access to all funding markets, though at significantly higher spreads which negatively affected the Bank's funding cost. The spreads improved gradually but significantly during 2019. Renewed doubts about the general economy meant a change in the prevailing trends for monetary policy in 2019, from a tightening bias toward renewed easing.

At the end of 2019, the Group's LCR stood at 140 percent compared to 121 percent at the end of 2018. During 2019, the Group issued non-preferred senior bonds of DKK 59.9 billion, senior debt of DKK 2.2 billion, covered bonds of DKK 25.8 billion and tier 2 capital of DKK 11.9 billion, bringing total long-term wholesale funding to DKK 99.8 billion.

The COVID-19 pandemic continued to impact the market for credit in 2020, though credit markets generally improved considerably in the second half of the year as compared to the first half.

At the end of 2020, the Group's LCR stood at 154 percent compared to 140 percent at the end of 2019. During 2020, the Group issued non-preferred senior bonds of DKK 23.7 billion, senior debt of DKK 19.9 billion, covered bonds of DKK 31.4 billion and tier 2 capital of DKK 3.7 billion, bringing total long-term wholesale funding to DKK 78.7 billion.

The Danish Mortgage Finance System

All loans provided by Realkredit Danmark are match-funded. As at December 31, 2020, Realkredit Danmark had outstanding mortgage bonds with a total nominal value of DKK 854 billion, as compared to DKK 886 billion as at December 31, 2019, and a total market value of DKK 882 billion, as compared to DKK 910 billion as at December 31, 2019. After elimination of mortgage bonds held for its own account, the total market value of the mortgage bonds in the Group's account was DKK 776 billion as at December 31, 2020, as compared to DKK 796 billion as at December 31, 2019.

Realkredit Danmark's operations are primarily governed by the Danish Act on Mortgage-Credit Loans and Mortgage-Credit Bonds etc. (Consolidated Act No. 1261 of November 15, 2010, as amended, the "**Danish Mortgage Credit Act**"). The Danish Mortgage Credit Act sets forth, among other things, requirements as to the way in which issuers (mortgage banks) may fund mortgage lending, defines limits for the size of a loan, repayment profiles, currency, interest-rate and liquidity risks and sets forth issuer capital adequacy requirements.

In accordance with the Danish Mortgage Credit Act, mortgage loans are match-funded through the issuance of mortgage bonds according to the so-called balance principle that is designed to mitigate market risk on the balance sheet of mortgage banks. The Danish Mortgage Credit Act allows mortgage banks to apply either the specific balance principle or the general balance principle that provides additional flexibility regarding the tests that the mortgage bank must pass with respect to its mortgage bonds.

Realkredit Danmark applies the specific balance principle that requires a mortgage bank to balance payments on its loan portfolio and funds related to its lending activities against payments on its funding portfolio within narrow limits. Compliance with the specific balance principle is embedded in all of Realkredit Danmark's lending and funding products. Differences in the number of payments per annum may lead to imbalances in payments on lending and funding. However, Realkredit Danmark's lending and funding products are designed so that payments from the borrowers always fall due prior to payments to the bondholders. Consequently, the imbalances result in a liquidity surplus and are, thus, in compliance with the specific balance principle. The refinancing risk of Realkredit Danmark is generally limited, however, the refinancing risk for failed auctions related to adjustable rate mortgages / floating rate bonds lies with Realkredit Danmark pursuant to the Danish Mortgage Credit Act.

Realkredit Danmark employs a pure pass-through principle when funding callable and index-linked loans. The pure pass-through principle means that, for example, 30-year annuity loans are funded by the issue of bonds in a 30-year annuity bond series. By employing the pass-through principle, all prepayment risk is passed onto investors. Payments on bonds in specific identity codes are directly and unambiguously linked to payments on specific pools of loans. Each issue, however, is secured by the whole collateral pool.

Realkredit Danmark's product FlexLån® employs more flexible funding principles while still complying with the specific balance principle. FlexLån® products may have a bullet maturity or be repaid according to the serial or annuity principle. The interest rate of FlexLån® may be fixed for a period of one to ten years and the term to maturity may vary from one to 30 years. However, all FlexLån® products are funded in a single portfolio of bullet bonds with terms to maturity from one to ten years to be refinanced upon maturity, and in the scenario of a refinancing failure, the bullet bonds may be extended by 12 months successively. The portfolio of bullet bonds is designed to automatically comply with the specific balance principle. Similar funding principles apply to other floating rate mortgages.

Liquidity Requirements

The CRR as well as the CRD IV Directive and the CRD V Directive establish a consistent and integrated regulatory framework for many aspects of bank management, including liquidity, and will provide a homogeneous standard under a unified set of prudential rules. Since October 1, 2015, the Group has been required to comply with a LCR requirement as defined by the new EU standards under the CRR and the CRD IV Directive. The LCR stipulates that financial institutions must have a liquidity reserve in excess of projected net outflows during a severe stress scenario lasting 30 calendar days.

By supervisory decision, Danish systemically important financial institutions ("**SIFIs**") are subject to currency-specific liquidity requirements. The requirements apply individually and only for currencies that are significant to the individual bank. For the Bank, these currencies are U.S. dollars and euro. Although also significant, Norwegian Kroner and Swedish Kronor are currently not subject to such requirements due to a high degree of interchangeability for Danish Krone, Norwegian Krone and Swedish Krona assets.

The EU Banking Reform Package, including all risk reduction measures such as the NSFR, was adopted by the Council of the EU on May 14, 2019. The legislation entered into force on June 27, 2019, and the NSFR became a regulatory requirement on June 28, 2021. The NSFR is a balance sheet based funding and liquidity measure with a time horizon of one year. It seeks to ensure a balance between a bank's asset side commitments and the stability of its funding. It uses a scoring mechanism for assets and liabilities and calculates an aggregate "stability score" for liabilities (maturities over one year and equity are preferred) and a "liquidity score" for assets. The less liquid the assets are, the more stable the funding must be. The Group has monitored the components of the NSFR since 2013. At the end of 2020, the NSFR was 130.8 percent for the Group and 125.7 percent for the Bank.

The following table sets forth certain information with respect to the Group's and the Bank's LCR as at the dates indicated:

	As at December 31,			
	2020		2019	
	Group[(1)]	Bank	Group[(1)]	Bank
	(DKK in billions, unless otherwise indicated)			
HQLA level 1	695	607	416	345
HQLA level 2	14	14	18	16
Limits due to cap	–	–	–	–
A – liquid assets total	710	621	432	361
Customer deposits[(2)]	202	194	124	120
Market funding[(3)]	146	141	144	139
Other cash outflows[(4)]	177	182	133	133
B – cash outflows total	525	517	401	391
Lending to non-financial customers	5	4	2	1
Other cash inflows	58	63	91	89
C – cash inflows total	62	67	93	90
Liquidity coverage ratio (A / (B - C)), percent	154	138	140	120

(1) Includes Realkredit Danmark.
(2) Includes retail deposits, operational deposits, correspondent banking/prime brokerage accounts and non-operational deposits covered by deposit guarantees.
(3) Includes non-operational deposits, unsecured debt issuances and secured funding.
(4) Includes Realkredit Danmark's additional outflow requirement, which is equal to 2.5 percent of lending.

The DFSA's supervisory benchmark for liquidity (the "**Supervisory Diamond**") provides guidelines to financial institutions on what the DFSA consider prudent policy. In practice, these guidelines are binding. The Supervisory Diamond contains five requirements. The requirement for liquidity resembles the LCR requirement; however, it covers 90 days and there are certain criteria that are different from those for the LCR. For additional information on the Supervisory Diamond, see "*The Danish Banking System and Regulation—The Adopted EU Banking Reform Includes Changes to the CRR and the CRD IV Directive*."

For additional information on the Group's liquidity, see "*Selected Statistical Data and Other Information*," "*Risk Management—Liquidity Risk*" and "*The Danish Banking System and Regulation*."

Liquidity Risk Management

At the Group level, internal liquidity management is based on the monitoring and management of short- and long-term liquidity risks. Liquidity indicators are important in daily liquidity management, indicating potential liquidity challenges. The indicators are monitored by various functions across the Group, depending on the type of indicator. Realkredit Danmark and the Danica Pension Group manage their liquidity separately but they are subject to coordination at the Group level. They are therefore only included in the Group's general liquidity reporting insofar as it is relevant from a Group perspective. At Realkredit Danmark, the financing of mortgage loans through the issuance of listed mortgage bonds with matching conditions has minimized Realkredit Danmark's liquidity risk in all material respects (see "*—The Danish Mortgage Finance System*" above). The Danica Pension Group's balance sheet contains long-term life insurance liabilities and assets, most of which are invested in easily marketable bonds and shares. Both companies are subject to statutory limits on their exposures to the Bank. The Group's LCR reserve was DKK 710 billion as at December 31, 2020. For additional information on the Group's liquidity risk management, see "*Risk Management—Liquidity Risk.*"

Derivative Instruments

The Group's activities in the financial markets include trading in derivatives. Derivatives are financial instruments whose value depends on the value of an underlying instrument or index, for example. Derivatives can be used to manage market risk exposure, for example. The Group trades a considerable volume of the most commonly used interest rate, currency and equity derivatives, including:

- swaps;
- forwards and futures; and
- options.

The Group trades a limited number of swaps whose value depends on developments in specific credit or commodity risks, or inflation indices.

The Group trades derivatives as part of servicing customers' needs as individual transactions or as integral parts of other services, such as the issuance of bonds with yields that depend on developments in equity or currency indices. The Group also uses derivatives to manage the Group's own exposure to foreign exchange, interest rate, equity market and credit risks. For additional information on the Group's risk management, see "*Risk Management*." C&I is responsible for the day-to-day management and hedging of the Group's market risks.

Derivatives are recognized and measured at fair value. Some of the Group's loans, deposits, issued bonds and certain other instruments in the Group's banking units and Group Treasury carry fixed rates. Generally, such fixed-rate items are recognized at amortized cost. Further, the Group classifies certain bonds as 'hold to collect and sell' financial assets. Unrealized value adjustments of such bonds are recognized in other comprehensive income. The Group uses fair value hedge accounting if the interest rate risk on fixed-rate financial assets and liabilities or bonds measured at FVOCI is hedged by derivatives.

The Group manages the fixed interest rate risk on financial assets and liabilities measured at amortized cost as a combination of economic hedges (matching of interest rate risk from assets and liabilities at amortized cost across the Group's banking units) and hedges using interest rate swaps. Group Treasury is responsible for the risk management of the interest rate risk (the so-called interest rate risk in the banking book). In the risk management process, economic hedges are established and/or identified. This includes the acquisition of 'hold to collect' fixed interest rate bonds in Group Treasury and the identification of fixed-rate loans extended by the Group's banking units to hedge the fixed interest rate risk on liabilities (including core demand deposits). Interest rate risk on fixed-rate liabilities (such as long dated funding via bond issuance) is generally hedged by interest rate swaps and the interest rate risk on certain fixed-rate assets can be hedged using derivatives as well.

When the Group uses swaps to hedge the fixed interest rate risk on financial instruments, the Group applies fair value hedge accounting using the option in IFRS 9 to continue to apply the fair value hedge accounting provisions in IAS 39. Fair value hedge accounting can be applied if changes in the fair value of the hedging swaps are expected to be effective in offsetting changes in the fair value of the hedged fixed interest rate risk. This requires (1) a formal designation and documentation of the hedging relationship, including a risk management objective and strategy for the hedge, (2) that the hedge is expected to be highly effective in achieving offsetting changes in fair value of the hedged interest rate risk, (3) the effectiveness of the hedge can be reliably measured and (4) the hedge on an ongoing basis has proven to be effective in actually offsetting of changes in fair value. With effective hedging, the hedged interest rate risk on hedged assets and liabilities is measured at fair value and recognized as a value adjustment of the hedged items. Value adjustments on the hedged item and the hedging swaps are presented in the income statement under Net trading income or loss. Any ineffective portion of a hedge that lies within the range for effective hedging is therefore also included under Net trading income or loss.

The interest rate is considered fixed if the interest rate resets to a reference rate with a term longer than three months. Once a financial instrument has been designated as a hedged item it will remain as hedged item for the life of the instrument. For hedged assets and liabilities to which a fixed rate of interest applies for a specified period of time starting at the commencement date of the agreement, future interest payments are split into basis interest and a customer margin and into periods of time. By entering into swaps or forwards with matching payment profiles in the same currencies and for the same periods, the Group hedges the risk at portfolio level from the commencement date of the hedged items. The fair values of the hedged interest rate risk and the hedging derivatives are measured at frequent intervals to ensure that changes in the fair value of the hedged interest rate risk lie within a band of 80–125 percent of the changes in the fair value of the hedging derivatives. Portfolios of hedging derivatives are adjusted if necessary. At least on a weekly basis, the need for adjustments is assessed.

The primary reasons for changes in the fair value of fixed interest rate financial assets are changes in the interest rate risk and the credit risk.

Hedge ineffectiveness relates to the fact that fair value changes to hedged items are measured based on the interest rate curve relevant for each hedged item while the fair value of the fixed legs of the hedging derivatives are measured based on a swap curve. Further, the adjustment of the portfolios of hedging derivatives to changes in hedged positions is not done instantly, and, therefore, some hedge ineffectiveness can exist.

The ongoing interest rate benchmark reform will replace existing benchmark IBORs with alternative risk-free rates. At the beginning of 2019, the Group formally established an IBOR Transition Program, the main objectives being to identify how the IBOR transition will affect the Group financially and operationally and to, for example, recommend the best implementation of the transition, mitigate risks and implement changes in contractual relationships. The calculation methodology behind EURIBOR has been amended and is now recognized as being fully compliant with the EU Benchmark Regulation. Further, the Bank expects that EURIBOR will continue in the foreseeable future and sees no need for contractual changes. The Bank also expects CIBOR, NIBOR and STIBOR to continue in the foreseeable future. LIBOR is expected to discontinue after 2021. However, it is possible that LIBOR rates could continue to be published after 2021. In the second half of 2020, euro- and U.S. dollar-denominated swaps cleared on a CCP have been converted to, respectively, ESTR and SOFR discounting. Changes to the contractual terms for a transition of LIBOR to new risk free rates have not started. It is a top priority for the Group to conduct the transition in a timely and orderly manner that is transparent and fair to its customers.

In 2019, the IASB issued amendments to IAS 39 (interest rate benchmark reform phase I), providing relief from some of the effectiveness requirements. For the purpose of the expected effectiveness, it is assumed that the benchmark reform will not alter the cash flows. Further, a hedge will not disqualify if the actual result of the hedge falls outside the band of 80–125 percent, if the other requirements for applying hedge accounting are fulfilled. The relief covers the period during which uncertainty on the timing and the amount of the amended or replaced reference rates exists. Based on this, the current uncertainty in relation to reference rates that have not yet been amended or replaced does not have an impact on the Group's ability to use fair value hedge accounting on existing hedging relationships.

The following table sets forth the Group's hedging derivatives and the hedged fixed interest rate financial instruments, including a breakdown of the hedging derivatives as at the dates indicated by the major reference rates as considered above as at the dates and for the years indicated. The reliefs provided in the amendments to IAS 39 by the IASB are used on hedging relationships covering fair value changes on interest rate risk on LIBOR and the reference rates on the Scandinavian markets while the uncertainty of future cash flows related to the reform of EURIBOR, subsequent to the amendment of the calculation method, is less significant.

	Nominal amount	Carrying amount		Changes in fair value used for calculating hedge in-effectiveness
		Assets	Liabilities	
		(DKK in millions)		
Interest rate swaps as at and for the year ended December 31, 2020				
CIBOR	7,479			
STIBOR	89,232			
NIBOR	13,705			
EURIBOR	240,788			
LIBOR	85,649			
Other	32,014			
Total	468,868	14,238	3,384	1,219
Interest rate swaps as at and for the year ended December 31, 2019				
CIBOR	8,194			
STIBOR	77,119			
NIBOR	48,829			
EURIBOR	256,643			
LIBOR	85,848			
Other	39,378			
Total	516,012	9,822	2,140	1,594

The following table sets forth the profile of the timing of the nominal amount of the Group's hedging derivatives as at the dates indicated:

	As at December 31,	
	2020	2019
	(DKK in millions)	
Less than 12 months	72,510	161,453
1–5 years	353,853	329,171
More than five years	42,505	25,388
Total	468,868	516,012

The following table sets forth the Group's hedged fixed interest rate financial instruments as at the dates and for the years indicated:

	Carrying amount of hedged items		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Changes in fair value used for calculating hedge in-effectiveness
	Assets	Liabilities	Assets	Liabilities	
	(DKK in millions)				
As at and for the year ended December 31, 2020					
Amounts due from credit institutions	308		6		6
Loans	29,949		2,199		626
Bonds 'held to collect and sell'	1,251		116		(13)
Amounts due to credit institutions		5,073		8	27
Deposits		1,994		–	–
Issued bonds		214,797		5,679	(356)
Non-preferred senior debt		96,905		2,799	(1,463)
Subordinated debt		22,556		436	(59)
Total	31,507	341,325	2,321	8,923	(1,232)
As at and for the year ended December 31, 2019					
Amounts due from credit institutions	569		–		(2)
Loans	40,318		1,677		215
Bonds 'held to collect and sell'	1,518		129		(10)
Amounts due to credit institutions		21,825		36	(13)
Deposits		2,248		–	–
Issued bonds		248,029		5,275	(685)
Non-preferred senior debt		87,054		1,336	(1,049)
Subordinated debt		21,928		377	(44)
Total	42,406	381,083	1,806	7,023	(1,589)
Hedge ineffectiveness recognized in the income statement for the year ended December 31, 2020					(13)
Hedge ineffectiveness recognized in the income statement for the year ended December 31, 2019					5

The following tables set forth certain information regarding currency contracts, interest rate contracts, equity contracts and credit derivatives of the Group as at the dates indicated:

	As at December 31, 2020		
	Notional amount	Positive fair value	Negative fair value
	(DKK in millions)		
Currency contracts			
Forwards and swaps	6,966,893	118,517	134,309
Options	221,186	1,243	1,402
Interest rate contracts			
Forwards/swaps/forward rate agreements ("**FRAs**")	41,339,985	179,178	165,982
Options	4,053,292	61,041	56,348
Equity contracts			
Forwards	190,702	2,176	1,813
Options	116,239	2,748	3,327
Other contracts			
Commodity contracts	2,056	95	92
Credit derivatives bought	2,552	239	94
Credit derivatives sold	2,396	91	233
Total derivatives held for trading purposes		365,327	363,601
Hedging derivatives			
Currency contracts	36,403	175	58
Interest rate contracts	432,465	14,063	3,327
Total derivatives		379,566	366,985

Note: Positive and negative fair values of derivatives are offset if certain criteria are fulfilled. For more information, see note G31 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

	As at December 31, 2019		
	Notional amount	Positive fair value	Negative fair value
		(DKK in millions)	
Currency contracts			
Forwards and swaps	6,870,656	63,530	89,231
Options	121,710	416	465
Interest rate contracts			
Forwards/swaps/FRAs	48,341,153	162,897	152,924
Options	4,333,458	52,416	49,857
Equity contracts			
Forwards	164,516	851	429
Options	196,937	3,680	4,195
Other contracts			
Commodity contracts	1,318	131	137
Credit derivatives bought	2,591	78	240
Credit derivatives sold	2,249	160	75
Total derivatives held for trading purposes		284,159	297,554
Hedging derivatives			
Currency contracts	42,148	440	77
Interest rate contracts	473,864	9,381	2,063
Total derivatives		293,980	299,695

Note: Positive and negative fair values of derivatives are offset if certain criteria are fulfilled. For more information, see note G31 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

	As at December 31, 2018		
	Notional amount	Positive fair value	Negative fair value
		(DKK in millions)	
Currency contracts			
Forwards and swaps	8,052,099	77,091	95,426
Options	134,716	868	875
Interest rate contracts			
Forwards/swaps/FRAs	23,760,853	123,338	109,505
Options	3,267,783	28,267	26,716
Equity contracts			
Forwards	162,809	2,225	2,443
Options	135,822	3,825	3,650
Other contracts			
Commodity contracts	3,963	312	318
Credit derivatives bought	2,108	374	20
Credit derivatives sold	1,992	13	367
Total derivatives held for trading purposes		236,315	239,319
Hedging derivatives			
Currency contracts	55,827	123	90
Interest rate contracts	398,908	7,835	1,582
Total derivatives		244,274	240,992

Note: Positive and negative fair values of derivatives are offset if certain criteria are fulfilled. For more information, see note G31 to the 2019 Financial Statements incorporated by reference into this Base Information Memorandum.

Credit Exposure

As at December 31, 2020, the Group's net credit exposure totaled DKK 4,619 billion, as compared to DKK 4,178 billion as at December 31, 2019 (restated. In the 2020 Financial Statements incorporated by reference into this Base Information Memorandum, net credit exposure as at December 31, 2019, was restated to include investment commitments in Danica Pension of DKK 25.5 billion. The corresponding figure as at December 31, 2018, was not restated.). As at December 31, 2019, the Group's net credit exposure totaled DKK 4,153 billion (not restated), as compared to DKK 3,894 billion as at December 31, 2018. Exposure from trading and investment activities amounted to DKK 1,239 billion as at December 31, 2020, as compared to DKK 1,124 billion as at December 31, 2019, and DKK 1,012 billion as at December 31, 2018. Exposure from lending activities in core activities amounted to DKK 2,728 billion as at December 31, 2020, as compared to DKK 2,444 billion as at December 31, 2019, and DKK 2,392 billion as at December 31, 2018. As at December 31, 2020, home loans to personal customers in core activities accounted for 30 percent of the exposure from lending activities, as compared to 33 percent as at December 31, 2019, and 33 percent as at December 31, 2018.

For additional information on the Group's credit exposure, see "*Risk Management*."

Capital and Solvency

General

The Bank is a licensed financial services provider and must therefore comply with the capital requirements of the CRR and the Danish Financial Business Act. The applicable Danish regulation is based on the implementation of the CRD IV Directive and the CRD V Directive and applies to both the Bank and the Group. Similarly, the Bank's financial subsidiaries in and outside Denmark must comply with local capital requirements. The Group's capital management policies and practices are based on the Internal Capital Adequacy Assessment Process (the "**ICAAP**").

Total Capital

The Group's total capital consists of tier 1 capital (share capital and additional tier 1 capital after deductions) and tier 2 capital (subordinated loan capital after deductions). Starting with total equity under IFRS, the Group makes a number of adjustments in order to determine its CET1 capital. The Group's CET1 capital is based on the carrying amount of shareholders' equity corrected for equity-accounted additional tier 1 capital and adjusted with the following main deductions: adjustments to eligible capital instruments; prudential filters; proposed dividends; intangible assets of banking operations, including goodwill; deferred tax assets that rely on future profitability; defined benefit pension fund assets; statutory deductions for insurance subsidiaries, etc.; and reversal of the effect of IFRS 9 (ECLs) implementation due to transitional rules.

The Group's additional tier 1 capital and tier 2 capital may, subject to certain conditions, be included in total capital. The conditions are described in the CRR. Until the requirements of the CRR are fully phased in, transitional rules apply to instruments that do not qualify for inclusion according to the CRR.

The following table sets forth certain information on the Group's total capital and capital ratios as at the dates indicated:

	As at December 31,		
	2020	2019	2018
	(DKK in millions, unless otherwise indicated)		
Total equity	168,679	170,508	163,276
Adjustment to total equity	159	234	237
Total equity calculated according to the rules of the DFSA	168,836	170,741	163,513
Additional tier 1 instruments included in total equity	(8,415)	(14,070)	(14,133)
Adjustments for accrued interest and tax effect on additional tier 1 capital	(93)	(130)	(130)
CET1 instruments	160,329	156,541	149,250
Deductions from CET1 capital	(16,602)	(23,878)	(22,423)
Portion from intangible assets	(5,354)	(6,339)	(7,466)
Portion from statutory deductions for insurance subsidiaries	(8,992)	(8,439)	(5,987)
CET1 capital	143,727	132,664	126,827
Additional tier 1 capital	17,282	23,944	23,677
Tier 1 capital	161,009	156,608	150,505
Tier 2 instruments	19,108	17,598	9,161
Total capital	180,117	174,206	159,666
Total REA	784,184	767,177	748,104
Common equity tier 1 capital ratio, percent	18.3	17.3	17.0
Tier 1 capital ratio, percent	20.5	20.4	20.1
Total capital ratio, percent	23.0	22.7	21.3

Note: The figures as at December 31, 2020, 2019 and 2018, reflect the Group's capital subject to the transitional rules of the CRR (including the phase-in of IFRS 9) as at December 31, 2020, 2019 and 2018, respectively.

Total capital and the total REA are calculated in accordance with the rules applicable under the CRR, taking transitional rules into account as stipulated by the DFSA.

The impact of IFRS 9 on regulatory capital is subject to a five-year phase-in period, whereby an institution is allowed to include in its CET1 capital a portion of the increased ECL provisions for a transition period. The IFRS 9 transitional arrangements, as stipulated in the CRR, were extended by two years from 2023 to 2025 in the light of the COVID-19 pandemic. In addition, institutions were allowed to fully add back to their CET1 capital any increase in new ECL provisions recognized in 2020 and 2021 for financial assets that are not credit-impaired. The transition method applied for the Group is based on a so-called dynamic approach taking into account both the initial impact and the evolution of the new ECL provisions during the transition period.

During 2020, the Bank issued one tier 2 capital instrument (on September 2). The instrument issued had a nominal value of EUR 500 million (DKK 3,720.6 million (currency exchange rate of DKK 7.4412 per EUR 1)). The Group redeemed two tier 2 capital instruments in 2020 (on December 9 and December 18). The instruments had nominal values of DKK 1,150 million and CHF 150 million (DKK 1,029.0 million (currency exchange rate of CHF 6.8597 per DKK 1)), respectively. During the first five months of 2021, the Bank issued one tier 2 capital instrument (on February 15) and one additional tier 1 instrument (on May 18). The tier 2 instrument issued had a nominal value of EUR 750 million (DKK 5,577 million (currency exchange rate of DKK 7.4366 per EUR 1)) and the additional tier 1 instrument had a nominal value of USD 750 million (DKK 4,563 million (currency exchange rate of DKK 6.0844 per USD 1)). The Group redeemed one tier 2 instrument in the first five months of 2021 (on May 19). The instrument had a nominal value of EUR 500 million (DKK 3,718 million (currency exchange rate of DKK 7.436 per EUR 1)).

Total Capital Requirements

General

The regulatory minimum capital requirement under Pillar I of the CRR is defined as 8 percent of the REAs for credit risk, counterparty credit risk, market risk and operational risk. In addition, there is a combined buffer requirement.

The following table sets forth the Group's capital ratios and requirements as at the dates indicated and fully phased in:

	As at December 31, 2020	**Fully phased in[(1)]**
	(percentage of total REA)	
Capital ratios		
CET1 capital ratio	18.3	18.0
Total capital ratio	23.0	22.6
Capital requirements (including buffers)[(2)]		
Minimum CET1 capital requirement (Pillar I)	4.5	4.5
Capital add-on to be met with CET1 capital (Pillar II)	3.1	3.1
Combined buffer requirement	5.6	5.6
Portion from countercyclical capital buffer	0.1	0.1
Portion from capital conservation buffer	2.5	2.5
Portion from SIFI buffer	3.0	3.0
CET1 capital requirement	13.2	13.2
Minimum capital requirement (Pillar I)	8.0	8.0
Capital add-on (Pillar II)	4.6	4.6
Combined buffer requirement	5.6	5.6
Total capital requirement	18.2	18.2
Excess capital		
CET1 capital	5.1	4.7
Total capital	4.8	4.4

(1) Based on fully phased-in CRR, CRD IV Directive and CRD V Directive rules and requirements.

(2) The total capital requirement consists of the solvency need and the combined buffer requirement. The fully phased-in countercyclical capital buffer is based on the buffer rates announced at the end of 2020.

In collaboration with other national financial supervisory authorities, the DFSA has approved Danske Bank's use of the advanced internal ratings-based ("**A-IRB**") approach for the calculation of credit risk. The Group uses an internal VaR model for both market risk on items in the trading book and for foreign exchange risk on items outside the trading book. For the calculation of operational risk, the Group uses the standardized approach.

The DFSA has granted the Group an exemption from the A-IRB approach for, *inter alia*, exposures to government bonds and equities. The exemption also applies to exposures at the legal entities of Danske Bank Limited (Northern Ireland) and Danske Bank International (Luxembourg) and to retail exposures at Danske Bank Ireland. For these exposures, the Group currently uses the standardized approach.

In December 2016, the Group received permission to calculate the REA for exposures registered in Danske Bank Plc (Finland) according to the internal ratings-based ("**IRB**") approach for the retail asset class and according to the foundation internal ratings-based approach for the institution asset class. Implementation took place in the first quarter of 2017.

As part of the EBA's roadmap to enhance internal models used to calculate credit risk, the Group has started implementing the revised set of EBA guidelines and technical standards. During the first half of 2021, the Group's REA increased by approximately DKK 35 billion due to the EBA roadmap. The Group expects further increases in the second half of 2021 of a similar magnitude as for the first half of the year, all else being equal.

Solvency Need

The solvency need is the amount of capital that is adequate in terms of size and composition to cover the risks to which a financial institution is exposed. The solvency need consists of the regulatory minimum capital level of 8 percent of the total REA for risks covered under Pillar I (REAs for credit risk, counterparty credit risk, market risk and operational risk) and an individual capital add-on under Pillar II for risks not covered under Pillar I.

As part of the ICAAP under Pillar II, the solvency need is determined on the basis of an internal assessment of the Group's risk profile in relation to the minimum capital requirement. An important part of the process of determining the solvency need is evaluating whether the calculation takes into account all material risks to which the Group is exposed. The Group uses its internal models as well as expert judgment and DFSA benchmark models to quantify whether the regulatory framework indicates that additional capital is needed.

The following table sets forth the Group's and the Bank's internal measure of its respective solvency need for the most important risk types as at December 31, 2020:

	As at December 31, 2020			
	Group		Bank	
	(DKK in billions)	(percent of total REA)	(DKK in billions)	(percent of total REA)
Credit risk	65.5	8.3	58.9	8.5
Market risk	10.2	1.3	10.2	1.5
Operational risk	21.5	2.7	20.7	3.0
Other risks	1.4	0.2	1.4	0.2
Solvency need and solvency need ratio	98.6	12.6	91.1	13.2
Combined buffer requirement	44.1	5.6	39.1	5.7
Solvency need and solvency need ratio (including combined buffer requirement)	142.6	18.2	130.2	18.8
Portion from CET1 capital	103.8	13.2	94.7	13.7
Total capital and total capital ratio	180.1	23.0	181.8	26.3
Portion from CET1 capital	143.7	18.3	145.4	21.0
Excess capital	37.5	4.8	51.6	7.5
Excess CET1 capital	39.9	5.1	50.7	7.3

On October 4, 2018, the DFSA ordered the Board of Directors and the executive board to reassess the Bank's and the Group's solvency need with a view to adding an absolute minimum of DKK 10 billion to the Group's Pillar II requirement. In addition to increasing the Group's Pillar II requirement, the Group revised its CET1 capital ratio target from 14–15 percent to approximately 16 percent and the Group's total capital ratio target from above 19 percent to above 20 percent. In addition, on September 30, 2019, the Bank received final joint supervisory decisions on capital and liquidity from the supervisory college. The DFSA required the Bank to reassess the Group's and the Bank's solvency need to reflect general product governance risk following the Flexinvest Fri investigation and increased risk following an inspection of the Group's IT governance structure. As of the third quarter of 2019, the Group increased its Pillar II add-ons by DKK 4 billion because of increased product governance risk, following the Flexinvest Fri investigation and the inspection of the Group's IT governance structure, leading to a 0.5 percentage point increase of the solvency need and a 0.3 percentage point increase of its CET1 capital requirement. As at December 31, 2020, the Group's total capital ratio was 23.0 percent.

Combined Buffer Requirement

The CRD IV Directive introduced a combined buffer requirement that applies in addition to the solvency need and it was fully phased in from the beginning of 2019. The combined buffer requirement consists of a countercyclical buffer, a capital conservation buffer, a SIFI buffer and potentially a systemic risk buffer.

The capital conservation buffer and the countercyclical capital buffer are designed to ensure that credit institutions accumulate a sufficient capital base during periods of economic growth to absorb losses during periods of stress. The capital conservation buffer is now fully phased in at a level of 2.5 percent.

The countercyclical buffer requirement is calculated as a weighted average of the national buffers in effect in the jurisdictions in which an institution has credit exposures. As a result of the economic effects of the COVID-19 pandemic, national authorities announced either reductions or a full release of their respective countercyclical buffers. The Group's countercyclical buffer rate of 0.1 percent as at December 31, 2020, was based primarily on the countercyclical buffer rate in Norway (1.0 percent). In June 2021, the Danish Minister for Industry, Business and Financial Affairs reactivated the countercyclical buffer at 1.0 percent from September 30, 2022, while the Norwegian Ministry of Finance raised their national buffer requirement to 1.5 percent, effective from June 30, 2022. This will increase the Group's combined buffer requirement by 0.6 percentage points. No increases in the countercyclical buffer rates in the Group's core markets are expected to take effect in 2021.

The Group was designated as a SIFI in Denmark in 2014. Consequently, the Group is subject to stricter capital requirements than non-SIFIs. The phase-in of the Group's SIFI buffer requirement began in 2015, and the Group's SIFI buffer requirement was fully phased in at 3 percent at the beginning of 2019.

In total, the combined buffer requirement as at December 31, 2020, was 5.6 percent.

Breaching the combined buffer requirement would restrict the Group's capital distributions, including the payment of dividends, payments on additional tier 1 capital instruments, and variable remuneration.

Capital Planning

General

The Group's capital planning takes into account both short- and long-term horizons in order to give the Board of Directors a comprehensive view of current and future capital levels. The capital plan includes a forecast of the Group's expected capital performance based on budgets and takes pending regulation into account when future capital requirements are assessed. The Group's capital planning is also based on stress tests and takes rating ambitions into consideration.

Stress Tests

The Group uses macroeconomic stress tests in the ICAAP for the purpose of projecting its capital requirements and actual capital level under various unfavorable scenarios. Stress tests are an important means of analyzing the risk profile since they give management a better understanding of how the Group's portfolios are affected by macroeconomic changes, including the effects of undesirable events on the Group's capital.

When the Group uses stress tests in its capital planning, it applies stress to risks, income and the cost structure. Stressing income and costs affects the Group's capital, while stressing risk exposures affects its capital requirement. Results from stress testing are used as input for setting capital targets, and they ultimately feed into the Group's capital planning.

Internal Stress Tests

The Group's internal stress tests are based on various scenarios, each consisting of a set of macroeconomic variables. The scenarios are generally used both at the Group level and for subsidiaries. Specific scenarios are also developed for subsidiaries if deemed necessary. The Group evaluates the main scenarios and their relevance on an ongoing basis and at least once a year. New scenarios are added when necessary. The scenarios are submitted to the Board of Directors for approval.

The following table sets forth the Group's most important internal stress tests scenarios and their uses:

Scenario	**Description and use**
Severe recession..............................	A sharp slowdown in the global economy reduces exports, private consumption and GDP, while increasing unemployment. This scenario assumes a significant setback in property prices because of weak consumer confidence, high unemployment and tight credit policies. The Group uses the severe recession scenario in its capital planning to determine whether the capital level is satisfactory. If management concludes that the level of excess capital is too low in the scenario's worst year, it will consider changing the risk profile or raising capital.
COVID-19 downturn	The world is hit by a large second wave of coronavirus infections in the winter of 2020–2021, triggering another round of nationwide lockdowns. This leads to lower GDP growth, higher unemployment as well as declining property prices and falling stock prices. However, this scenario assumes that the global economy is not thrown into a deep financial crisis as a vaccine is developed and made widely available to the public. This implies that society returns to normal. The Group uses the COVID-19 downturn scenario to assess the potential implications of a second wave of coronavirus infections.
Extreme recession...........................	A very sharp slowdown in the global economy reduces exports, private consumption and GDP, while increasing unemployment. This scenario assumes deflation in most economies and a very sharp drop in property prices. The Group uses the extreme recession scenario for recovery plan purposes to test the credibility and effectiveness of its actions to restore its capital and liquidity positions.
Regulatory scenarios.......................	Base cases and adverse scenarios of the DFSA and the EBA. The DFSA uses the regulatory scenarios for the Supervisory Review and Evaluation Process ("**SREP**") for European banks.
Other scenarios	Besides the main scenarios listed above, the Group also uses various specialized or portfolio-specific scenarios that provide management an understanding of how specific events will affect the Group.

Regulatory Stress Tests

Because the Group has permission to use IRB models, it participates in the annual macroeconomic stress test conducted by the DFSA. In the latest stress test performed in the spring of 2021, the Group did not breach capital requirements during the projected period.

The Group also participates in the EU-wide stress test conducted by the EBA every second year. As a consequence of the outbreak of the COVID-19 pandemic, the EBA decided to postpone the stress test exercise from 2020 to 2021 to allow banks to ensure continuity in their core operations. The purpose of the EBA stress test is to assess the health of the European banking sector and the ability of the individual institutions to absorb losses. The latest stress test was conducted during 2018 and included a highly adverse macroeconomic scenario in the Group's core markets. Even under such severe conditions, the Group met its projected capital requirements by a satisfactory margin.

The results of both internal and regulatory stress tests show that the Group is robust in the event of unfavorable economic developments in the selected stress test scenarios.

Capital Allocation

The Group makes a full internal allocation of its total equity across business units on the basis of each unit's contribution to the Group's total risk as estimated by means of regulatory models. The Group is constantly improving its capital allocation framework to ensure that it reflects as closely as possible the effects of new regulation and the risk entailed in its business activities. The principles for allocating capital across the business units are fully aligned with the regulatory requirements. As a result, the capital consumption of the Group's individual business units is closely aligned with the Group's total capital consumption.

Leverage Ratio

The leverage ratio represents a non-risk-adjusted capital requirement implemented to serve as a further backstop measure for risk-based capital. Since January 2014, the CRR and the CRD IV Directive have required that credit institutions calculate, monitor and report on their leverage ratios (defined as the tier 1 capital measure divided by the total exposure measure). On the basis of the recently adopted revision to the CRR, a leverage ratio of 3 percent became a minimum requirement with the implementation of the revised CRR in the second quarter of 2021. As the Group is not a global SIFI, it will not be subject to a leverage ratio buffer requirement. However, the European Commission is mandated to conduct further analysis to determine whether it would be appropriate to apply a leverage ratio buffer requirement to other systemically important institutions (O-SIIs), which would include the Group.

The following table sets forth certain information with respect to the Group's leverage ratio as at the dates indicated:

	As at December 31,		
	2020	**2019**	**2018**
	(DKK in billions, unless otherwise indicated)		
Total exposure for leverage ratio calculation	3,616.3	3,359.7	3,278.6
Portion from derivatives	143.0	125.6	145.1
Portion from securities-financing transactions	267.6	359.0	335.5
Portion from off-balance-sheet items	316.5	282.8	271.3
Portion from exposure to central banks, institutions and cash in hand	352.1	180.0	209.3
Reported tier 1 capital (transitional rules)	161.0	156.6	150.5
Tier 1 capital (fully phased-in rules)	158.2	155.3	149.0
Leverage ratio (transitional rules), percent	4.5	4.7	4.6
Leverage ratio (fully phased-in rules), percent	4.4	4.6	4.5

The Group's overall monitoring of leverage risk is performed in the ICAAP. The ICAAP also includes an assessment of changes in the leverage ratio under stressed scenarios. The leverage ratio is determined and monitored monthly. To ensure sound monitoring, the Group has set forth policies for the management and control of each component that contributes to leverage risk.

SELECTED STATISTICAL DATA AND OTHER INFORMATION

The following information is included for analytical purposes and should be read in connection with, and is qualified in its entirety by, the Consolidated Financial Statements incorporated by reference into this Base Information Memorandum, as well as "Operating and Financial Review and Prospects." In particular, the discussion below covers the financial periods ended December 31, 2020, 2019 and 2018. The information included in this section has not been derived from the Consolidated Financial Statements. This information has been derived from the Bank's accounting records and has not been audited.

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2021 incorporated by reference into this Base Information Memorandum.

Average Balance Sheet Information and Information on Interest Rates

The following table sets forth average balances of the Group's assets and liabilities, the interest generated from such assets and liabilities and average interest rates paid for the years indicated. In the following table and elsewhere in this Base Information Memorandum, the average balances have been calculated from quarterly balances, except where otherwise noted. All balances are considered by the Group's management to represent the operations of the Group fairly. Non-accrual loans are included under the category "Loans and advances."

	For the year ended December 31,								
	2020			2019			2018		
	Average balance	Interest amount	Average interest rate	Average balance	Interest amount	Average interest rate	Average balance	Interest amount	Average interest rate
	(DKK in millions)		(percent)	(DKK in millions)		(percent)	(DKK in millions)		(percent)
Assets									
Loans to credit institutions	249,009	499	0.2	228,848	(45)	(0.02)	288,416	(915)	(0.32)
Loans[(1)]	1,887,246	34,294	1.82	1,780,391	38,717	2.17	1,729,377	39,419	2.28
Reverse transactions	256,669	(973)	(0.38)	341,982	(1,197)	(0.35)	317,781	(1,393)	(0.44)
Trading and investment portfolio (interest-bearing), including derivatives.	926,243	6,892	0.74	772,280	8,186	1.06	736,905	7,789	1.06
Other interest-bearing assets	507,950	19,007	3.74	450,679	18,984	4.21	346,012	8,931	2.58
Total interest-bearing assets	3,827,117	59,719	1.56	3,574,179	64,645	1.81	3,418,493	53,831	1.57
Non-interest-bearing assets	166,405	–	–	184,933	–	–	188,585	–	–
Total assets	3,993,522	59,719	1.50	3,759,112	64,645	1.72	3,607,077	53,831	1.49
Liabilities									
Deposits by credit institutions	126,353	767	0.61	158,031	1,363	0.86	154,439	1,827	1.18
Deposits	1,092,259	591	0.05	926,017	2,927	0.32	901,057	2,162	0.24
Repo transactions	223,974	(460)	(0.21)	232,271	334	0.14	262,181	(298)	(0.11)
Debt securities	1,131,821	13,629	1.20	1,132,990	15,955	1.41	1,120,943	14,275	1.27
Subordinated liabilities	32,568	1,215	3.73	27,160	1,199	4.44	29,756	1,671	5.62
Other interest-bearing liabilities	548,349	15,861	2.89	489,500	14,976	3.06	379,893	5,172	1.36
Total interest-bearing liabilities	3,155,325	31,602	1.00	2,965,825	36,753	1.24	2,848,269	24,809	0.87
Non-interest-bearing liabilities	670,811	–	–	629,125	–	–	569,586	–	–
Total liabilities	3,826,136	31,602	0.83	3,594,950	36,753	1.02	3,444,855	24,809	0.72
Equity	167,385	–	–	164,162	–	–	162,223	–	–
Total liabilities and equity	3,993,522	31,602	0.83	3,759,112	36,753	1.02	3,607,077	24,809	0.72

(1) Loans includes loans at amortized cost and loans at fair value, including loans granted by Realkredit Danmark. Loans includes non-accrual loans.

Foreign Currencies

The following table sets forth loans to credit institutions, total loans and advances, deposits by credit institutions and total deposits, each category presented separately for the Danish Kroner denominated loans, advances and deposits and for currencies other than the Danish Kroner, as at the dates indicated:

	As at December 31,		
	2020	2019	2018
	(DKK in millions)		
Loans and advances			
Loans to credit institutions in Danish Kroner	10,393	54,884	97,893
Loans to credit institutions in currencies other than the Danish Kroner	71,035	50,790	127,708
Total loans to credit institutions	81,428	105,674	225,600
Loans and advances in Danish Kroner	1,094,723	1,092,114	1,026,833
Loans and advances in currencies other than the Danish Kroner	953,208	1,057,944	1,016,747
Total loans and advances[(1)]	2,047,930	2,150,059	2,043,580
Deposits			
Deposits by credit institutions in Danish Kroner	24,192	22,611	37,049
Deposits by credit institutions in currencies other than the Danish Kroner	186,990	132,635	211,552
Total deposits by credit institutions	211,182	155,246	248,601
Deposits in Danish Kroner, excluding repurchase obligations	405,813	363,761	336,439
Deposits in currencies other than the Danish Kroner, excluding repurchase obligations	789,506	600,772	560,456
Total deposits, excluding repurchase obligations	1,195,319	964,533	896,894

(1) Including reverse transactions and loans at a fair value.

As at December 31, 2020, 2019 and 2018, 87 percent, 48 percent and 57 percent, respectively, of the Group's loans to credit institutions comprised loans denominated in currencies other than Danish Kroner, with the balance denominated in Danish Kroner.

As at December 31, 2020, 2019 and 2018, 47 percent, 49 percent and 50 percent, respectively, of the Group's total loans and advances comprised loans denominated in currencies other than Danish Kroner, with the balance denominated in Danish Kroner.

As at December 31, 2020, 2019 and 2018, 89 percent, 85 percent and 85 percent, respectively, of the Group's deposits by credit institutions comprised deposits denominated in currencies other than Danish Kroner, with the balance denominated in Danish Kroner.

As at December 31, 2020, 2019 and 2018, 66 percent, 62 percent, 62 percent and 64 percent, respectively, of the Group's total deposits comprised deposits denominated in currencies other than Danish Kroner, with the balance denominated in Danish Kroner.

Analysis of Changes in Net Interest Income

The following table sets forth an analysis of changes in the Group's net interest income attributable to changes in average balance, changes in interest and changes in the average rate of interest for the years indicated:

	For the year ended December 31, 2020/2019			For the year ended December 31, 2019/2018		
		Change due to increase (decrease) in			Change due to increase (decrease) in	
	Average balance[1]	Interest amount	Interest rate	Average balance[1]	Interest amount	Interest rate
	(DKK in millions)		(percent)	(DKK in millions)		(percent)
Interest-bearing assets						
Loans to credit institutions	20,161	544	0.22	(59,569)	870	0.30
Loans	106,855	(4,423)	(0.36)	51,014	(702)	(0.10)
Reverse transactions	(85,313)	224	(0.03)	24,201	196	0.09
Trading and investment portfolio (interest-bearing), including derivatives	153,963	(1,294)	(0.32)	35,374	397	0.00
Other interest-bearing assets	57,271	23	(0.47)	104,666	10,053	1.63
Total interest-bearing assets	252,938	(4,926)	(0.25)	155,686	10,815	0.23
Interest-bearing liabilities						
Deposits by credit institutions	(31,678)	(596)	(0.26)	3,593	(464)	(0.32)
Deposits	166,242	(2,236)	(0.26)	24,959	764	0.08
Repo transactions	(8,297)	(794)	(0.35)	(29,910)	632	0.26
Debt securities	(1,169)	(2,326)	(0.20)	12,048	1,680	0.13
Subordinated liabilities	5,553	16	(0.71)	(2,740)	(472)	(1.18)
Other interest-bearing liabilities	58,849	885	(0.17)	109,607	9,804	1.70
Total interest-bearing liabilities	189,500	5,151	(0.24)	117,557	11,944	0.37

(1) Average balance and average interest rate variances have been calculated based on net movements in the average balances and interest rates.

Trading Portfolio Assets and Liabilities

Trading portfolio assets comprises the equities and bonds held by the Group's trading units at C&I and all derivatives with positive fair value. Trading portfolio liabilities consists of derivatives with negative fair value and obligations to deliver securities (obligations to repurchase securities).

The following table sets forth the composition of the Group's trading portfolio assets and liabilities, divided by category of securities, as at the dates indicated:

	As at December 31,		
	2020	2019	2018
	(DKK in millions)		
Trading portfolio assets			
Derivatives with positive fair value	379,566	293,980	244,274
Listed bonds	287,013	189,112	166,331
Listed shares	15,594	12,028	4,790
Unlisted shares	775	200	423
Total assets	682,948	495,321	415,818
Trading portfolio liabilities			
Derivatives with negative fair value	366,985	299,695	240,992
Obligations to repurchase securities	132,349	152,507	149,234
Total liabilities	499,334	452,202	390,226

Investment Securities

Investment securities consists of bonds and shares held by non-trading units in the Group. It consists primarily of the liquidity portfolio managed by Group Treasury. The liquidity portfolio includes different portfolios with different business models. Some portfolios are managed on a fair value basis and mandatorily measured at FVPL under IFRS 9, whereas other portfolios are either 'hold to collect and sell' and measured at FVOCI or 'hold to collect' and measured at amortized cost.

The following table sets forth the composition of the Group's investment securities as at the dates indicated:

	As at December 31,		
	2020	2019	2018
	(DKK in millions)		
Financial assets at FVPL			
Listed bonds	48,034	54,387	58,602
Listed shares	–	53	40
Unlisted shares	335	1,382	1,078
Total financial assets at FVPL	48,369	55,822	59,720
Bonds hold to collect and sell (FVOCI)			
Listed bonds	116,772	107,959	74,284
Total bonds hold to collect and sell (FVOCI)	116,772	107,959	74,284
Total at fair value	165,141	163,781	134,004
Bonds hold to collect (amortized cost)			
Listed bonds	131,628	121,092	142,420
Total investment securities	269,769	284,873	276,424

Deposits

The following table sets forth the balance and types of deposits due as at the dates indicated (principal only):

	As at December 31,		
	2020	2019	2018
	(DKK in millions)		
Repo deposits	223,974	232,271	262,181
Other deposits	1,193,173	962,865	894,495
Total deposits	1,417,147	1,195,136	1,156,676

The following table sets forth the contractual due dates of the Group's deposits as at the dates indicated (principal and accrued interest):

	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years
			(DKK in millions)		
As at December 31, 2020	1,365,767	60,777	20,049	9,669	9,576
As at December 31, 2019	1,211,827	49,937	14,056	8,901	9,184
As at December 31, 2018	1,140,944	41,654	8,419	9,230	8,697

Short-Term Borrowings

The following table sets forth information on the Bank's short-term borrowings as at the dates indicated:

	Period-end balance	Average balance	Maximum month-end balance during period
		(DKK in millions)	
December 31, 2020			
Amount owed to credit institutions	172,452	188,822	271,508
Debt securities in issue etc.	87,804	80,699	93,267
Total	260,256	269,521	364,775
December 31, 2019			
Amount owed to credit institutions	145,747	204,536	238,933
Debt securities in issue etc.	71,652	79,944	89,685
Total	217,399	279,479	328,618
December 31, 2018			
Amount owed to credit institutions	218,339	255,280	305,791
Debt securities in issue etc.	61,414	79,274	169,198
Total	279,753	334,554	474,989

Maturity

The following table sets forth a breakdown by expected due date of the Group's balance sheet items as at the dates indicated:

	As at December 31,					
	2020		2019		2018	
	Within 1 year	After 1 year	Within 1 year	After 1 year	Within 1 year	After 1 year
	(DKK in millions)					
Assets						
Cash in hand and demand deposits with central banks	320,702	–	99,035	–	40,997	–
Due from credit institutions and central banks	80,831	597	104,946	728	224,955	645
Trading portfolio assets	376,776	306,173	247,119	248,202	230,744	185,074
Investment securities	73,019	223,750	59,865	225,008	81,002	195,423
Loans at amortized cost	281,021	743,586	294,631	733,380	331,871	654,369
Loans at fair value	225,662	797,661	338,701	783,347	285,133	772,207
Assets under pooled schemes and unit-linked investment contracts(1)	–	82,795	–	79,912	–	93,988
Assets under insurance contracts(1)	38,600	507,108	6,100	488,893	11,172	366,197
Intangible assets	–	8,785	–	9,165	–	11,224
Tax assets	4,448	754	2,604	383	2,435	546
Other assets	18,585	18,378	19,710	19,321	77,579	12,908
Total assets	1,419,645	2,689,586	1,172,711	2,588,338	1,285,888	2,292,579
Liabilities						
Due to credit institutions and central banks	172,452	38,730	145,747	9,500	218,339	30,263
Trading portfolio liabilities	103,383	395,952	78,911	373,291	74,244	315,982
Deposits(1)	268,588	1,065,193	282,460	858,266	255,429	803,690
Issued bonds at fair value	146,847	637,180	198,060	604,441	184,809	574,778
Issued bonds at amortized cost	87,804	264,140	71,652	271,757	61,414	250,568
Deposits under pooled schemes and unit-linked investment contracts(1)	10,149	72,756	9,015	71,345	16,722	81,118
Liabilities under insurance contracts(1)	12,420	579,510	25,946	509,945	104,039	313,240
Tax liabilities	16	1,805	164	2,008	1,011	7,869
Other liabilities	45,880	5,411	40,070	6,231	97,935	649
Subordinated debt	3,743	28,594	2,191	29,543	3,544	19,548
Total liabilities	851,282	3,089,271	854,216	2,736,326	1,017,486	2,397,704

(1) A portfolio of unit-linked contracts of DKK 31 billion has been reclassified from investment contracts to insurance contracts. Comparative information has been restated.

(2) Deposits include fixed-term deposits and demand deposits. Fixed-term deposits are recognized according to maturity. Demand deposits have short contractual maturities but are considered a stable financing source with an expected maturity of more than one year. In the table, the balance sheet line items 'assets held for sale' and 'liabilities in disposal groups held for sale' are included in other assets and other liabilities, respectively.

The following table sets forth a breakdown of the Group's financial liabilities by contractual due date as at the dates indicated:

	As at December 31, 2020				
	0–1 month	1–3 months	3–12 months	1–5 years	Over 5 years
	(DKK in millions)				
Due to credit institutions and central banks	139,166	22,317	10,738	38,508	1
Deposits	1,233,418	60,777	20,049	9,669	9,576
Repurchase obligation under reverse transactions	132,349	–	–	–	
Issued bonds at fair value	52,969	5,045	97,131	487,550	218,185
Issued bonds at amortized cost	12,066	17,030	59,742	245,695	37,657
Subordinated debt	93	187	4,597	33,089	–
Other financial liabilities	2,774	1,005	6,371	27,242	45,514
Financial and loss guarantees	71,816				
Loan commitments shorter than 1 year	204,610	–	–	–	–
Loan commitments longer than 1 year	198,830	–	–	–	–
Other unutilized commitments	173	–	–	–	–
Total	2,048,265	106,362	198,626	841,753	310,932

	As at December 31, 2019				
	0–1 month	**1–3 months**	**3–12 months**	**1–5 years**	**Over 5 years**
			(DKK in millions)		
Due to credit institutions and central banks	97,758	23,448	24,951	9,661	1
Deposits	1,059,320	49,937	14,056	8,901	9,184
Repurchase obligation under reverse transactions	152,507	–	–	–	–
Issued bonds at fair value	95,588	5,019	106,816	473,383	204,351
Issued bonds at amortized cost	16,176	10,263	46,331	267,784	27,997
Subordinated debt	101	202	2,907	20,114	16,083
Other financial liabilities	2,638	1,030	5,348	41,696	60,825
Financial and loss guarantees	69,064	–	–	–	–
Loan commitments shorter than 1 year	204,610	–	–	–	–
Loan commitments longer than 1 year	174,211	–	–	–	–
Other unutilized commitments	283	–	–	–	–
Total	1,872,254	89,899	200,408	821,539	318,440

	As at December 31, 2018				
	0–1 month	**1–3 months**	**3–12 months**	**1–5 years**	**Over 5 years**
			(DKK in millions)		
Due to credit institutions and central banks	186,712	29,743	2,985	30,111	996
Deposits	991,709	41,654	8,419	9,230	8,697
Repurchase obligation under reverse transactions	149,235	–	–	–	–
Issued bonds at fair value	73,539	7,896	114,781	467,110	201,918
Issued bonds at amortized cost	8,919	1,580	51,787	242,509	28,093
Subordinated debt	88	177	4,351	10,487	13,134
Other financial liabilities	2,889	2,162	11,671	27,122	53,997
Financial and loss guarantees	83,717	–	–	–	–
Loan commitments shorter than 1 year	183,767	–	–	–	–
Loan commitments longer than 1 year	161,350	–	–	–	–
Other unutilized commitments	282	–	–	–	–
Total	1,842,206	83,212	193,994	786,568	306,834

The maturity analysis above is based on the earliest date on which the Group can be required to pay and does not reflect the expected due date. Disclosures comprise agreed payments, including principal and interest. For liabilities with variable cash flows, such as variable-rate financial liabilities, disclosure is based on the contractual conditions at the balance sheet date. Typically, deposits are contractually very short-term funding, but, in practice, they are considered a stable funding source, as amounts disbursed largely equal deposits received. A number of loan commitments and guarantees expire without being utilized. Loan commitments and guarantees are included at the earliest date on which the Group can be required to pay. To take into account potential drawings under loan commitments, the Group factors in the effect of the unutilized portion of the facilities in the calculation of liquidity risk. For guarantees to result in a payment obligation to the Group, a number of individual conditions must be met. As it is not possible to break down the earliest dates on which such conditions are met by maturity time bands, all guarantees are included in the 0–1 month column.

RISK MANAGEMENT

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2021 incorporated by reference into this Base Information Memorandum.

Overview

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

- Credit risk: The risk of losses because debtors fail to meet all or part of their payment obligations to the Group. Credit risk includes counterparty credit risk.
- Market risk: The risk of losses or gains 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, funding and capital risk: The risk that the Group has to issue liabilities or own funds at excessive costs, is unable to pursue its business strategy due to balance sheet requirements and restrictions, or the Group ultimately cannot fulfill its payment obligations due to lack of funds.
- Insurance and pension risk: The Group's insurance and pension risk consists of the risks originating from its ownership of Danica Pension. This includes market risk, life insurance risk and operational risk.
- Non-financial risk: The risk of financial losses or gains, regulatory impact, reputational impact or customer impact resulting from inadequate or failed internal processes or from people, systems or external events, including legal and compliance risks.

Risk Strategy and Governance

Risk Strategy

The Group applies an enterprise risk management ("**ERM**") framework that sets common standards for risk management across all risk types. The ERM framework defines how the Group manages risk and specifies how risk governance and risk responsibilities are structured to ensure appropriate oversight and accountability. Furthermore, it defines the Group's risk taxonomy and approach to risk appetite setting. The ERM framework is supported by policies approved by the Board of Directors.

Risk Culture

The Group recognizes the importance of having a strong risk and compliance culture in everyday work to ensure that it creates value for all of its stakeholders and lives up to its responsibility as one of the largest financial institutions in the Nordic region. The process of building and maintaining a strong risk and compliance culture across the Group involves ensuring a high level of risk awareness and enforcing sound risk-taking behavior aligned with the risk appetite. This work is underpinned by the Group's core values and by governing documents, communications, remuneration structure and staff training.

The performance agreements of all members of the Executive Leadership Team and of executives in the two levels below the Executive Leadership Team level include risk and compliance performance targets. The Group develops and maintains risk skills and a risk understanding through tailored risk and compliance training to ensure that risk management expertise is embedded in daily work routines. All employees, including Executive Leadership Team members, participate in annual compulsory eLearning courses on competition law, AML, whistleblowing, GDPR and information security awareness, for example.

In 2020, the head of Banking Financial Crime & Welcoming was appointed the Group's AML responsible person in Denmark. This role entails the authority to make decisions regarding the approval of AML policies, procedures and controls and to give acceptance in respect of specific customer relationships. The country managers for Sweden, Norway and Finland are responsible within their separate branches to ensure that the AML and counterterrorism financing procedures are updated appropriately, compliant with local regulatory requirements, and are well documented.

Risk Taxonomy

The risk taxonomy is a common set of risk categories and definitions intended to ensure adequate risk identification and ownership across the Group. The risk categories cover both financial and non-financial risks, and roles and responsibilities are defined for each identified risk category to ensure continued risk assessment and monitoring. The taxonomy is reviewed on an annual basis to ensure that the risk categories reflect the Group's current main risks.

Group Risk Appetite

The Group's risk appetite specifies the types and the maximum level of risk that the Group is willing to accept in order to meet its strategic objectives, be a better bank committed to serving its customers through the economic cycles, and ensure an adequate balance between risk and return. The Group's risk appetite is aligned with the financial and strategic planning processes for the purpose of ensuring that both risks and opportunities are considered during the strategic decision-making process.

The Group's risk appetite is owned by the Board of Directors and sets the direction for the Group's overall risk-taking by specifying metrics and group-wide statements that aggregate the effects of financial and non-financial risks acceptable to the Group. As part of the risk appetite setup, the Group defines tolerance levels for non-financial risks. These specify the level of non-financial risks that the Group is prepared to accept in pursuit of its business strategy.

Risk Management Organization

The Group's risk management practices are organized in line with the principles of the three-lines-of-defense model. The lines of defense segregate responsibilities and duties between (i) units that enter into business transactions with customers or otherwise expose the Group to risk (risk ownership), (ii) units that are in charge of risk oversight and challenge in respect of risk owners (risk oversight) and (iii) Group Internal Audit (risk assurance).

Three Lines of Defense

First Line of Defense

The first line of defense owns and manages the business activities and related risks. It consists of frontline and direct support functions and the following entities: business units; chief operating officer ("**COO**") area; chief financial officer ("**CFO**") area; Group Legal; Group Human Resources ("**Group HR**"); and Group Communications, Brand & Marketing. These entities are responsible for identifying and managing risks across national borders, including designing, implementing and operating effective controls. The mandate of the business units is governed by risk policies, instructions, risk committees, risk appetite targets and limits.

Second Line of Defense

The second line of defense provides the risk management framework and performs risk oversight. It consists of Group Risk Management and Group Compliance. These units are responsible for setting the standards, policies and methods under which the first line of defense operates with respect to risk management and compliance. The second line of defense supports, challenges and is responsible for the risk oversight of the first line of defense and operates independently of the first line of defense.

Group Risk Management is headed by the Group's chief risk officer (the "**CRO**"), who is a member of the Executive Leadership Team. The CRO reports to the Board of Directors in cooperation with and under the responsibility of the CEO. The CRO may file reports to and contact the Board of Directors directly. Furthermore, the CRO has the authority to veto any decisions that affect the Group's exposure to risk.

Group Compliance is headed by the Group's chief compliance officer (the "**CCO**"), who is a member of the Executive Leadership Team. The CCO reports to the Board of Directors in cooperation with and under the responsibility of the CEO. The CCO may file reports to and contact the Board of Directors directly.

Third Line of Defense

The third line of defense is made up by Group Internal Audit. Group Internal Audit is an independent and objective unit evaluating and improving the effectiveness of risk management, control and governance processes in relation to the control environments of the first and second lines of defense. Group Internal Audit is headed by the chief audit executive (the "**CAE**"), who reports directly to the Board of Directors.

Risk Governance

The Group has a structure of decision-making bodies that cover all significant risks and perform control and oversight of risk decisions. The committee structure is designed to support an effective information and escalation path to the Group's senior management and to provide a consistent approach to risk management and decision-making.

The Group's escalation policy (the "**Escalation Policy**") constitutes an overall framework for internal escalations. The Escalation Policy lays down the general principles and standards for timing, responsibility and processes, among others, in relation to escalating matters to the Executive Leadership Team and the Board of Directors.

Board of Directors and Executive Leadership Team

The Group's rules of procedure for the Board of Directors and the Executive Leadership Team specify the responsibilities of the two bodies and the division of responsibilities between them. The two-tier management structure and the rules of procedure developed in accordance with Danish law, regulations and relevant corporate governance recommendations are central to the organization of risk management and the delegation of authorities throughout the Group.

The Board of Directors appoints members to the Executive Leadership Team, the CAE and the secretary to the Board of Directors. In accordance with the rules of procedure, the Board of Directors approves the Group's overall business model, strategy, risk appetite, risk profile, policies and instructions, including mandates to the Executive Leadership Team. In addition, the Board of Directors receives regular reports, monitors the main risks and reviews the largest credit exposures.

The Executive Leadership Team is responsible for the Group's day-to-day management. It supervises the Group's risk management practices, oversees developments in Group Compliance's methods (*e.g.*, in respect of AML), approves credit applications up to a defined limit and ensures that bookkeeping and asset management are sound and in accordance with the Group's business model, strategy, policies and instructions established by the Board of Directors and in compliance with applicable legislation. The Executive Leadership Team consists of the CEO, the heads of the business units and the heads of CFO area, COO area, Group Compliance, Group Risk Management and Group HR.

Board of Directors and Executive Leadership Team Committees

The Board of Directors has established five committees – the Risk Committee, the Remuneration Committee, the Nomination Committee, the Audit Committee and the Conduct & Compliance Committee – to supervise risks and prepare cases for consideration by the full Board of Directors. For information on the Board of Directors' committees, see "*Organization and Management—Committees*."

The Executive Leadership Team has established four committees – the Group All Risk Committee, the Group Credit Committee, the Business Integrity Committee and the Impairment Committee – that act on behalf of the Executive Leadership Team with respect to risk monitoring and decision-making in certain areas.

The Group All Risk Committee acts on behalf of the Executive Leadership Team with respect to the Group's risk management practices. The committee makes decisions on and monitors all material risks associated with the Group's business model and activities. It covers all risks across risk categories, business units, functions and geographical regions in alignment with the Group's ERM framework. Specific reviews on compliance-related risks are managed directly by the Executive Leadership Team and not by the Group All Risk Committee. All members of the Executive Leadership Team are permanent members of the Group All Risk Committee, which convenes at least nine times a year. The Group All Risk Committee has established and delegated parts of its responsibilities to a number of subcommittees. Each subcommittee oversees a specific risk category or all risks related to a specific business area. Delegation of responsibilities does not relieve the Group All Risk Committee of its responsibilities, and the subcommittees must report any decisions and issues to the Group All Risk Committee.

The Group Credit Committee reviews and decides on individual credit applications on behalf of the Executive Leadership Team. The CEO, CRO, CFO and the heads of the business units are permanent members of the Group Credit Committee, which aims to convene at least twice a week.

The Business Integrity Committee decides on ambition levels and develops and oversees the implementation of the Societal Impact and Sustainability strategy and related Group policies on behalf of the Executive Leadership Team. All members of the Executive Leadership Team are permanent members of the Business Integrity Committee, which convenes at least four times per year.

The Impairment Committee oversees the implementation and maintenance of the Group-wide framework for assessing the Group's credit impairment charges on behalf of the Executive Leadership Team. The CEO, CRO, CFO and the heads of the business units are permanent members of the Impairment Committee, which convenes at least four times per year.

Risk Monitoring and Reporting

The Group has an enterprise-wide approach to risk reporting. This approach is supported by the monthly CRO letter, which covers analyses across risk types, core geographical regions and key subsidiaries.

The Group's risk reporting consists of:

- *CRO letter:* A comprehensive overview of the Group's risk profile across risk types, core geographical regions and key subsidiaries. It is updated and received monthly by the Group All Risk Committee and the Risk Committee, and quarterly by the Board of Directors.

- *Risk profiles:* Detailed portfolio and industry analyses focusing on exposure, risk factors, structural trends, performance and forward-looking developments, including portfolio stress tests. Risk profiles cover all material portfolios. These are updated annually and received by the Group All Risk Committee, the Risk Committee and the Board of Directors.

- *Risk reviews:* Reviews based on a risk-based approach; they cover specific risks related to selected portfolios and all material portfolios. Ad hoc reports are made when relevant. These are received by the Group All Risk Committee at varying intervals.

- *Impairment report:* An overview of detailed developments in the Group's impairment charges. It is updated quarterly and received by the Group Impairment Committee, the Audit Committee, the Risk Committee and the Board of Directors.

- *Risk management report:* A description of the Group's risk strategies and profile, capital management, risk management organization and risk frameworks and policies. The report is prepared annually along with the additional Pillar III disclosures spreadsheet, and it is received by the Risk Committee, the Board of Directors and the public.

- *Group compliance quarterly report:* An overall assessment of the Group's compliance risk management and control environment. It is updated quarterly and received by the Executive Leadership Team, the Conduct & Compliance Committee and the Board of Directors.

- *ICAAP report:* An assessment of the adequacy of the Group's short-term and long-term capital levels as measured against its risks and business strategy. The assessment includes upcoming regulatory changes and stress testing results. It is updated quarterly and received by the Group All Risk Committee, the Risk Committee, the Board of Directors and the DFSA.

- *Capital and REA report:* An assessment of developments in underlying parameters affecting the Group's overall capital position, including an analysis of the REA. It is updated monthly and received by the CFO and CRO.

- *Internal liquidity adequacy assessment process ("**ILAAP**") report:* A description of the Group's liquidity situation and liquidity management, including its funding profile and plan. It assesses liquidity risk indicated by liquidity stress tests and similar analyses and also describes the minimum amount of liquidity reserves required by the Group. The report is updated annually and received by the Group All Risk Committee, the Risk Committee, the Board of Directors and the DFSA.

Credit Risk

Credit risk is the risk of losses because debtors fail to meet all or part of their payment obligations to the Group. Credit risk includes counterparty credit risk.

The Group manages credit risk in accordance with its Credit Policy, Credit Risk Appetite and related governing documents (including environmental, social and governance data). The purpose of these elements is to ensure a consistent approach to credit risk management and clear roles and responsibilities across markets and business units, while aiming at ensuring that risk-taking remains supportive of the Group's business strategy.

The Group's total net credit exposure is defined as on-balance-sheet and off-balance-sheet items net of impairment charges that carry credit risk. As at December 31, 2020, the Group's total net credit exposure for accounting purposes was DKK 4,619 billion. Net credit exposure from lending activities accounts for most of the Group's net credit exposure. As at December 31, 2020, 80.8 percent of the total REA related to credit risk, excluding counterparty credit risk.

Governance and Responsibilities

Credit risk is managed in line with the principles of the three-lines-of-defense model.

In credit risk management, the frontline functions as well as business risk and control functions at the business units comprise the first line of defense, while Group Risk Management serves as the second line of defense. In particular, Retail Credit Risk and Wholesale Credit Risk facilitate the implementation of sound credit risk management throughout the Group and are responsible from an oversight and challenge perspective for identifying, monitoring, analyzing, measuring, managing and reporting on risks and forming a holistic understanding of risks on an individual and consolidated basis.

The Group ensures compliance with the Credit Policy and related governing documents through the credit control environment, while portfolio monitoring ensures alignment with the Credit Risk Appetite. Credit exposures are monitored so that credit action plans can be made and/or forbearance measures be taken for distressed loans and impairment charges be calculated for non-performing loans.

The Group's mandate for approving credit risk is cascaded from the Board of Directors to the Executive Leadership Team (Group Credit Committee) and further down the organization via delegated lending authorities. The authorities are delegated on the basis of powers and at levels appropriate for the risk profile and nature of the exposures considered by the mandate giver/holder. If a credit application exceeds the delegated lending authority of the individual mandate giver/holder, the application is submitted to a lending officer with the necessary authority. The second line of defense must be involved in the approval of credit applications and renewals above a certain materiality threshold, while both the Executive Leadership Team and the Board of Directors are involved in the approval process for credit applications of a reputational or material financial nature.

The Delegated Lending Authorities System handles the administration and control of lending authorities.

Monitoring and Reporting

At the group level, Group Risk Management oversees the Group's credit activities and reports on developments in the credit portfolios. Portfolio reports are presented to the Executive Leadership Team (via the Group All Risk Committee) on a monthly basis and to the Board of Directors (via the Board of Directors' Risk Committee) on a quarterly basis.

Credit Risk Appetite and Concentration Frameworks

The Group's credit risk appetite is set to support the Group's ambition of limiting impairment volatility through the business cycle and managing credit concentrations (including single names, assets and/or credit type concentrations). The appetite allows the Group to take on credit risk in areas that are within its strategic core.

The credit risk appetite applies at business unit/country and product levels. Supporting risk limits and risk metrics are in place at various levels to help measure credit risk further. Subsidiaries and legal entities owned by the Group set independent credit risk appetites in alignment with the Group's principles.

Monthly and quarterly risk reporting enables the ongoing monitoring of the Group's credit risk profile to ensure that it is in line with its credit risk appetite.

Limiting Impairment Volatility

The Group has set maximum loss limits to enable it to manage the risk of credit losses in times of economic stress. The maximum loss is calculated as the largest one-year loss expected under a three-year severe recession scenario. The maximum loss limits also make it possible to monitor the credit quality of the portfolio and factor in all key credit quality drivers such as customer ratings/scores, collateral and loan maturity.

Managing Credit Concentrations

The Group has implemented a set of frameworks to manage credit risk concentrations. The frameworks cover the following concentrations: single-name concentrations, industry concentrations and geographical concentrations.

<u>Single-name Concentrations</u>

Single-name concentrations are managed according to two frameworks:

- the large exposures framework is based on the regulatory definition of large exposures in part 4 of the CRR, and the Group has defined stricter internal limits for managing single-name concentrations; and
- the single-name concentration framework is a risk-sensitive internal framework that sets limits on exposure, LGD and expected loss in order to limit potential losses on single names.

The largest exposures are monitored daily under the large exposures framework and are reported on a quarterly basis to the Group All Risk Committee, the Risk Committee and the Board of Directors. As at December 31, 2020, the Group was well within the regulatory limits for large exposures.

Single-name concentrations are monitored monthly and reported on a quarterly basis to the Group All Risk Committee, the Risk Committee and the Board of Directors.

<u>Industry Concentrations</u>

The Group manages industry concentrations as part of its credit risk appetite framework by setting exposure limits on selected industries. For commercial property, this also includes reducing the number of low-quality customers in order to ensure creditworthiness within the concentration limits. The industry concentrations are updated on an ongoing basis and at least once a year. The Group accepts the risks on material concentrations in accordance with industry-specific guidelines that outline the use of the Group's Credit Policy within the industry. For personal customers, the Group also manages key concentrations in relation to high LTV ratios and short-term interest loans, for example.

Geographical Concentrations

Credit reporting includes a breakdown by country. For exposures outside the Group's home markets, limits are applied to sovereigns, financial institutions and counterparties in derivatives trading. Limits are approved by the Group Credit Committee on the basis of the expected business volume and an assessment of the specific country risk.

Credit Exposure

Total Net Credit Exposure

Credit exposure consists of balance sheet items and off-balance-sheet items that carry credit risk. Most of the exposure derives from lending activities in the form of secured and unsecured loans. The Non-core business unit is not considered part of the Group's core activities and is stated separately. Securities positions taken by the Group's trading and investment units also entail credit risk and are presented as credit exposure from trading and investment securities as well as derivatives and loans at the Group's trading units.

The overall management of credit risk thus covers credit risk from direct lending activities, counterparty credit risk on derivatives and loans at the Group's trading units and credit risk from securities positions.

The following table sets forth the Group's total credit exposure (including the Non-core business unit) as at the dates indicated:

	As at December 31,		
	2020	**2019**	**2018**
		(DKK in billions)	
Credit exposure relating to lending activities			
Demand deposits with central banks	314.6	92.8	32.2
Due from credit institutions and central banks	29.0	82.0	168.6
Loans at amortized cost	1,024.6	1,028.0	986.2
Loans at fair value	816.3	802.6	794.9
Loans held for sale	0.4	0.9	–
Guarantees	71.8	69.1	83.7
Loan commitments	475.2	378.8	345.1
Total credit exposures related to lending activities	2,732.0	2,454.2	2,410.7
Credit exposure relating to trading and investing activities			
Due from credit institutions and central banks	52.4	23.7	57.0
Trading portfolio assets	682.9	495.3	415.8
Investment securities	296.8	284.9	276.4
Loans at fair value	207.0	319.5	262.4
Assets under pooled schemes and unit-linked investment contracts(1)	82.8	79.9	94.0
Assets under insurance contracts(1)	545.7	495.0	377.4
Other unutilized commitments(2)	19.0	25.8	0.3
Total credit exposure relating to trading and investing activities	1,886.6	1,724.0	1,483.3
Total credit exposure	4,618.6	4,178.2	3,894.1

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2020*," the Group has reclassified a portfolio of unit-linked contracts of DKK 31 billion from investment contracts to insurance contracts in the 2020 Financial Statements incorporated by reference into this Base Information Memorandum. The above table reflects the restated figures as at December 31, 2019, but includes figures as at December 31, 2018, that have not been restated for these changes and, therefore, are not directly comparable in all respects with the information presented as at December 31, 2020 and 2019.

(2) In the 2020 Financial Statements incorporated by reference into this Base Information Memorandum, other unutilized commitments as at December 31, 2019, was restated to include investment commitments in Danica Pension of DKK 25.5 billion. The corresponding figure as at December 31, 2018, was not restated. As at December 31, 2020, the investment commitments in Danica Pension amounted to DKK 18.8 billion.

In addition to credit exposure from lending activities, the Group had made uncommitted loan offers and granted uncommitted lines of credit of DKK 242 billion as at December 31, 2020, DKK 213 billion as at December 31, 2019, and DKK 205 billion as at December 31, 2018. These items are included in the calculation of the total REA in accordance with the CRR.

Credit Exposure from Core Lending Activities

Credit exposure from lending activities in the Group's core banking business includes loans, amounts due from credit institutions and central banks, guarantees and irrevocable loan commitments, but exclude credit exposure of the non-core portfolio of DKK 4.1 billion as at December 31, 2020, DKK 10.4 billion as at December 31, 2019, and DKK 18.4 billion as at December 31, 2018. The exposure is measured net of ECLs and includes repo loans at amortized cost. For reporting purposes, all collateral values are net of haircuts and capped at the exposure amount.

Credit Portfolio in Core Lending Activities Broken Down by Industry (NACE)

The following tables set forth the Group's credit exposure broken down by industry. The industry segmentation is based on the classification principles of the Statistical Classification of Economic Activities in the European Community (NACE) standard that has been adapted to the Group's business risk approach used for the active management of credit portfolio as at the dates indicated:

	As at December 31, 2020											
	Gross exposure			Expected credit loss			Net exposure			Net exposure, excluding collateral		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(DKK in billions)											
Public institutions	363.8	–	–	–	–	–	363.8	–	–	359.5	–	–
Financials	126.1	1.8	0.3	0.1	0.1	0.2	126.1	1.7	0.1	111.8	1.0	0.1
Agriculture	58.7	7.7	6.7	0.1	0.9	1.4	58.6	6.8	5.3	12.9	0.8	0.6
Automotive	27.5	3.2	0.5	–	0.2	0.1	27.5	2.9	0.5	20.2	1.6	0.2
Capital goods	68.6	7.0	2.1	–	0.5	0.7	68.5	6.5	1.4	59.9	5.6	0.7
Commercial property	312.8	11.5	7.1	0.6	0.9	1.1	312.1	10.6	5.9	68.2	1.0	0.7
Construction and building materials	43.6	5.1	2.0	–	0.3	0.6	43.6	4.8	1.4	31.2	2.0	0.6
Consumer goods	62.2	4.3	2.0	–	0.3	0.5	62.2	4.0	1.5	42.5	2.7	0.4
Hotels, restaurants and leisure	11.4	3.1	1.7	–	0.2	0.4	11.4	2.9	1.3	2.9	0.9	0.5
Metals and mining	12.7	0.6	0.1	–	–	–	12.7	0.6	0.1	10.3	0.3	–
Other commercials	22.1	1.1	0.1	0.1	–	–	22.0	1.1	–	20.4	0.3	–
Pharma and medical devices	47.2	2.6	0.2	–	–	–	47.2	2.5	0.2	43.7	1.8	–
Private housing co-ops and non-profit associations	203.2	3.6	2.0	0.1	0.3	0.2	203.1	3.4	1.7	33.2	0.8	0.2
Pulp, paper and chemicals	38.1	1.6	0.6	–	–	0.2	38.1	1.5	0.4	27.3	0.4	0.1
Retailing	20.5	4.1	2.5	–	0.2	1.0	20.5	3.8	1.5	10.8	2.8	0.7
Services	57.4	3.8	1.6	0.1	0.2	0.6	57.3	3.6	1.0	46.5	2.0	0.5
Shipping, oil and gas	33.5	6.0	6.6	0.1	0.7	2.1	33.4	5.2	4.5	17.6	1.8	0.2
Social services	26.0	0.9	1.2	–	0.1	0.3	26.0	0.8	0.9	9.6	0.4	0.5
Telecom and media	20.3	0.6	0.2	–	–	0.1	20.3	0.6	0.1	18.3	0.3	–
Transportation	11.4	3.3	1.0	–	0.2	0.1	11.4	3.0	0.9	5.1	1.8	0.1
Utilities and infrastructure	64.2	4.2	0.1	–	–	–	64.2	4.2	–	45.5	3.6	–
Personal customers	928.9	65.6	10.2	0.9	2.2	3.1	928.0	63.4	7.2	159.1	12.3	0.7
Total	2,560.2	141.4	48.8	2.3	7.4	12.9	2,558.0	134.0	35.9	1,156.6	44.3	7.0

	As at December 31, 2019											
	Gross exposure			Expected credit loss			Net exposure			Net exposure, excluding collateral		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(DKK in billions)											
Public institutions	193.6	0.1	–	–	–	–	193.6	0.1	–	187.1	0.1	–
Financials	103.7	2.2	0.4	0.1	–	0.3	103.7	2.1	0.1	89.0	1.4	–
Agriculture	52.4	16.0	5.6	0.1	1.1	1.7	52.3	14.9	3.9	11.0	2.5	0.5
Automotive	35.9	1.6	0.3	–	–	0.1	35.9	1.5	0.2	27.0	0.7	–
Capital goods	63.1	3.5	4.1	–	0.1	0.5	63.1	3.4	3.5	54.9	2.3	3.2
Commercial property	293.3	19.3	5.2	0.2	0.7	1.3	293.1	18.6	3.9	63.4	3.6	0.1
Construction and building materials	43.3	6.0	1.9	–	0.3	0.7	43.3	5.6	1.2	30.7	3.0	0.8
Consumer goods	61.6	3.9	1.0	–	0.2	0.4	61.5	3.7	0.5	45.1	2.3	0.2
Hotels, restaurants and leisure	15.2	1.7	0.3	–	0.1	0.1	15.2	1.6	0.2	5.0	0.6	–
Metals and mining	11.2	0.7	0.1	–	–	–	11.2	0.7	–	8.7	0.4	–
Other commercials	20.8	0.4	–	–	–	–	20.8	0.4	–	18.4	0.2	–
Pharma and medical devices	38.4	1.2	–	–	–	–	38.4	1.2	–	35.5	1.0	–
Private housing co-ops and non-profit associations	190.4	6.1	2.0	–	0.2	0.3	190.4	5.9	1.7	29.5	1.4	0.2
Pulp, paper and chemicals	30.6	1.9	0.4	–	0.1	0.1	30.6	1.8	0.3	22.5	0.6	0.1
Retailing	21.5	3.3	1.5	–	0.3	0.7	21.5	3.0	0.8	12.4	2.0	0.4
Services	55.4	3.6	0.9	–	0.2	0.4	55.4	3.5	0.4	44.2	2.0	–
Shipping, oil and gas	41.3	9.4	9.4	–	0.2	2.9	41.3	9.2	6.4	21.5	4.6	1.0
Social services	29.2	1.1	0.8	–	–	0.3	29.2	1.1	0.6	10.9	0.5	0.3
Telecom and media	18.2	0.8	0.2	–	–	0.1	18.2	0.8	0.1	16.6	0.6	–
Transportation	13.9	2.2	0.2	–	–	0.1	13.9	2.1	0.1	7.6	0.5	–
Utilities and infrastructure	46.5	0.6	–	–	–	–	46.5	0.5	–	32.7	0.1	–
Personal customers	887.6	68.8	8.5	0.7	2.1	3.2	887.0	66.6	5.3	138.0	12.4	0.9
Total	2,267.3	154.2	42.8	1.3	5.8	13.4	2,266.0	148.5	29.4	911.5	42.6	7.8

	As at December 31, 2018											
	Gross exposure			Expected credit loss			Net exposure			Net exposure, excluding collateral		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(DKK in billions)											
Public institutions	206.3	–	–	–	–	–	206.3	–	–	203.7	–	–
Financials	111.5	1.8	0.6	0.1	–	0.2	111.4	1.7	0.3	87.9	0.8	0.1
Agriculture	58.8	8.8	6.7	0.4	1.1	1.9	58.4	7.7	4.8	11.1	2.1	0.6
Automotive	33.5	1.1	0.4	–	–	0.2	33.5	1.0	0.2	24.3	0.6	0.1
Capital goods	59.9	6.6	1.7	–	0.1	0.6	59.8	6.5	1.2	52.6	5.5	0.8
Commercial property	279.6	17.5	6.3	0.2	0.7	1.6	279.4	16.9	4.7	47.8	5.0	0.3
Construction and building materials	46.4	5.1	1.1	–	0.1	0.5	46.4	4.9	0.7	34.0	2.9	0.4
Consumer goods	64.1	2.7	1.0	–	0.1	0.3	64.0	2.6	0.7	47.0	1.5	0.2
Hotels, restaurants and leisure	13.4	1.1	0.6	–	–	0.1	13.4	1.0	0.5	3.8	0.5	0.1
Metals and mining	11.5	0.4	0.4	–	–	0.2	11.5	0.4	0.2	9.1	0.2	0.1
Other commercials	18.5	0.2	–	–	–	–	18.5	0.1	–	23.1	–	–
Pharma and medical devices	28.5	0.8	–	–	–	–	28.5	0.8	–	25.9	0.6	–
Private housing co-ops and non-profit associations	183.8	3.4	2.2	0.1	0.1	0.5	183.7	3.3	1.7	32.6	0.5	0.2
Pulp, paper and chemicals	30.6	1.2	0.3	–	–	0.1	30.6	1.2	0.2	22.5	0.4	0.1
Retailing	24.3	3.1	1.2	–	0.1	0.6	24.3	3.0	0.6	13.5	2.1	0.2
Services	55.9	3.3	1.2	–	0.1	0.5	55.9	3.2	0.7	43.9	1.8	0.2
Shipping, oil and gas	43.9	13.8	10.0	–	0.5	2.4	43.9	13.3	7.6	26.9	7.1	2.0
Social services	26.2	0.9	0.3	–	–	0.1	26.1	0.8	0.3	12.2	0.3	0.1
Telecom and media	17.5	0.6	0.2	–	–	0.1	17.5	0.6	0.1	15.5	0.4	–
Transportation	11.9	1.4	0.3	–	–	0.1	11.9	1.3	0.2	6.5	0.4	–
Utilities and infrastructure	39.8	1.9	0.2	–	–	0.1	39.8	1.9	0.1	27.6	1.2	0.1
Personal customers	863.7	63.9	8.7	0.6	2.1	3.3	863.1	61.7	5.5	136.8	11.7	1.2
Total	2,229.6	139.6	43.6	1.6	5.4	13.4	2,228.0	134.2	30.1	908.4	45.6	6.7

Note: The industry segment figures as at December 31, 2018, were restated in the 2019 Financial Statements to reflect the Group's industry segmentation following an update in the first quarter of 2019.

The following tables set forth the Group's total credit exposure of core lending activities broken down by business unit and underlying segment as at the dates indicated:

	As at December 31, 2020											
	Gross exposure (a)			Expected credit loss (b)			Net exposure = (a)–(b)			Net exposure, excluding collateral		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(DKK in billions)											
Banking DK:												
Retail	543.1	34.1	5.3	0.8	1.6	2.4	542.2	32.5	3.0	73.8	6.8	0.4
Commercial	429.4	17.2	16.1	0.8	2.0	3.9	428.6	15.2	12.2	87.6	3.3	1.8
Total Banking DK	972.5	51.3	21.5	1.7	3.6	6.3	970.8	47.7	15.2	161.4	10.1	2.3
Banking Nordic:												
Sweden	302.6	24.0	3.9	0.1	1.0	0.9	302.4	23.0	3.0	114.8	9.3	1.2
Norway	235.8	12.7	3.2	0.1	0.3	0.4	235.7	12.4	2.8	75.7	4.0	0.9
Finland	158.0	14.9	6.8	–	0.5	1.4	158.0	14.4	5.4	44.3	2.5	1.3
Other	36.8	12.5	1.3	–	0.4	0.5	36.8	12.1	0.9	13.3	2.6	–
Total Banking Nordic	733.2	64.1	15.3	0.3	2.2	3.1	732.9	61.9	12.1	248.0	18.3	3.4
C&I(1)	517.2	19.0	8.9	0.2	1.4	2.8	517.0	18.0	6.0	444.2	14.2	0.9
Wealth Management(2)	1.3	–	–	–	–	–	1.3	–	–	1.3	–	–
Northern Ireland	83.1	6.9	3.1	0.1	0.2	0.6	83.0	6.7	2.4	49.6	1.5	0.4
Other	253.0	0.1	–	–	–	–	253.0	0.1	–	252.3	–	–
Total gross exposure	2,560.2	141.4	48.8	2.3	7.4	12.9	2,558.0	134.0	35.9	1,156.6	44.3	7.0

(1) C&I comprises large corporate customers and financial institutions. As these customers typically have business activities in multiple countries, a geographical split is not applicable.
(2) The credit exposure remaining in Wealth Management primarily consists of repo transactions.

	As at December 31, 2019											
	Gross exposure (a)			Expected credit loss (b)			Net exposure = (a)–(b)			Net exposure, excluding collateral		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(DKK in billions)											
Banking DK:												
Retail	528.1	37.8	5.9	0.6	1.5	2.6	527.5	36.3	3.3	64.4	6.2	0.7
Commercial	446.6	31.6	15.8	0.3	1.9	4.9	446.3	29.7	11.0	126.5	7.5	1.4
Total Banking DK	974.7	69.4	21.7	0.9	3.4	7.4	973.8	66.0	14.3	191.0	13.7	2.1
Banking Nordic:												
Sweden	265.7	23.2	1.4	0.1	0.6	0.5	265.6	22.6	1.0	98.8	7.8	0.4
Norway	229.7	17.9	2.4	0.1	0.3	0.5	229.6	17.6	1.8	74.2	6.4	0.5
Finland	158.3	13.0	3.1	0.1	0.4	1.1	158.2	12.6	2.0	40.2	2.2	0.5
Other	41.8	11.5	0.6	–	0.3	0.3	41.7	11.2	0.3	14.9	2.6	–
Total Banking Nordic	695.4	65.6	7.5	0.3	1.6	2.4	695.2	64.0	5.1	228.1	18.9	1.4
C&I(1)	422.2	13.0	11.7	0.1	0.6	3.0	422.1	12.4	8.7	356.4	7.8	4.0
Wealth Management(2)	4.1	–	–	–	–	–	4.1	–	–	1.1	–	–
Northern Ireland	71.3	6.2	1.8	0.1	0.2	0.5	71.2	6.1	1.3	36.0	2.1	0.3
Other	99.5	0.1	–	–	–	–	99.5	0.1	–	99.0	–	–
Total gross exposure	2,267.3	154.2	42.8	1.3	5.8	13.4	2,266.0	148.5	29.4	911.5	42.6	7.8

(1) C&I comprises large corporate customers and financial institutions. As these customers typically have business activities in multiple countries, a geographical split is not applicable.
(2) The credit exposure remaining in Wealth Management primarily consists of repo transactions.

	As at December 31, 2018											
	Gross exposure (a)			Expected credit loss (b)			Net exposure = (a)–(b)			Net exposure, excluding collateral		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(DKK in billions)											
Banking DK[(1)]:												
Retail	528.3	34.8	6.1	0.5	1.6	2.6	527.8	33.2	3.6	64.4	6.4	1.2
Commercial	422.9	24.3	18.4	0.7	1.8	5.5	422.3	22.6	12.9	103.5	8.6	1.9
Total Banking DK	951.2	59.1	24.6	1.2	3.3	8.1	950.1	55.8	16.5	167.9	15.0	3.1
Banking Nordic:												
Sweden[(2)]	268.0	16.0	1.4	0.1	0.5	0.4	267.9	15.6	0.9	100.6	5.2	0.4
Norway	200.0	14.0	2.3	0.1	0.3	0.9	199.9	13.7	1.4	63.9	4.2	0.6
Finland	150.9	13.7	2.7	–	0.3	0.8	150.9	13.4	1.9	36.3	2.4	0.3
Other[(2)]	47.3	10.0	1.0	–	0.3	0.4	47.3	9.7	0.6	21.8	2.4	0.1
Total Banking Nordic	666.2	53.7	7.4	0.2	1.4	2.6	666.0	52.4	4.8	222.6	14.3	1.3
C&I[(3)]	534.7	21.4	9.5	0.1	0.6	2.1	534.6	20.8	7.4	471.8	14.5	1.8
Wealth Management[(1)]	2.6	–	–	–	–	–	2.6	–	–	2.4	–	–
Northern Ireland	62.6	5.3	2.1	–	0.1	0.6	62.5	5.2	1.5	31.9	1.8	0.4
Other	12.2	0.1	–	–	–	–	12.2	0.1	–	11.9	0.1	–
Total gross exposure	2,229.6	139.6	43.6	1.6	5.4	13.4	2,228.0	134.2	30.1	908.4	45.6	6.7

(1) The Group's Private Banking activities that were part of Wealth Management have been transferred to the banking units. Comparative information has been restated. The credit exposure remaining in Wealth management primarily consists of repo transactions.

(2) The asset finance customers in Sweden (Commercial) have been transferred within Banking Nordic from Sweden to 'other' to align the customer classification with that applied for Norway and Finland. Comparative information has been restated.

(3) C&I comprises large corporate customers and financial institutions. As these customers typically have business activities in multiple countries, a geographical split is not applicable.

Classification of Customers

The main objectives of risk classification are to rank the Group's customers according to risk and to estimate each customer's PD. As part of the credit process, the Group classifies customers according to risk and updates their classifications upon receipt of new information. Risk classification comprises rating and credit scoring of customers. While all large customers are rated, the Group uses fully automated and statistically based scoring models for small customers such as personal customers and small businesses. Credit scores are updated monthly in a process subject to automated controls.

The Group has developed a number of classification models to assess customer PD and to classify customers in various segments.

In its credit risk management, the Group uses point-in-time ("**PIT**") PD estimates for risk classification. These PIT PD estimates express a customer's PD in the current economic situation. The Group's classification scale consists of 11 main rating categories with fixed PD bands. During a downturn, a customer's PIT PD may increase, and the customer may migrate to a lower rating category. The effect from a downturn is thus larger when PIT PD is used than if the classification were based on through-the-cycle PD, which the Group uses to calculate the REA for credit risk.

The classification of facilities between stage 1 and stage 2 for the purpose of calculating ECLs under IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. The assessment of whether the credit risk has increased significantly since initial recognition is performed by considering the change in the risk of default occurring over the remaining life of the individual facility and incorporating forward-looking information. A facility is transferred from stage 1 to stage 2 on the basis of observed increases in the PD:

- for facilities originated below 1 percent in PD: an increase in the facility's 12-month PD of at least 0.5 percentage points since initial recognition and a doubling of the facility's lifetime PD since origination; and
- for facilities originated above 1 percent in PD: an increase in the facility's 12-month PD of 2 percentage points since origination or a doubling of the facility's lifetime PD since origination.

In addition, facilities that are more than 30 days past due are moved to stage 2. 30 days past due is considered a backstop. Finally, customers subject to forbearance measures are placed in stage 2 if the Group, in the most likely outcome, expects no loss or the customers are in the two-year probation period for performing forborne exposures.

A facility is transferred from stage 2 to stage 3 when it becomes credit-impaired. A facility becomes credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. This includes observable data about (a) significant financial difficulty of the issuer or the borrower; (b) a breach of contract, such as a default or past due event; (c) the borrower, for financial or contractual reasons relating to the borrower's financial difficulty, having been granted a concession that would not otherwise have been considered; (d) it is becoming probable that the borrower will enter into bankruptcy or other financial restructuring; and (e) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit loss. It may not be possible to identify a single discrete event – instead, the combined effect of several events may cause a financial asset to become credit-impaired. Credit-impaired facilities are placed in rating category 10 or 11. For customers in rating category 10, the stage 3 classification applies only to customers where a loss is expected in the most likely scenario. For rating category 11 (default), all facilities are classified as stage 3 exposures.

Exposures that are considered to be in default for regulatory purposes will always be categorized as stage 3 exposures under IFRS 9. This applies to 90 days past-due considerations and unlikely-to-pay factors leading to regulatory default.

Management applies judgement and recognizes post-model adjustments to cover risks that are not reflected sufficiently in the Group's ECL model. Besides increasing the ECLs, the post-model adjustments may lead to the transfer of part of the gross exposure covered by the post-model adjustments from stage 1 to stage 2 through targeted PD pushes to the current point in time estimates of PD (*i.e.*, increases in the PD for the underlying customers in the selected portfolios covered by the post-model adjustments) to ensure consistency between the methods used for disclosing information about ECLs and exposures subject to significant increase in credit risk. While the distribution of customers between the Group's 11 rating categories is unchanged and reflects the current point-in-time estimate of the underlying customers' PDs, the PD pushes may lead to the transfer of gross exposures to stage 2 as the assessment of the increase in credit risk is performed by comparing the initial PD with the current PD (after the adjustment for the targeted PD pushes).

As at December 31, 2020, the exposure-weighted PD was 0.76 percent, as compared to 0.68 percent as at December 31, 2019, and 0.62 percent as at December 31, 2018.

The following tables set forth the Group's credit exposure broken down by rating category as at the dates indicated:

As at December 31, 2020[(1)]

	PD level		Gross exposure (a)			Expected credit loss (b)			Net exposure = (a)–(b)			Net exposure, excluding collateral		
	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(percent)		(DKK in billions)											
1	–	0.01	270.7	0.1	–	–	–	–	270.7	0.1	–	252.4	–	–
2	0.01	0.03	239.9	0.4	–	–	–	–	239.8	0.4	–	119.2	0.1	–
3	0.03	0.06	536.8	0.8	–	0.1	–	–	536.7	0.8	–	234.9	0.2	–
4	0.06	0.14	574.9	2.0	0.4	0.2	–	–	574.7	2.0	0.4	241.9	0.6	0.1
5	0.14	0.31	501.2	7.4	0.3	0.4	0.1	–	500.8	7.3	0.3	166.9	2.8	–
6	0.31	0.63	282.4	19.1	1.6	0.4	0.3	–	281.9	18.8	1.6	96.8	5.9	0.5
7	0.63	1.90	131.8	40.9	1.0	0.7	1.0	–	131.1	40.0	1.0	38.5	13.0	0.2
8	1.90	7.98	20.2	35.3	0.7	0.4	2.6	–	19.7	32.7	0.7	5.2	10.1	0.1
9	7.98	25.70	1.3	10.2	1.0	–	1.1	–	1.3	9.0	1.0	0.3	0.6	0.1
10	25.70	99.99	1.0	25.1	25.8	–	2.4	5.1	1.0	22.7	20.7	0.5	10.9	3.8
11 (default)	100.00	100.00	0.1	0.2	18.0	–	–	7.9	0.1	0.2	10.1	–	0.1	2.2
Total			2,560.2	141.4	48.9	2.3	7.4	12.9	2,558.0	134.0	35.9	1,156.6	44.3	7.0

(1) The breakdown of the credit portfolio by rating category as at December 31, 2019, has been restated, leading to a reclassification of gross and net exposures of DKK 9.4 billion in rating categories 10 and 11 to other rating categories. The restatement is only a matter of presentation and has no impact on the expected credit losses, allocation between stages 1–3 or non-performing loans. The figures as at December 31, 2018, have not been restated and, therefore, are not directly comparable in all respects with the information presented as at December 31, 2020 and 2019.

As at December 31, 2019[(1)]

	PD level		Gross exposure (a)			Expected credit loss (b)			Net exposure = (a)–(b)			Net exposure, excluding collateral		
	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(percent)		(restated) (DKK in billions)											
1	–	0.01	151.6	0.2	–	–	–	–	151.6	0.2	–	139.8	–	–
2	0.01	0.03	199.2	0.3	–	–	–	–	199.2	0.3	–	106.3	–	–
3	0.03	0.06	469.7	1.0	–	–	–	–	469.7	1.0	–	180.4	0.2	–
4	0.06	0.14	562.1	3.6	0.3	0.1	–	–	562.0	3.6	0.3	215.7	1.4	–
5	0.14	0.31	479.2	10.7	0.1	0.2	0.1	–	479.1	10.6	0.1	140.2	4.5	–
6	0.31	0.63	258.8	23.4	0.2	0.3	0.2	–	258.5	23.1	0.2	87.3	7.1	–
7	0.63	1.90	135.1	53.4	0.4	0.3	1.0	–	134.8	52.4	0.4	39.7	15.0	–
8	1.90	7.98	10.3	36.4	0.2	0.4	2.2	–	9.9	34.2	0.2	1.8	7.8	–
9	7.98	25.70	0.9	10.2	0.1	–	1.2	–	0.9	9.0	0.1	0.1	1.2	–
10	25.70	99.99	0.3	14.7	19.9	–	1.0	4.8	0.3	13.7	15.1	0.1	5.3	4.4
11 (default)	100.00	100.00	0.1	0.4	21.4	–	–	8.5	0.1	0.4	13.0	–	0.1	3.3
Total			2,267.3	154.2	42.8	1.3	5.8	13.4	2,266.0	148.5	29.4	911.5	42.6	7.8

(1) The breakdown of the credit portfolio by rating category as at December 31, 2019, has been restated, leading to a reclassification of gross and net exposures of DKK 9.4 billion in rating categories 10 and 11 to other rating categories. The restatement is only a matter of presentation and has no impact on the expected credit losses, allocation between stages 1–3 or non-performing loans. The figures as at December 31, 2018, have not been restated and, therefore, are not directly comparable in all respects with the information presented as at December 31, 2020 and 2019.

As at December 31, 2018[(1)]

	PD level		Gross exposure (a)			Expected credit loss (b)			Net exposure = (a)–(b)			Net exposure, excluding collateral		
	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
	(percent)		(DKK in billions)											
1	–	0.01	178.9	0.1	–	0.0	0.0	–	178.9	0.1	–	193.2	0.0	–
2	0.01	0.03	169.8	0.3	0.0	0.0	0.0	0.0	169.8	0.3	0.0	88.4	0.1	0.0
3	0.03	0.06	443.9	0.9	0.0	0.0	0.0	0.0	443.8	0.9	0.0	151.6	0.2	0.0
4	0.06	0.14	593.2	10.2	0.2	0.1	0.0	0.0	593.1	10.2	0.2	218.1	8.5	0.0
5	0.14	0.31	442.7	13.7	0.4	0.2	0.1	0.0	442.5	13.6	0.4	136.8	6.1	0.0
6	0.31	0.63	246.4	17.4	0.1	0.3	0.3	0.0	246.1	17.1	0.1	76.5	5.2	(0.0)
7	0.63	1.90	131.5	45.4	0.1	0.3	1.4	0.0	131.2	44.0	0.1	38.6	14.0	0.0
8	1.90	7.98	16.3	32.2	0.1	0.6	2.0	0.0	15.6	30.2	0.1	3.3	7.8	(0.0)
9	7.98	25.70	1.3	9.4	0.2	0.1	1.1	0.0	1.2	8.3	0.2	0.4	2.0	0.2
10	25.70	99.99	4.3	8.9	22.1	0.0	0.4	4.4	4.3	8.6	17.7	1.4	1.6	5.5
11 (default)	100.00	100.00	1.4	1.1	20.3	–	0.1	9.0	1.4	1.0	11.3	0.1	0.1	0.9
Total			2,229.6	139.6	43.6	1.6	5.4	13.4	2,228.0	134.2	30.1	908.4	45.6	6.7

(1) The breakdown of the credit portfolio by rating category as at December 31, 2019, has been restated, leading to a reclassification of gross and net exposures of DKK 9.4 billion in rating categories 10 and 11 to other rating categories. The restatement is only a matter of presentation and has no impact on the expected credit losses, allocation between stages 1–3 or non-performing loans. The figures as at December 31, 2018, have not been restated and, therefore, are not directly comparable in all respects with the information presented as at December 31, 2020 and 2019.

Credit Risk Mitigation and Collateral Management

The Group uses a number of measures to mitigate credit risk, including collateral, guarantees and covenants. The main method is to obtain collateral.

The market value of collateral is monitored and reassessed by advisers, internal or external assessors, or automatic valuation models. Automatic valuation models are validated annually and monitored quarterly. The Group regularly evaluates the validity of both the internal and the external inputs on which the valuation models are based. The Collateral System supports the process of reassessing the market value to ensure that the Group complies with regulatory requirements.

The market value of collateral is subject to a haircut. The haircut reflects the risk that the Group will not be able to obtain the estimated market value upon the sale of the individual asset in a distressed situation. The haircut applied depends on the type of collateral. For regulatory purposes, the Group also applies more conservative haircuts to capture the risk of an economic downturn.

The composition of the Group's collateral base reflects the product composition of the credit portfolio. The most important collateral types, measured by volume, are real property and vessels and aircrafts. For reporting purposes, all collateral values are net of haircuts and capped by the exposure amount at the facility level.

The following tables set forth the value of the Group's collateral (after relevant haircuts) by type as at the dates indicated:

	As at December 31, 2020						
	Banking DK	Banking Nordic	C&I	Wealth Manage-ment	Northern Ireland	Other	Total
	(DKK in billions, unless otherwise indicated)						
Real property	842.5	451.6	29.9	–	32.9	0.7	1,357.6
Personal	489.2	292.6	–	–	21.5	0.6	804.0
Commercial	313.0	151.4	28.1	–	9.1	–	501.6
Agricultural	40.3	7.5	1.8	–	2.4	–	52.0
Bank accounts	1.2	1.1	0.1	–	–	–	2.4
Custody accounts and securities	8.8	3.6	6.0	–	–	–	18.3
Vehicles	1.4	21.6	1.2	–	–	–	24.2
Equipment	2.1	13.9	1.2	–	3.1	–	20.3
Vessels and aircraft	2.0	2.5	19.6	–	–	–	24.1
Guarantees	1.7	8.3	18.2	–	3.0	–	31.2
Amounts due	–	3.8	0.4	–	0.3	–	4.5
Other assets	0.2	31.0	4.8	–	1.3	–	37.3
Total collateral	860.0	537.3	81.4	0.0	40.7	0.7	1,520.0
Total unsecured credit exposure	173.7	269.7	459.3	1.3	51.5	252.4	1,207.9
Unsecured portion of credit exposure (percent)	16.8	33.4	84.9	99.3	55.9	99.7	44.3

	As at December 31, 2019						
	Banking DK	Banking Nordic	C&I	Wealth Manage-ment	Northern Ireland	Other	Total
	(DKK in billions, unless otherwise indicated)						
Real property	828.6	432.1	26.6	–	34.8	0.6	1,322.7
Personal	487.1	276.1	–	–	21.6	0.3	785.1
Commercial	299.8	149.1	24.8	–	10.3	0.3	484.2
Agricultural	41.7	7.0	1.8	–	2.9	–	53.4
Bank accounts	1.1	0.9	0.1	–	–	–	2.1
Custody accounts and securities	9.0	3.4	10.8	3.1	–	–	26.3
Vehicles	1.6	20.5	0.7	–	–	–	22.9
Equipment	3.1	15.8	1.5	–	3.5	–	23.8
Vessels and aircraft	1.7	2.6	25.2	–	–	–	29.6
Guarantees	1.9	7.2	5.8	–	–	–	14.8
Amounts due	–	4.0	0.2	–	0.5	–	4.7
Other assets	0.3	29.3	4.0	–	1.4	–	35.1
Total collateral	847.3	515.8	74.9	3.1	40.2	0.6	1,481.9
Total unsecured credit exposure	206.8	248.5	368.3	1.1	38.3	99.0	962.0
Unsecured portion of credit exposure (percent)	19.6	32.5	83.1	25.7	48.8	99.4	39.4

	As at December 31, 2018						
	Banking DK	Banking Nordic	C&I	Wealth Manage-ment	Northern Ireland	Other	Total
	(DKK in billions, unless otherwise indicated)						
Real property	817.4	406.6	27.5	–	30.3	0.3	1,282.1
Personal	485.9	255.3	–	–	18.3	0.1	759.7
Commercial	289.3	144.5	25.6	–	9.2	0.2	468.7
Agricultural	42.2	6.7	1.9	–	2.8	–	53.7
Bank accounts	0.4	0.7	0.1	–	–	–	1.3
Custody accounts and securities	9.7	2.9	10.7	0.1	–	–	23.4
Vehicles	1.7	19.2	0.7	–	–	–	21.6
Equipment	3.2	15.1	1.2	–	2.7	–	22.3
Vessels and aircraft	1.6	2.4	24.9	–	–	–	28.9
Guarantees	2.2	6.5	3.7	–	–	–	12.4
Amounts due	–	3.9	0.2	–	0.5	–	4.5
Other assets	0.2	27.7	5.7	0.1	1.5	–	35.0
Total collateral	836.4	484.9	74.7	0.3	35.1	0.3	1,431.6
Total unsecured credit exposure	186.0	238.3	488.1	2.3	34.1	11.9	960.7
Unsecured portion of credit exposure (percent)	18.2	32.9	86.7	89.7	49.3	97.2	40.2

The average unsecured portion of the past due amounts with no evidence of impairment was 0.0 percent as at December 31, 2020, 11.7 percent as at December 31, 2019, and 14.3 percent as at December 31, 2018. Real property accounted for 74.8 percent of collateral provided as at December 31, 2020, 80.3 percent as at December 31, 2019, and 76.4 percent as at December 31, 2018.

Credit Risk Management Support Systems

The Group has a number of systems for measuring and controlling credit risk. Among the most important systems are the Credit System (including the Risk Profile, the Credit Exposure System and the Delegated Lending Authorities System), the Collateral System, the Rating/Scoring System and a number of follow-up systems. Several controls are incorporated in these systems, which aim to ensure accurate classification of customers and timely default registration based on risk events, timely registration and accurate valuation of collateral, granting of credit facilities according to delegated lending authorities, and formalized monitoring and follow-up procedures.

The Credit System is the hub of the credit process. It contains all relevant details about credit facilities, financial circumstances and customer relationships. The system is used for all customer segments and products across all sales channels. It ensures that the basis for decision-making, including file comments and credit exposure, is created and stored properly.

Principles for Impairment Charges, Non-performing Loans and Forbearance

Overview

The Group conducts impairment tests, assessing all credit facilities for credit impairment in accordance with IFRS 9 and the guidelines set out in the Executive Order on Financial Reports for Credit Institutions from the DFSA.

Loan Impairment Charges

Loan impairment charges include impairment charges for ECLs against loans, lease receivables, bonds at amortized cost and FVOCI, certain loan commitments and financial guarantee contracts as well as fair value adjustments of the credit risk on loans measured at fair value. The item also includes expected losses and realized gains and losses on assets (such as tangible assets and Group undertakings) taken over by the Group under non-performing loan agreements. Further, the item includes external costs directly attributable to the collection of amounts due under nonperforming loans, such as legal costs.

Non-performing Loans and Forbearance

The Group defines non-performing loans ("**NPLs**") as stage 3 exposures. However, for exposures to non-retail customers with NPLs, the entire amount of a customer's exposure is considered to be non-performing. For retail exposures, only impaired facilities are included in NPLs. The Group excludes exposures in stage 3 with no impairment charges or where the allowance account is considered immaterial to the gross exposure.

The Group engages in work-out processes with customers in order to minimize losses and help healthy customers in financial difficulty. During the work-out process, the Group makes use of forbearance measures to assist non-performing customers. Concessions granted to customers include interest-reduction schedules, interest-only schedules, temporary payment holidays, term extensions, cancellation of outstanding fees, waiver of covenant enforcement and settlements.

Because of the length of the work-out processes, the Group is likely to maintain impairment charges for these customers for years.

Forbearance plans must comply with the Group's Credit Policy and are used as an instrument to maintain long-term customer relationships during economic downturns if there is a realistic possibility that the customer will be able to meet obligations again. The purpose of the plans is therefore to minimize loss in the event of default and to help customers through a difficult period.

If it proves impossible to improve a customer's financial situation by forbearance measures, the Group will consider whether to subject the customer's assets to a forced sale or whether the assets could be realized later at higher net proceeds. Since 2014, the Group has identified an increasing number of exposures subject to forbearance measures, partially as a result of stronger focus on the registration and monitoring of forbearance activities.

In 2020, the Group increased its use of concessions to customers affected by the COVID-19 pandemic. The concessions granted by the Group represented an increase in gross exposure of approximately DKK 44 billion, of which approximately DKK 6 billion was considered forbearance measures. The concessions related primarily to personal customers and the following industries: shipping, oil and gas; commercial property; transportation; and consumer goods.

Non-performing Loans, Impairment Charges and Allowance Account

The following table sets forth certain information on the Group's NPLs in its core activities as at the dates indicated:

	As at December 31,		
	2020	2019	2018
	(DKK in millions, unless otherwise indicated)		
Gross non-performing loans	31,776	34,713	29,923
NPL allowance account	(12,934)	(13,367)	(13,020)
Net non-performing loans	18,842	21,346	16,903
Portion from customers in default	6,698	9,372	7,289
Collateral (after haircut)	(14,567)	(17,479)	(15,296)
Net non-performing loans (excluding collateral)	4,275	3,867	2,302
NPL coverage ratio (default) (percent)	100	74	96
Coverage ratio (non-default) (percent)	54	85	69
Coverage ratio (total non-performing loans) (percent)	75	78	85
Non-performing loans as a percentage of total gross exposure (percent)	1.2	1.4	1.2

The following tables set forth an industry breakdown of the Group's NPLs and impairment charges as at the dates indicated:

	As at December 31, 2020			
	Gross exposure (a)	Expected credit losses (b)	Net exposure = (a) + (b)	Net exposure, excluding collateral
	(DKK in millions)			
Public institutions	–	–	–	–
Financials	199	199	–	–
Agriculture	3,156	1,410	1,746	440
Automotive	480	163	317	113
Capital goods	1,793	672	1,121	779
Commercial property	3,371	1,016	2,356	111
Construction and building materials	1,520	658	862	303
Consumer goods	1,452	575	878	173
Hotels, restaurants and leisure	1,563	410	1,153	678
Metals and mining	100	42	58	23
Other commercials	19	8	11	1
Pharma and medical devices	52	11	41	17
Private housing co-ops and non-profit associations	715	231	484	84
Pulp, paper and chemicals	418	180	237	62
Retailing	2,137	1,030	1,108	422
Services	941	526	415	182
Shipping, oil and gas	6,509	2,270	4,239	95
Social services	872	323	549	–
Telecom and media	177	106	71	9
Transportation	866	129	737	523
Utilities and infrastructure	47	47	–	–
Personal customers	5,388	2,931	2,457	261
Total NPLs	31,776	12,934	18,842	4,275

	As at December 31, 2019			
	Gross exposure (a)	Expected credit losses (b)	Net exposure = (a) + (b)	Net exposure, excluding collateral
	(DKK in millions)			
Public institutions	1	–	1	1
Financials	338	263	75	–
Agriculture	3,452	1,708	1,744	412
Automotive	190	91	99	43
Capital goods	4,043	565	3,478	2,241
Commercial property	3,610	1,257	2,353	9
Construction and building materials	2,207	864	1,343	181
Consumer goods	886	441	446	34
Hotels, restaurants and leisure	145	81	64	12
Metals and mining	42	34	8	2
Other commercials	13	10	3	–
Pharma and medical devices	30	19	11	–
Private housing co-ops and non-profit associations	803	321	482	49
Pulp, paper and chemicals	368	119	249	78
Retailing	1,379	662	717	–
Services	664	402	262	50
Shipping, oil and gas	9,230	2,938	6,292	–
Social services	739	252	487	–
Telecom and media	220	110	109	32
Transportation	126	98	28	–
Utilities and infrastructure	59	34	25	12
Personal customers	6,167	3,095	3,072	714
Total NPLs	34,713	13,367	21,346	3,867

	As at December 31, 2018			
	Gross exposure (a)	Expected credit losses (b)	Net exposure = (a) + (b)	Net exposure, excluding collateral
	(DKK in millions)			
Public institutions	5	4	1	1
Financials	237	237	–	–
Agriculture	3,622	1,897	1,725	382
Automotive	390	187	202	82
Capital goods	1,522	558	965	681
Commercial property	4,409	1,576	2,832	47
Construction and building materials	930	434	497	85
Consumer goods	573	277	296	99
Hotels, restaurants and leisure	196	117	78	11
Metals and mining	338	207	131	80
Other commercials	136	32	104	6
Pharma and medical devices	35	21	14	1
Private housing co-ops and non-profit associations	1,117	451	666	47
Pulp, paper and chemicals	222	89	134	44
Retailing	864	588	276	3
Services	952	523	429	–
Shipping, oil and gas	7,538	2,316	5,222	120
Social services	334	57	277	45
Telecom and media	159	91	68	15
Transportation	169	100	69	1
Utilities and infrastructure	220	131	89	76
Personal customers	5,954	3,130	2,824	477
Total NPLs	29,924	13,021	16,903	2,302

Note: The industry segment figures as at December 31, 2018, were restated in the 2019 Financial Statements to reflect the Group's industry segmentation following an update in the first quarter of 2019.

The following table sets forth information on the Group's loan impairment charges as at the dates and for the years indicated:

	As at and for the year ended December 31,		
	2020	2019	2018
	(DKK in millions)		
ECL impairment on due from credit institutions and central banks	(3)	5	(28)
ECL impairment on loans at amortized cost	5,863	1,485	(466)
ECL impairment on loan commitments and guarantees etc.	889	(22)	(85)
ECL impairment total	6,748	1,468	(579)
Fair value credit risk adjustment on loans at fair value	341	262	192
Total	7,089	1,729	(387)
ECL on new assets	4,651	3,911	3,085
ECL on assets derecognized	(5,260)	(4,487)	(4,027)
Impact of net remeasurement of ECL (including changes in models)	4,366	1,520	484
Write-offs charged directly to income statement	3,986	1,614	710
Received on claims previously written off	(376)	(563)	(749)
Interest income, effective interest method	(278)	(267)	(289)
Total	7,089	1,729	(387)

The following tables set forth the Group's allowance account broken down by segment and type of impairment as at the dates indicated:

	Banking DK	Banking Nordic	C&I	Northern Ireland	Other	Allowance account total
			(DKK in millions)			
ECL allowance account as at January 1, 2018	14,475	4,465	2,779	902	12	22,631
ECL on new assets	1,443	714	773	61	–	2,991
ECL on assets derecognized	(2,059)	(827)	(908)	(103)	–	(3,896)
Impact on remeasurement of ECL (including changes in models)	(76)	148	325	58	–	454
Write-offs debited to allowance account	(1,206)	(317)	(18)	(112)	–	(1,654)
Foreign currency translation	(7)	(50)	19	(13)	–	(51)
Other changes	24	17	(164)	–	1	(122)
ECL allowance account as at December 31, 2018	**12,593**	**4,149**	**2,806**	**792**	**12**	**20,353**
ECL on new assets	1,631	935	1,278	52	3	3,898
ECL on assets derecognized	(2,296)	(1,062)	(843)	(172)	(5)	(4,377)
Impact on remeasurement of ECL (including changes in models)	24	415	798	29	(1)	1,264
Write-offs debited to allowance account	(397)	(104)	(281)	(14)	–	(796)
Foreign currency translation	(1)	13	54	44	–	109
Other changes	109	(13)	(94)	–	(1)	–
ECL allowance account as at December 31, 2019	**11,662**	**4,333**	**3,718**	**730**	**8**	**20,451**
ECL on new assets	1,300	1,442	1,647	108	10	4,507
ECL on assets derecognized	(2,303)	(963)	(1,809)	(103)	(3)	(5,180)
Impact on remeasurement of ECL (including changes in models)	974	843	2,111	354	1	4,283
Write-offs debited to allowance account	(120)	(40)	(865)	(51)	–	(1,076)
Foreign currency translation	(8)	14	(381)	(48)	(2)	(425)
Other changes	14	14	(34)	(1)	1	(6)
ECL allowance account as at December 31, 2020	**11,520**	**5,643**	**4,378**	**990**	**15**	**22,554**

Note: The Group's Private Banking activities that were part of Wealth Management have been transferred to Banking DK and Banking Nordic and are reflected in the Group's financial reporting from the fourth quarter of 2019. Comparative figures as at and for the year ended December 31, 2018, have been restated accordingly.

Past Due Amounts in Core Activities

The following tables set forth the Group's past due amounts (no evidence of impairment) in core activities as at the dates indicated:

	As at December 31, 2020						
	Banking DK	Banking Nordic	C&I	Northern Ireland	Other	Total past due amounts	Total due under loans
				(DKK in millions)			
6–30 days	71	23	1	1	–	95	1,530
31–60 days	13	20	–	1	–	34	691
> 60 days	34	5	–	–	–	40	587
Total past due amounts	118	48	2	2	–	170	–
Total due under loans	883	1,850	6	60	8	–	2,807

	As at December 31, 2019						
	Banking DK	Banking Nordic	C&I	Northern Ireland	Other	Total past due amounts	Total due under loans
				(DKK in millions)			
6–30 days	57	52	2	7	–	118	2,790
31–60 days	15	6	–	1	–	23	536
> 60 days	33	20	–	2	–	56	497
Total past due amounts	106	78	3	10	–	196	–
Total due under loans	670	3,022	6	119	4	–	3,822

	As at December 31, 2018						
	Banking DK	Banking Nordic	C&I	Northern Ireland	Other	Total past due amounts	Total due under loans
				(DKK in millions)			
6–30 days	82	37	3	6	–	128	1,789
31–60 days	27	34	1	2	–	64	652
> 60 days	32	58	–	1	–	91	772
Total past due amounts	141	129	5	8	–	284	–
Total due under loans	814	2,283	37	77	2	–	3,213

Note: The Group's Private Banking activities that were part of Wealth Management have been transferred to Banking DK and Banking Nordic and are reflected in the Group's financial reporting from the fourth quarter of 2019. Comparative figures as at and for the year ended December 31, 2018, have been restated accordingly.

Counterparty Credit Risk

General

Counterparty credit risk is the risk that the counterparty to a transaction defaults before the final settlement of the transaction's cash flows. It is a combination of credit risk (a deterioration in the credit worthiness of a counterparty) and market risk (the potential value of a derivative contract). The financial loss will be the current exposure, that is, the cost of replacing an existing transaction by a new transaction with similar characteristics but at current market prices while taking into account the value of mitigating collateral.

The Group takes on counterparty credit risk when it enters into over-the-counter ("**OTC**") derivatives, securities financing transactions ("**SFTs**") and exchange-traded derivatives.

These transaction types derive their value from the performance of an underlying asset and have an associated future market value that may generate an exchange of payments or financial instruments depending on the terms of the transaction. The potential future value of such transactions fluctuates since the market value is related to the underlying market factors and may thus shift between positive and negative levels.

The Group mitigates counterparty credit risk through pre-deal controls, post-deal monitoring, clearing, close-out netting agreements and collateral agreements. The Group incurs a financial loss if a counterparty defaults and the market value of the derivatives transaction is not covered after netting and the realization of collateral.

At the customer level, counterparty credit risk is managed by means of maximum tolerable potential future exposure ("**PFE**") lines on a set of maturity buckets. Prior to trading, PFE lines are approved by the relevant credit unit. At the portfolio level, the Group uses additional metrics to help set and monitor counterparty risk appetite, including current exposure and exposure at default.

The Group has set limitations and introduced portfolio-level monitoring mechanisms. This includes monitoring wrong-way risk (the risk that arises when credit exposure to a counterparty increases while the counterparty's creditworthiness deteriorates), concentration risk and stress tests. The limitations cover the product range, the counterparty rating and the rating of the underlying securities.

The Group manages its exposure to market risk on fair value adjustments (xVA), including CVA, under separate limits in the xVA framework as described under "—*Market Risk*" below.

As at December 31, 2020, 4.8 percent of the Group's total REA related to counterparty credit risk, including CCP default risk and CVA risk charge.

Governance and Responsibilities

The Group organizes its counterparty credit risk activities in line with the principles of the three-lines-of-defense model as defined in its ERM framework.

Senior management oversees all financial risks in relation to trading activities and ensures that these risks remain within the Group's appetite. Furthermore, senior management serves as a platform between the first and the second lines of defense to discuss and escalate financial risks, if necessary.

Methodologies and Models

The Group uses a number of metrics to capture counterparty credit risk, including current exposure (CE), PFE and EAD.

Current exposure is a simple measure of counterparty credit risk exposure that takes into account only current mark-to-market values and collateral.

For risk management purposes, counterparty credit risk is measured as PFE at the 97.5 percentile for a set of future time horizons. All transactions are assumed to be held to contractual maturity.

The Group uses simulation-based models to calculate the potential future counterparty credit risk exposure. The models simulate the potential future market value of each counterparty portfolio of transactions while taking netting and collateral management agreements into account. For transactions not included in the internal simulation model (approximately 6 percent), the potential change in market value is determined as a percentage (add-on) of the nominal principal amount. The size of the add-on depends on the transaction type, maturity, currency and collateral coverage and is determined using a conservative approach to ensure estimation adequacy.

The DFSA approved the Group's simulation model for calculating the regulatory capital requirement for counterparty credit risk in 2015.

More advanced measures, such as EAD, which is a regulatory measure, express potential future losses and are based on internal models for future scenarios of market data.

Monitoring and Reporting

The Group carries out daily counterparty credit risk measurement and monitoring as well as intraday line utilization monitoring. An overview of counterparty credit risk exposure is reported to the Executive Leadership Team and other senior management on a monthly basis.

The internal simulation model is subject to quarterly backtesting of the underlying risk factors and resulting exposures. It is also subject to an annual validation performed by an independent validation team.

Data and Systems

The Group has an integrated system covering all aspects of counterparty credit risk management. The system is integrated with all trading systems, the master agreement management system, the collateral management system and market data systems.

Internal management and monitoring of counterparty credit risk are performed in the Group's line system. The system covers all aspects of the internal counterparty credit risk management process, including the assignment of lines, monitoring and control of line utilizations, registration of master agreements, measurement and management reporting.

Counterparty Credit Risk Exposure

Current gross exposure is the total of all positive market values from transactions made before balance sheet netting (netting effect) and collateral reduction (collateral effect). It is equivalent to the total amount of derivatives with positive fair value on the balance sheet. As at December 31, 2020, the Group's current gross exposure to derivatives was DKK 900 billion (December 31, 2019: DKK 637 billion). If the netting effects and collateral received are taken into account, the current exposure to derivatives was DKK 37 billion as at December 31, 2020 (December 31, 2019: DKK 26 billion). The increase in the current exposure from 2019 was due mainly to a change in calculation methodology. As at December 31, 2020, the financial institutions segment represented the Group's highest level of exposure, while exposures to commercial property companies, corporates and public institutions were slightly lower.

In 2020, the Group cleared approximately 67 percent of the total notional amount of derivatives transactions through CCPs and used collateral agreements to support approximately 96 percent of non-cleared transactions.

The following tables set forth the Group's current exposure to derivatives and SFTs before and after netting and collateral on current exposure as at the dates indicated:

	As at December 31, 2020		
	Total	**Derivatives**	**SFTs**
		(DKK in millions)	
Current gross exposure	905,600	899,739	5,862
Current exposure after netting	114,248	109,601	4,647
Current exposure after netting and collateral	43,430	37,027	6,403

	As at December 31, 2019		
	Total	**Derivatives**	**SFTs**
		(DKK in millions)	
Current gross exposure	644,338	637,073	7,265
Current exposure after netting	81,391	76,361	5,030
Current exposure after netting and collateral	29,738	25,631	4,107

	As at December 31, 2018		
	Total	Derivatives	SFTs
		(DKK in millions)	
Current gross exposure	389,986	383,321	6,665
Current exposure after netting	73,687	68,636	5,051
Current exposure after netting and collateral	31,240	26,448	4,792

As at December 31, 2020, approximately 87 percent of the exposure related to counterparties with a classification comparable to investment grade.

Approximately 80 percent of the Group's collateral agreement holdings consisted of cash as at December 31, 2020. The remainder consisted mainly of Danish mortgage bonds and government bonds issued by Denmark, France and Germany.

Exposure Relating to Counterparty Credit Risk and Credit Exposure from Trading and Investment Securities

The following table sets forth a breakdown of the Group's exposure to counterparty credit risk from derivatives and credit exposure from trading and investment securities as at the dates indicated:

	As at December 31,		
	2020	2019	2018
		(DKK in billions)	
Counterparty credit risk			
Derivatives with positive fair value	379.6	294.0	244.3
Reverse transactions and other loans at fair value[(1)]	259.4	343.1	319.4
Credit exposure from other trading and investment securities			
Bonds	583.4	472.5	441.6
Shares	16.7	13.7	6.3
Other unutilized commitments[(2)]	0.2	0.3	0.3
Total	1,239.3	1,123.6	1,011.9

(1) Reverse transactions and other loans at fair value included as counterparty credit risk are loans at the trading units of C&I. As at December 31, 2020, these loans consist of reverse transactions of DKK 256.7 billion (December 31, 2019: DKK 342.0 billion; December 31, 2018: DKK 317.8 billion), of which DKK 50.0 billion (December 31, 2019: DKK 23.6 billion; December 31, 2018: DKK 56.3 billion) relates to credit institutions and central banks, and other primarily short-term loans of DKK 2.8 billion (December 31, 2019: DKK 1.1 billion; December 31, 2018: DKK 1.6 billion), of which DKK 2.4 billion (December 31, 2019: DKK 0.0 billion; December 31, 2018: DKK 0.6 billion) relates to credit institutions and central banks.

(2) Other unutilized commitments comprise private equity investment commitments and other obligations.

Market Risk

General

Market risk is the risk of losses or gains 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. Market risk affects the Group's financial statements through the valuation of on-balance-sheet and off-balance-sheet items; some of the Group's financial instruments, assets and liabilities are valued on the basis of market prices, while others are valued on the basis of market prices and valuation models developed by the Group. In addition, net interest income generated through the non-trading portfolio will be affected by the level of interest rates. As at December 31, 2020, market risk accounted for 5.1 percent of the Group's total REA.

The Group's market risk management is intended to ensure proper oversight of all market risks, including both trading-related market risk and non-trading-related market risk as well as market risk in relation to fair value adjustments. The market risk framework is designed to systematically identify, assess, monitor and report market risk.

The Group manages its market risk by means of three separate frameworks for the following areas:

- Trading-related activities at C&I;
- xVA at C&I; and
- Non-trading portfolio at Group Treasury.

The Group manages the market risk associated with its trading activities in the financial markets. In particular, the Group hedges the market risk incurred from market-making activities and client flows by taking positions in financial instruments, assets and liabilities that offset this market risk. In addition, the Group uses financial instruments to hedge the xVA in relation to derivatives trading.

Group Treasury manages interest rate risks and other market risks associated with the assets and liabilities of the non-trading portfolio. Group Treasury also manages risks associated with the Group's defined benefit pension plans.

The market risk at Danica Pension is managed separately. For more detailed information, see "—*Insurance and Pension Risk*" below.

Governance and Responsibilities

The Market Risk Policy set by the Board of Directors lays out the overall framework for market risk management and identifies the boundaries within which the Group's market risk profile and business strategy are defined. The Market Risk Policy is supplemented by the Market Risk Instructions set by the Board of Directors. The latter document defines the overall limits for various market risk factors and additional boundaries within which trading activities are performed.

Market risks are managed by C&I and Group Treasury (the first line of defense) through implementation of the Market Risk Policy and the Market Risk Instructions into standard operating procedures and the control environment. Market risks in relation to other business units are transferred to and managed by Group Treasury. The units own, identify and manage the market risk and perform operational and managerial controls in the day-to-day risk management.

Market & Liquidity Risk (the second line of defense) within Group Risk Management owns the market risk framework and is in charge of market risk oversight and control of the first-line-of-defense units. Market & Liquidity Risk is accountable for developing and maintaining the Market Risk Policy, the Market Risk Instructions and the market risk framework. The Group's market risk appetite is incorporated in the Market Risk Policy and Market Risk Instructions.

Oversight and control processes at Market & Liquidity Risk encompass current and emerging risk monitoring, limit control, portfolio analysis, stress testing, reporting to senior management and challenging the risk management practices performed by first-line-of-defense units. Group Finance is accountable for the independent price verification framework, prudent valuation and profit and loss control.

Methodologies and Models

The Group uses a range of measures forming a framework that captures the material market risks to which the Group is exposed. Both conventional risk measures, such as sensitivity and market value, and mathematical and statistical measures, such as VaR, are used in day-to-day market risk management. The Group also develops and maintains internal models that are used for the pricing and risk management of financial products that cannot be valued directly or risk-managed on the basis of quoted market prices.

Value-at-Risk

The current internal market risk model was acknowledged by the DFSA in 2007 and has since then been used for the calculation of regulatory capital for the Group and the Bank. The model covers interest rate risk, equity market risk and exchange rate risk. At the end of 2011, the model was approved to cover interest rate basis risk, interest rate volatility risk and inflation risk. In 2015, the model was further approved to include bond-specific risk and equity-specific risk. At the same time, the Group's incremental risk model was significantly enhanced and subsequently included in the framework. Consequently, the Group's internal model is enhanced on an ongoing basis to cater for new risk factors and products, for example.

VaR is a quantitative measure that shows, with a certain probability, the maximum potential loss that the Group will suffer within a specified holding period. In the day-to-day risk management of trading-related positions, the internal VaR model estimates the maximum potential loss from changes in market risk factors assuming unchanged positions for one day.

In general, a VaR model estimates a portfolio's aggregate market risk by incorporating a range of risk factors and assets. As a result, the VaR measure takes portfolio diversification or hedging activities into account. VaR has well-known limitations, and the Group has a comprehensive stress testing program in place to mitigate these limitations.

The stress testing program provides additional perspectives on market risk by applying multiple methodologies with various severities. The complexity of the methodology ranges from simple sensitivity analyses to complex scenario stress testing proportionally suited to the purpose of the individual stress test. In general, the Group's stress testing practices can be divided into the following three categories: (1) risk factor stress testing, which stresses risk factors on an individual and collective basis (single-factor and multiple-factor stress tests); (2) scenario stress testing, which assesses the consequences of specific scenarios covering hypothetical as well as historical shocks to multiple risk factors simultaneously; and (3) reverse stress testing, which identifies extreme but plausible single- or two-factor scenarios that could result in significant adverse outcomes.

The following table sets forth the Group's VaR model:

	Risk monitoring		Capital requirement		
	VaR limit	Stressed VaR limit	VaR	Stressed VaR	Backtesting
Value-at-Risk					
Percentile	95	99	99	99	99
Holding period	1 day	10 days	10 days	10 days	1 day
Historical data used	2 years	2 years	2 years	1 year	1 year
Period	Recent	Recent	Recent	1-year period of significant financial stress relevant to the Group's portfolio	Recent

All figures are calculated and reported internally on a daily basis. Figures are calculated using full revaluations in all their details by using primarily the front-office valuation models.

The VaR used for risk monitoring and capital requirement calculations is based on two-year sliding historical data, and each calculation is based on 1,000 scenarios using bootstrapping of one-day returns. Scenarios are time-weighted – 70 percent of all scenarios are based on the most recent one-year period.

Risk-factor returns are calculated as absolute returns for spreads and volatilities and as proportional returns for equities and foreign exchange rates. A mixed approach is used for interest rates.

Stressed VaR used for regulatory capital purposes is calculated using a holding period and historical data from a continued 12-month period of significant financial stress for the relevant portfolio. Scenarios are equally weighted. A structured approach is used for identifying the historical period representing a significant stress on the current trading book. The historical period is identified by running the full VaR model over a comprehensive historical period to identify the 12-month period since 2008 that produces the highest VaR for the current portfolio. On this basis, the most stressed periods are identified and analyzed in more detail in order to validate the period to be used for calculating stressed VaR. From the beginning of 2020, the Group calculated stressed VaR on the trading book on the basis of the period from September 2008 to September 2009. However, the COVID-19 pandemic meant that the period was changed in June 2020 to run from June 2019 to June 2020. This period was maintained during the rest of the year.

Beyond the above-mentioned stressed VaR, the Group calculates stressed VaR for internal limit purposes on the basis of the period from September 2008 to September 2009.

Backtesting of the Internal VaR Model

Regulatory backtesting is conducted on a daily basis to document the performance of the internal VaR model. The backtesting procedure compares calculated 1-day VaR on trading book positions with actual and hypothetical profit/loss results. Actual profit/loss is defined as the loss or gain from actual changes in the market value of the trading book when daily closing values are compared with the subsequent business day's closing values (that is, intraday trades on the subsequent business day are included). Hypothetical profit/loss is defined as the loss or gain calculated within the model framework resulting from keeping the portfolio unchanged for one business day (that is, no intraday trading is included, although market prices change).

If the hypothetical or actual loss exceeds the VaR, an exception has occurred. Since the VaR figures used for backtesting are based on a confidence level of 99 percent (as in the calculation of regulatory capital), the expected number of exceptions per year is two to three. The backtesting of the internal VaR model showed four exceptions in hypothetical profit/loss and three exceptions in actual profit/loss in 2020. All exceptions occurred in March 2020 following primarily large increases in interest rates and significant movements in Danish mortgage spreads.

Incremental Risk

The incremental risk model captures rating migration and default risk on a one-year horizon for all instruments subject to specific interest rate risk: bonds, mortgage-backed securities, bond futures and options, mortgage bond futures and credit default swaps ("**CDSs**"). The model estimates a profit/loss distribution through Monte Carlo simulations of credit events for all issuers based on transition matrices. A total of 200,000 scenarios is used. The correlation between issuers is captured by using a one-factor Gaussian copula. The correlation parameter is estimated quarterly on the basis of pairwise correlations of bond and CDS spread time series.

Ratings and transition matrices used in the model are based on information from the major rating agencies. Ratings are updated on an ongoing basis, while transition matrices are updated annually. A constant liquidity horizon of one year is used for all instruments. A cross-sectional model including factors such as rating, sector, region and maturity is used for the translation of simulated rating migrations to corresponding spread changes. The model is recalibrated quarterly.

Portfolio analysis and stress testing

The Group performs market risk portfolio analyses and stress testing on a regular basis and in relation to specific events in trading and financial markets.

On a monthly basis, the Group analyzes the relationship between market risk and income for the trading sections at C&I. The market risk stress testing program is designed to underpin prudent market risk management. Efforts are made to ensure that the net effect under various stressed conditions is taken into account in the risk assessment and monitoring processes.

The purpose of market risk stress testing is to:

- assess the adequacy of the Group's financial resources for periods of severe stress and develop market-risk-related contingency plans for the Group if the need arises;
- promote risk identification and add further insight into the need for setting new limits; and
- provide a supplement to the ongoing quality assurance for market risk management practices.

The complexity of the methodologies ranges from simple sensitivity analyses to complex scenario stress testing proportionally suited to the purpose of the stress test.

Regulatory Capital for Market Risk

The Group mainly uses the internal model approach (the "**IMA**") to measure the REA used for determining the minimum capital requirement for market risk in the trading book. The IMA comprises the VaR capital charge, the stressed VaR capital charge and the incremental risk charge (the "**IRC**"). The Group uses the internal VaR model to calculate the VaR and stressed VaR capital charges, whereas the IRC is calculated on the basis of the incremental risk model. No diversification effects between capital charges are taken into account.

The REA for the Group's minor exposures to commodity risk and collective investment undertakings is calculated according to the standardized approach.

The REA for CVA risk is measured mainly using the internal VaR model based on exposure calculations from the counterparty risk exposure model and allocated CDS spread hedges. The risk exposure amount for CVA risk from the Group's minor exposures to transactions not included in the counterparty credit risk exposure model is calculated according to the standardized approach.

Model Validation

The Group conducts a variety of activities to ensure well-performing models in the market, counterparty credit and liquidity risk areas. The activities can be divided into the following:

- validation of models used for the valuation of OTC products and calculation of market risk sensitivities for fair value positions;
- validation of behavioral models used for the calculation of interest rate risk in the banking book ("**IRRBB**"), initial margin models and liquidity risk models (performed by the Market & Liquidity Risk department); and
- validation of internal models used for the calculation of regulatory capital for market and counterparty credit risks (performed by the COO Risk department).

The purpose of the validation process is to assess, independently of the model owner and developer, whether the accuracy of the model is satisfactory and the model meets all regulatory requirements.

In addition to initial validation and annual re-validation, the Group has established ongoing monitoring processes, such as backtests of the initial margin model and controls of the continued validity of model assumptions, in which the crossing of specific thresholds triggers targeted review activities and escalation.

An independent validation unit carries out the validation of internal models used for the regulatory capital calculations, including the validation of material changes to existing internal models and recurring validations of major model assumptions.

Moreover, the Group conducts a number of activities to monitor the internal VaR model on an ongoing basis. These activities include an annual review of the model in accordance with regulatory requirements, quarterly risk factor reviews and daily backtesting of the model. The quarterly risk factor reviews include an assessment of the materiality of risk factors that are not included in the model. Currently, the internal VaR model contains all significant risk factors.

The Group primarily validates its models internally. However, external validation may be considered in the event of introducing new complex models or complex amendments to existing models as it enables the Group to benchmark the models against those of international peers, for example.

The validation and ongoing control processes are anchored internally in the Group's Model Risk Policy, which sets out the principles and standards for model risk management at the Group.

Market Risk Management

Market Risk Appetite

The Group operates with a market risk appetite for its trading-related activities. The market risk appetite determines how much the Group is prepared to lose on its trading-related market risk exposure over a period of one year in a severely stressed market environment. The risk appetite is based on the Group's business strategy, the expected future market environment as well as expected earnings. The market risk appetite for trading-related activities is approved by the Board of Directors and reassessed at least once a year. In addition, the Board of Directors has defined a risk mandate that allows the Group's trading units to take on own market risk positions in keeping with the above-mentioned risk appetite.

The Group's exposure to the risk on fair value adjustments is managed under separate limits. Such limits are based on an xVA risk appetite that expresses the maximum expected net value adjustment in a severely stressed environment arising from risk factors that cannot be hedged or which the Group has deliberately chosen not to hedge.

The Group's exposure to market risks in the non-trading portfolio is managed under selected limits and operational targets that govern and control the market risk on these activities in relation to specific risk appetite, capital, liquidity, operational and earnings objectives.

Limit Framework

Market risk limits are set in terms of various metrics so that activities subject to market risk are covered from several perspectives. The Group operates with three levels in the limit hierarchy for market risk (encompassing trading-related, xVA-related and non-trading portfolio market risks): Board of Directors limits, Group All Risk Committee limits and detailed operational limits.

Board of Directors limits are set by the Board of Directors in the Market Risk Instructions. This document defines overall limits for material risk factors. The overall limits are supplemented by VaR and stressed VaR limits for trading-related market risk. The Group All Risk Committee delegates the Board of Directors limits to business units and assigns additional limits for less significant risk factors. Detailed operational limits for trading-related market risk are set at business area and trading section levels for relevant risk categories and metrics. The operational limit structure is sufficiently granular to facilitate effective control of market risk and to provide an overview and understanding of activities undertaken by the various units under the three distinct market risk frameworks.

Risk Identification and Assessment

The Group markets, trades and takes positions in products entailing a variety of market risk components. Most of the Group's market risks involve relatively simple products. The Group does not take on risk exposure to complex securitization instruments for which it cannot measure and monitor the embedded market risks.

New initiatives and products are systematically reviewed in relation to the current product and market risk models. New products and business proposals are assessed in relation to current risk management practices and IT systems.

Furthermore, the Group may identify a need to take into account new risk factors (through a review of its strategy) or financial market developments such as the current IBOR reform. If the Group wants to expand its business into specific products or instruments, there may be a need for additional metrics and limits.

Monitoring and Reporting

The Group carries out market risk controlling and reporting on a daily basis. The controlling process involves continuous intraday monitoring of limit utilizations with a full portfolio update every 30 minutes. The monitoring system is linked directly to front office trading systems and automatically flags any limit excess. The business units and trading sections must comply with limits at all times. If a limit is breached, the unit responsible must document the cause and submit an action plan to rectify the situation. All limit breaches are reported to the relevant authority within the limit structure.

The Group produces a range of internal market risk reports and provides input to other internal and external reports in which market risk monitoring is presented.

The Board of Directors and senior management regularly receive reports that provide an overview of the Group's portfolios, main risk drivers and stress testing results for decision-making purposes. This also includes information on the allocation of regulatory capital to the various business units and trading activities. Furthermore, detailed reporting (on a daily and weekly basis) provides granular metrics to senior management at C&I and Group Treasury for day-to-day risk management purposes.

Market Risk Profile

Trading-related Market Risk at C&I

The activities that involve market risk in the trading portfolio derive mainly from the Group's initiatives to provide investment and hedging products to the full range of customers. In particular, principal risk-taking is a key element in serving the Group's largest corporate and institutional clients. The Group operates mainly in the Nordic markets and in selected international markets in the Eurozone.

The Group's strategic focus is to provide global fixed income, currency and capital market products to institutional and corporate clients in the Nordic countries and to offer local Nordic products to global customers. Principal risk-taking takes place mainly in fixed income products. Advanced derivatives are traded mainly with professional customers, while simple products are distributed to retail and commercial customers.

The Group's business activities involve a natural flow of various currencies. These are primarily currencies related to the Group's domestic markets in the Nordic region. They include all major currencies in support of the Group's Nordic customers and, to a lesser extent, other currencies requested by customers in these areas. However, taking on foreign exchange risk is limited relative to the market risk derived from interest rates.

One business objective is to provide liquidity and engage in market-making in equity-related assets. The objective is to have a leading market position in the Nordic equity market. The Group's equity market risk is limited relative to the market risk derived from interest rates. The Group is currently winding down a legacy commodity OTC derivatives book. As part of this process, the Group has reduced market risk to an insignificant level since it does not want to take on material commodity market risk. In the long term, the Group aims to assume only very limited market risk in oil futures as a hedging tool for the inflation trading book. The Group is not allowed to take physical positions in any commodity.

The following table sets forth information on the VaR for trading-related activities at C&I (VaR estimates for the various risk types are calculated on a standalone basis, while the total VaR includes diversification effects; confidence level of 95 percent for a one-day horizon), by risk category as at the dates indicated:

	2020		2019		2018	
	Average for the year	As at December 31	Average for the year	As at December 31	Average for the year	As at December 31
			(DKK in millions)			
Bond spread risk	24	27	17	13	22	19
Interest rate risk	26	26	23	25	27	23
Equity risk	12	14	5	12	5	3
Foreign exchange risk	3	12	2	2	3	2
Diversification effects	(36)	(51)	(21)	(26)	(28)	(17)
Total VaR	29	28	26	26	30	30

The Group continued to maintain a low risk in its trading operations in 2020, with average trading-related market risk increasing from DKK 26 million in 2019 to DKK 29 million in 2020. Throughout the period, the risk related chiefly to fixed income products, which gave rise to interest rate risk and bond spread risk. Because of substantial diversification, however, the two main risk factors hedged each other well.

Both average interest rate risk and average bond spread risk as well as equity risk increased in 2020 from 2019 levels. In addition, foreign exchange risk was more or less unchanged.

Market Risk in relation to xVA

The Group's xVA covers FVA, CVA and DVA. The Group applies a market-implied approach that is in line with industry best practice. When managing xVA, the Group focuses on managing economic risk rather than regulatory capital. This means that the Group recognizes market risk on all counterparties and not just counterparties in scope for the CVA risk charge. The Group's strategy is to continue developing the xVA model so that it remains in line with best market practice.

In order to reduce profit/loss volatility caused by xVA, the Group pursues a strategy of hedging the most significant risk in the financial markets to increase income stability and predictability under this framework. In practice, the Group buys a hedge of offsetting interest rate swaps and CDS contracts in the financial markets. The Group hedges open foreign exchange risk under this framework. Due to the non-linear nature of both CVA and FVA, the Group has a significant interest rate vega exposure, which is only partially hedged. The FX vega exposure is limited and not hedged at the moment. The main risk of FVA is the funding spread risk (the funding spread is set by Group Treasury). This part cannot easily be limited and hedged, but the Group nevertheless endeavors to mitigate some of the funding spread risk through own debt issues. In addition, the Group may maintain exposures to sovereign spread risk.

In 2020, the xVA hedging strategy contributed to a 65 percent reduction in actual daily income volatility as compared with the volatility of an unhedged portfolio.

Market Risk in relation to the Non-trading Portfolio

The Group's exposure to market risk in the non-trading portfolio originates mainly from IRRBB. IRRBB derives from providing the Group's core banking customers with conventional banking products and from the Group's funding and liquidity management activities at Group Treasury. In addition, the Group holds a small portfolio of unlisted shares relating mainly to private equity funds and banking-related investments.

Interest Rate Risk in the Banking Book

The day-to-day management of the interest rate risk associated with the Group's banking book activities is overseen by Group Treasury.

IRRBB is driven by a number of factors: repricing mismatches between assets and liabilities, client behavioralization, optionality within client products booked within the banking book, and interest rate floors and options on assets and liabilities held by the Group.

Annually, the Board of Directors determines the Group's interest rate risk appetite. This framework is translated into a limit framework used for risk management purposes. The ALCO is responsible for monitoring and managing the Group's IRRBB exposure, while the Group Balance Sheet Risk Committee discharges the second-line-of-defense obligations in overseeing the implementation and maintenance of the Group-wide framework for managing the non-trading portfolio market risk.

Group Treasury provides the first line of defense for IRRBB. This involves day-to-day management of the actual risk against the limit framework. Market & Liquidity Risk provides the second line of defense and maintains the risk management systems used for calculating the economic value-based IRRBB measures. In addition, Market & Liquidity Risk maintains the limit framework and monitors adherence to the limits. On a monthly basis, the ALCO reviews IRRBB utilization against a series of risk measures. These cover prescribed regulatory metrics, the risk appetite as determined by the Board of Directors and other risk measures that are considered appropriate. The ALCO reviews IRRBB-related issues and monitors the levels of Economic Value, Earnings-at-Risk and Credit Spread Risk utilization.

The Group regularly reviews its IRRBB framework in order to make sure that it continues to have the capacity to capture banking book risks. Such reviews encompass new regulatory requirements and are aligned, where possible, with industry best practice. This framework seeks to identify scenarios that are generated by the following stressed situations: a short rate shock, a parallel shift in interest rates, a non-parallel shift in interest rates, contractual floors on customer products and debt issued by the Group, as well as customer behavior. The latter is an important component and encompasses the ongoing assessment of non-maturing demand deposits ("**NMDs**"). The volume of NMDs is recalibrated each month, while the duration is reviewed annually. The ALCO approves the NMDs and endorses the sensitivity of the duration (any increase or decrease).

The Group hedges interest rate risk on fixed rate loans and deposits mainly during the accounting origination process, while managing the risk on the following fixed rate items on a daily basis according to the limit framework:

- fixed rate mortgages in Denmark and other fixed rate loans that are not hedged as part of the accounting setup including operating leases sold by the Group's leasing operations;
- positions related to asset and liability management, including payments that are made in advance on Realkredit Danmark loans (monthly payments that are not passed on to bondholders until the end of the quarter or year);
- bonds held in the hold-to-maturity and available-for-sale portfolios established by the Group in 2013 to stabilize net interest income by hedging its fixed rate liabilities;
- interest rate risk exposure from NMDs; and
- other interest rate risk exposures, that is, embedded contractual interest rate floors on assets (such as lending contracts) and fluctuations in risk from changes in the core banking balance sheet composition as well as risk migration from changes to behavioral assumptions.

IRRBB is capitalized as a Pillar II risk.

Equity Investments

As at December 31, 2020, the total value of the portfolio was approximately DKK 1.3 billion, as compared to approximately DKK 2.2 billion as at December 31, 2019.

Bond Portfolio

As at December 31, 2020, the Group's bond holdings amounted to DKK 583,448 million calculated as the carrying amount (including Danica Pension's own bond holdings). Most of the bonds are Danish mortgage bonds, Swedish covered bonds and other covered bonds under public supervision.

The following tables set forth a breakdown of the Group's bond portfolio by type and external rating category as at the dates indicated:

	As at December 31, 2020						
	Central and local government bonds	**Quasi-government bonds**	**Danish mortgage bonds**	**Swedish covered bonds**	**Other covered bonds**	**Corporate bonds**	**Total**
				(DKK in millions)			
AAA	221,354	7,522	212,971	71,928	13,344	1,387	528,506
AA+	11,293	–	–	–	66	157	11,516
AA	16,457	468	–	39	176	1,819	18,959
AA-	3,102	–	–	–	–	364	3,466
A+	–	–	–	–	–	110	110
A	3,700	–	174	–	378	3,142	7,394
A-	–	–	–	–	–	290	290
BBB+	2,408	–	–	–	–	940	3,348
BBB	1,628	–	32	–	–	1,953	3,613
BBB-	4,027	–	–	–	–	677	4,704
BB+	–	–	–	–	–	393	393
BB	–	–	–	–	–	927	927
BB-	–	–	–	–	–	31	31
Sub-investment grade or unrated	–	–	–	–	24	168	192
Total	263,969	7,990	213,177	71,967	13,987	12,359	583,448

	As at December 31, 2019						
	Central and local government bonds	**Quasi-government bonds**	**Danish mortgage bonds**	**Swedish covered bonds**	**Other covered bonds**	**Corporate bonds**	**Total**
				(DKK in millions)			
AAA	101,484	4,354	250,107	46,070	8,876	597	411,487
AA+	10,941	3	–	–	734	4	11,682
AA	18,235	225	–	3	531	1,133	20,127
AA-	1,224	–	–	–	–	437	1,661
A+	–	–	–	–	–	459	459
A	8,434	–	4	–	5	2,315	10,758
A-	–	–	15	–	–	1,228	1,243
BBB+	6,940	–	–	–	–	408	7,348
BBB	376	–	39	–	–	1,138	1,553
BBB-	5,224	–	–	–	–	321	5,545
BB+	7	–	–	–	–	285	292
BB	–	–	–	–	–	148	148
BB-	–	–	–	–	–	1	1
Sub-investment grade or unrated	8	–	–	–	7	231	246
Total	152,872	4,583	250,166	46,072	10,152	8,705	472,550

	As at December 31, 2018						
	Central and local government bonds	**Quasi-government bonds**	**Danish mortgage bonds**	**Swedish covered bonds**	**Other covered bonds**	**Corporate bonds**	**Total**
				(DKK in millions)			
AAA	111,689	2,474	209,353	42,081	8,319	148	374,064
AA+	20,341	470	–	–	35	123	20,969
AA	22,757	701	–	–	799	1,595	25,852
AA-	4,911	–	–	–	2	173	5,087
A+	–	–	–	–	–	570	570
A	3,738	–	34	–	4	2,117	5,893
A-	1	–	–	–	–	360	362
BBB+	4,358	–	–	–	–	426	4,784
BBB	218	–	23	–	–	736	976
BBB-	2,368	–	–	–	–	281	2,649
BB+	4	–	–	–	–	170	174
BB	–	–	–	–	–	127	127
BB-	–	–	–	–	–	30	30
Sub-investment grade or unrated	–	–	–	–	–	99	99
Total	170,386	3,645	209,410	42,081	9,158	6,956	441,636

The following tables set forth a breakdown of the Group's bond portfolio by type and geography as at the dates indicated:

	As at December 31, 2020						
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
				(DKK in millions)			
Denmark	80,654	–	213,177	–	–	2,968	296,800
Sweden	91,397	–	–	71,967	–	3,977	167,341
United Kingdom	2,955	–	–	–	1,096	1,489	5,540
Norway	3,681	–	–	–	10,693	1,657	16,031
United States	13,457	1,876	–	–	–	15	15,348
Spain	3,921	–	–	–	1	2	3,925
France	11,693	–	–	–	466	27	12,186
Luxembourg	–	4,404	–	–	–	75	4,479
Finland	7,964	999	–	–	751	1,432	11,147
Ireland	2,187	–	–	–	3	59	2,249
Italy	4,357	–	–	–	–	4	4,361
Portugal	249	–	–	–	–	–	249
Austria	5,347	–	–	–	–	56	5,402
Netherlands	4,987	4	–	–	15	176	5,182
Germany	30,316	–	–	–	711	181	31,208
Belgium	803	299	–	–	1	–	1,102
Other	–	409	–	–	249	239	897
Total	263,969	7,990	213,177	71,967	13,987	12,358	583,448

	As at December 31, 2019						
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
				(DKK in millions)			
Denmark	30,552	–	250,166	–	–	827	281,545
Sweden	24,040	1	–	46,072	–	2,415	72,528
United Kingdom	5,237	–	–	–	1,546	824	7,608
Norway	5,416	–	–	–	5,774	2,908	14,098
United States	21,213	1,105	–	–	–	12	22,330
Spain	7,396	–	–	–	1	4	7,401
France	10,176	–	–	–	384	22	10,582
Luxembourg	–	2,597	–	–	–	1	2,599
Finland	8,483	635	–	–	829	704	10,651
Ireland	7,978	–	–	–	4	6	7,989
Italy	5,334	–	–	–	–	7	5,341
Portugal	272	–	–	–	–	–	272
Austria	4,041	–	–	–	–	2	4,043
Netherlands	4,718	–	–	–	119	256	5,093
Germany	16,787	–	–	–	1,343	154	18,284
Belgium	1,228	–	–	–	6	5	1,239
Other	–	243	–	–	145	559	947
Total	152,872	4,583	250,166	46,072	10,152	8,705	472,550

	As at December 31, 2018						
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
				(DKK in millions)			
Denmark	39,404	–	209,263	–	–	782	249,450
Sweden	42,755	–	146	42,081	–	1,939	86,920
United Kingdom	6,306	–	–	–	1,989	159	8,454
Norway	10,539	–	–	–	3,867	1,700	16,106
United States	11,055	338	–	–	–	4	11,397
Spain	4,360	–	–	–	2	1	4,362
France	11,421	–	–	–	948	387	12,757
Luxembourg	–	2,841	–	–	–	3	2,843
Finland	10,944	435	–	–	1,041	653	13,073
Ireland	3,738	–	–	–	8	13	3,758
Italy	1,488	–	–	–	–	2	1,490
Portugal	899	–	–	–	–	–	899
Austria	3,717	–	–	–	–	12	3,729
Netherlands	7,848	–	–	–	94	477	8,419
Germany	11,287	–	–	–	993	50	12,330
Belgium	4,625	–	–	–	85	5	4,715
Other	–	32	–	–	132	769	933
Total	170,386	3,645	209,410	42,081	9,158	6,956	441,636

Internal Pension Risk

Internal pension risk arises from the Group's liability for defined benefit pension plans established for current and former employees.

The Group's defined benefit pension obligations consist of pension plans in Northern Ireland, the Republic of Ireland and Sweden as well as a number of small pension plans in Denmark. In addition, the Group has unfunded defined benefit pension plans that are recognized directly on the balance sheet. All of the plans are closed to new members.

Most of the Group's pension plans are defined contribution plans under which the Group pays contributions to insurance companies, including Danica Pension. The Group has, to a minor extent, entered into defined benefit pension plans. Under defined benefit pension plans, the Group is under an obligation to pay defined future benefits from the time of retirement. The Group's defined benefit pension plans contain provisions stipulating the pension benefits that the individual employee will be entitled to receive on retirement. As pension benefits will typically be payable for the rest of the individual employee's life, this increases the Group's uncertainty about the amount of future obligations since the liability and pension expenses are measured actuarially.

As at December 31, 2020, the Group's IFRS aggregate net pension assets amounted to DKK 1,905 million, as compared to DKK 1,560 million as at December 31, 2019, and DKK 962 million as at December 31, 2018.

The Group's defined benefit plans are funded by contributions from the Group and individual contributions from employees. Each pension plan is managed by a separate supervisory board.

The Group monitors interest rate sensitivities and manages them within set boundaries. It uses derivative instruments as an additional tool to manage interest rate risks.

The Group All Risk Committee has defined risk targets for the Group's pension funds. To follow up on the objectives, the Group prepares quarterly risk reports that stress the individual plans' net obligations calculated on the basis of swap rates rather than actuarial discount rates. These levels are used in the Group's VaR model.

The Group calculates the market risk on defined benefit plans on a quarterly basis. The risk is expressed as VaR at a confidence level of 99.97 percent and on a one-year horizon. In this scenario, equity price volatility and the correlation between interest rates and equity prices are set at values reflecting normal market data. The duration of the pension obligations is reduced by half to take into account inflation risk. This is a widely accepted proxy, which is also used by the DFSA, among others. As at December 31, 2020, the Group's VaR was DKK 1,480 million (December 31, 2019: DKK 1,671 million).

The following table sets forth the sensitivity of the IFRS net pension obligation to changes in equity prices, interest rates and life expectancy:

	Change	**Effect 2020**	**Effect 2019**	**Effect 2018**
			(DKK in millions)	
Equity prices	-20 percent	(284)	(360)	(360)
Interest rates	+1/-1 percent	119/315	260/(146)	393/(152)
Life expectancy	+1 year	(398)	(356)	(330)

Pension obligations are measured in the Group's solvency calculations at fair value. Pension risk is covered by the ICAAP, and it is measured by VaR at a confidence level of 99.9 percent and on a one-year time horizon.

Liquidity Risk

General

Liquidity risk is the risk that a lack of funding leads to excessive costs or prevents the Group from maintaining its business model or fulfilling its payment obligations. The Group manages this liquidity risk by holding sufficient liquidity reserves to meet its obligations and to support its strategies, business plans and rating ambitions even in stressed situations.

Liquidity Risk Profile

Liquidity risk arises from the basic activities of banks, such as deposit-taking and lending. The transformation of short-term deposits into long-term loans exposes banks to maturity mismatches. Liquidity risk can be seen conceptually as consisting of two key elements, both of which are addressed by the Group's Liquidity Policy:

- *Distance to default:* A sufficient distance to default should be maintained at all times: In case of a crisis, there must be sufficient time to respond to events and developments in order to avoid financial or regulatory default; and
- *Market reliance:* Market reliance should be limited: If the Group relies on its ability to issue debt when needed, it becomes vulnerable to investor sentiments, market stress and market dysfunctionalities. The size and maturity profile of debt instruments must therefore be prudently adapted to funding needs.

By ensuring sufficient time to respond in case of a prolonged crisis, management will be able to adjust to changed conditions in a controlled manner, thus avoiding any hasty reactions to short-term market volatility. By reducing market reliance, the Group reduces the effects of market volatility and ensures the sustainability of its long-term business model. This allows it to serve customers at any time during the business cycle.

Realkredit Danmark and Danica Pension manage their own liquidity risks. Realkredit Danmark is subject to special mortgage bank legislation and is largely self-financing. As a result, it manages its liquidity separately from the rest of the Group. Danica Pension's balance sheet includes assets and long-term life insurance liabilities. A large part of Danica Pension's assets are readily marketable securities. Both Realkredit Danmark and Danica Pension are subject to statutory limits on their exposures to the Bank.

For liquidity management purposes, the term "Group" does not include Danica Pension, because it is not a credit institution. This means that Danica Pension is not subject to the same liquidity regulations as credit institutions and therefore not part of the prudential consolidation. Realkredit Danmark, on the other hand, is included in the prudential consolidation of the Group. Because of its particular funding structure, however, it is not always relevant to include Realkredit Danmark in Group aggregated figures. As a consequence, Realkredit Danmark is sometimes excluded from Group figures. It is explicitly stated when this is the case.

Risk Indicators

The Group monitors the two key elements through a set of risk indicators that make up the Group's liquidity risk profile. The risk indicators used for managing the distance to default allow the Group to adjust the size and composition of its liquidity reserve to meet its obligations in a stressed liquidity situation. The indicators are the LCR, internal stress tests, and the operational two-week and four-week liquidity curves. The LCR covers a 30-day stressed period, while the internal stress tests cover a three-month stressed period.

The risk indicators addressing market reliance are effective management tools that enable the Group to maintain an adequate level of stable funding for its long-term commitments on the asset side. This reduces any pressure on the Group during a liquidity crisis.

For additional information on the Group's LCR and NSFR, see "*Operating and Financial Review and Prospects—Funding and Liquidity—Liquidity Requirements*."

The Group also monitors the diversification of its funding sources by product, currency, maturity and counterparty to ensure that its funding base provides the best possible protection. Special attention is devoted to the Norwegian Kroner and Swedish Kronor markets. The Group has a deposit gap in the Norwegian and Swedish markets, meaning that the Group must obtain market funding. Covered bonds in Norwegian Kroner are issued by the Bank, whereas covered bonds in Swedish Kronor are issued by the Group's subsidiary Danske Hypotek AB (publ) ("**Danske Hypotek**").

Liquidity Risk Framework

Governance and Responsibilities

Like other risk types, liquidity risk is governed in line with the principles of the three-lines-of-defense model. Group Treasury is in charge of liquidity management and is therefore the first line of defense for liquidity risk. It must keep the liquidity risk profile within the risk appetite. The responsibility for short-term liquidity management is delegated to FI&C within certain limits and as outlined in Group Treasury guidelines.

Group Risk Management is the second line of defense. In particular, Liquidity & Capital Risk Management reviews and challenges the methodologies and metrics and monitors compliance with applicable limits. It is also in charge of the ILAAP and submits reports on this process to the Board of Directors and the supervisory authorities.

Liquidity risk management uses a combination of risk indicators, risk triggers and risk policies. Two documents lay out the foundation for this process: the Liquidity Policy and the Liquidity Instructions. The Liquidity Policy sets out the overall principles for the Group's liquidity risk management. The Liquidity Instructions set out the governance structure and defines limits and methods for calculating liquidity risk. Both have been issued by the Board of Directors.

Liquidity risk issues are discussed by two separate subcommittees of the Group All Risk Committee. The ALCO is anchored in the first line of defense, while the Group Balance Sheet Risk Committee (the "**BSRC**") is anchored in the second line of defense. Members of the ALCO and the BSRC come from the Executive Leadership Team, Group Treasury, Group Finance, FI&C and Group Risk Management. The ALCO has a strategic focus on asset and liability management components, such as net interest income, funds transfer pricing as well as interest and foreign exchange risks in the balance sheet, in accordance with the Liquidity and Market Risk Policies. The BSRC oversees the risk framework for liquidity, funding and capital risks at the Group level. The BSRC monitors and challenges the management of the risks covered by the committee.

Liquidity management is coordinated centrally to ensure regulatory compliance at the Group level and compliance with internal requirements. Regulatory compliance and the maintenance of adequate liquidity reserves at subsidiaries are managed locally, but subject to coordination to ensure consistency across the Group.

Stress Testing

Stress tests are a core element of the models and methodologies used for managing liquidity risk. Three of the six risk indicators making up the risk profile are based on stressed liquidity scenarios.

Stress tests are carried out for the Group and for the Bank to measure their immediate liquidity risks and detect signs of possible crises. The stress tests use three different standard scenarios: a scenario specific to Danske Bank, a general market crisis scenario and a combination of the two scenarios. A "stress-to-failure" test is also conducted. The setup makes it possible to analyze any time horizon up to one year, but a period of three months is standard for internal stress tests.

All stress tests are based on the assumption that the Group does not reduce its lending activities. This means that an unchanged volume of lending will continue to require funding. The availability of funding varies depending on the scenario in question and the funding source. The assessment of funding stability is based on the maturity structure for debt and behavioral data for deposits.

Liquidity Risk Management

The Group uses regulatory indicators, such as the LCR and the NSFR, as tools for asset liability management. A crucial implementation tool is the funds transfer pricing model.

Monitoring and Reporting

Liquidity & Capital Risk Management reports on indicators to the relevant parties and committees. Indicators set by the Board of Directors are monitored and reported back to the Board of Directors and to other relevant stakeholders (such as the BSRC and the Executive Leadership Team via the Group All Risk Committee). Indicators set by the BSRC or at lower levels are reported back to the BSRC and to the head of Liquidity & Capital Risk Management.

Liquidity risk reporting consists of overviews, analyses and forecasts for the most critical risk indicators such as the LCR. They outline the drivers and causes of changes in liquidity and give senior management a clear understanding of the Group's day-to-day liquidity risk profile.

Monitoring and reporting are conducted separately in line with the principles of the three-lines-of-defense model. As the first line of defense, Group Treasury and Group Finance report on the risk measures. The second line of defense, Group Risk Management, monitors compliance with internal limits. Furthermore, Group Risk Management reviews and validates the models and assumptions used by the first line of defense.

Liquidity & Capital Risk Management monitors compliance with the risk limits set in the Liquidity Instructions. The LCR figures and operational liquidity are monitored and reported on a daily basis, while the other risk indicators are reported on a monthly basis to the BSRC and the Group All Risk Committee. Risk indicators are reported to the Board of Directors on a quarterly basis.

Liquidity Reserve

The Group's liquidity reserve is defined as all unencumbered liquid assets that are available to the Group in a stressed situation. Assets received as collateral are included in the reserve, whereas assets used as collateral are excluded.

The large increase in liquid assets during 2020 was partly due to the relatively low level of liquidity at the end of 2019. Three quarters of the additions to the liquidity buffer were central bank reserves, while government bonds (that is, level 1a assets) accounted for almost all of the remainder.

Many of the bonds held in the liquidity reserve are central-bank-eligible instruments, and they are important for intra-day liquidity needs and overnight liquidity facilities.

The amounts of liquidity are calculated using haircut values mandated for each asset category in the LCR regulation. Some assets are excluded entirely. In internal stress tests, valuations closer to actual market values are generally used.

Funding Sources

The Group monitors its funding mix to ensure that it is well-diversified in terms of funding sources, maturities and currencies. A diverse range of funding sources is intended to provide protection against market disruptions.

For additional information on the Group's funding, see "*Operating and Financial Review and Prospects—Funding and Liquidity—Funding*."

Capital Risk

General

Capital risk is the risk of not having enough capital to cover all material risks arising from the Group's chosen business strategy. The Group manages its capital risks through prudent planning, thus ensuring a sufficient level of capital to support its growth ambitions and to absorb unexpected losses even in severe downturns without breaching regulatory capital requirements. The Group's capital management practices are designed to support its rating ambitions, while ensuring access to funding markets under all market conditions.

Capital Management

Capital management involves executing the ICAAP, setting capital targets and dividend ambitions, capital planning, performing stress tests, allocating capital as well as monitoring and reporting.

The Group's Capital Policy set by the Board of Directors lays the foundation for the Group's capital management. The Capital Policy contains the Group's overall principles and standards for capital management, including the governance process for all of the principles.

The Internal Capital Adequacy Assessment Process

The ICAAP is an integral part of the Group's capital management practices. The purpose of the process is to assess, on an ongoing basis, the material risks that are inherent in the Group's business activities. The solvency need is determined as part of the ICAAP, and this ensures adequate capitalization based on the Group's risk profile. Forward-looking by nature, the ICAAP includes both group-wide and portfolio-specific stress testing. The conclusions from the ICAAP serve as input to the SREP, and they are submitted to the supervisory authorities once a year, along with the conclusions from the Group's ILAAP. Quarterly updates are presented to the Board of Directors.

Capital Targets and Capital Distribution

In 2020, the Group's capital targets were unchanged from the increased levels set by the Board of Directors in 2019. The target for the CET1 capital ratio was kept at above 16 percent in the short term to ensure a sufficiently prudent buffer in relation to the capital requirement. The target for the total capital ratio was kept at above 20 percent. The target for the CET1 capital ratio includes a management buffer of at least 2.8 percent.

In order to support the initiatives aimed at minimizing the economic consequences of the COVID-19 pandemic, the Board of Directors proposed to the General Meeting on February 4, 2021, that a dividend of DKK 2 per share to be paid for 2020. The proposal was adopted at the annual General Meeting on March 16, 2021. The dividend corresponds to 38 percent of net profits for 2020, which is slightly below the payout ratio set by the Bank's general dividend policy. The payout was however in line with the recommendations issued by the DFSA and the ESRB for capital preservation due to the uncertainty associated with the COVID-19 pandemic. However, with respect to its capital targets, the Group has an ambition of paying out ordinary dividends within the range of 40 percent to 60 percent of its net profit.

The Board of Directors will continue to adapt the capital targets to regulatory developments and revise the ambitions for capital distribution in order to ensure that the Group continues to have a strong capital position.

Capital Planning

The Group's ongoing capital planning takes into account both short-term and long-term horizons in order to give the Board of Directors a comprehensive view of current and future capital levels. The capital plan includes a forecast of the Group's expected capital performance based on budgets and takes pending regulation into account when future capital requirements are assessed. The Group's capital planning is also based on stress tests and takes rating ambitions into consideration. The Group's capital planning and the Group's funding planning are integrated in the same process.

Input from Stress Testing

The Group uses macroeconomic stress tests in the ICAAP for the purpose of projecting its capital requirements and actual capital levels under various unfavorable scenarios. Stress tests are an important means of analyzing the Group's risk profile since they give management a better understanding of how the Group's portfolios are affected by macroeconomic changes, including the effects of undesirable events on the Group's capital.

When the Group uses stress tests in its capital planning, it applies stress to risks, income and the cost structure. Stressing income and costs affects the Group's capital, while stressing risk exposures affects its capital requirement.

Results from stress testing are used as input for setting capital targets, and they ultimately feed into the Group's capital planning.

Capital Allocation

The Group makes a full internal allocation of its total equity across business units on the basis of each unit's contribution to the Group's total risk as estimated by means of regulatory models. The Group is constantly improving its capital allocation framework to ensure that it reflects as closely as possible the effects of new regulation and the risk entailed in the Group's business activities. The principles for allocating capital across the business units are fully aligned with regulatory requirements. As a result, the capital consumption of the Group's individual business units is closely aligned with the Group's total capital consumption.

Governance and Responsibilities

The Group's capital management practices are in line with the principles of the three-lines-of-defense model. Day-to-day monitoring and management of the Group's capital position and risks are handled by Group Finance in the Group CFO area. As the first line of defense, Group Finance is responsible for monitoring and managing the Group's capital position on the basis of the principles set out in the Capital Policy and specified in the Capital Instructions, including stress testing, setting capital and payout targets, capital planning and allocating the cost of capital. Group Finance is also responsible for the annual ICAAP and for providing quarterly updates to the Board of Directors.

Group Risk Management serves as the second line of defense. For capital risks, Liquidity & Capital Risk Management is responsible for reviewing and challenging the methods applied and the results produced.

Group Internal Audit serves as the third line of defense for the Group's management of capital, performing independent reviews of the main processes, such as calculation of the REA, the ICAAP, capital levels and stress testing, and addressing risk assessments performed and control setups applied.

Subsidiaries have local responsibility for capital management, but work closely with Group functions to ensure consistent application of methodologies and principles.

The overall principles for the Group's capital management and recommendations based on these principles are approved by the Board of Directors and endorsed by the Group All Risk Committee and the Risk Committee.

Monitoring and Reporting

The Group monitors risks related to its capital and capital position and submits risk reports to the CFO, the CRO and the Board of Directors. Capital management risk reporting consists of a monthly report on the Group's capital position (the Capital and REA Report) and an overview of the Group's capital position against trigger levels (the Indicator Dashboard). In addition, the Group prepares quarterly reports on its short- and long-term capital position measured against its risk and business strategy as part of the ICAAP.

Non-financial Risk

General

Non-financial risk is the risk of financial losses or gains, regulatory impact, reputational impact or customer impact resulting from inadequate or failed internal processes or from people, systems or external events, including legal and compliance risks.

The Group recognizes the importance of strengthening its management of non-financial risks. In 2020, the Group dealt with the rapidly changing environment mainly driven by the COVID-19 pandemic, significant events and risk assessments associated with organizational changes within the Group.

During 2020, the Group continued to strengthen its non-financial risk management framework and to increase awareness of non-financial risks across the Group. Important developments were made in the following key areas:

- *Risk and compliance culture:* The Group strengthened its non-financial risk awareness through various mandatory training programs and team sessions. The Group's internal website, "DoRight," allows employees to share their concerns and more easily and direct them to available channels for escalation depending on the issue at hand. The site also provides relevant information about the rules and standards for conducting business at Danske Bank. Additionally, the Group's whistleblower system makes it easier for employees to report their concerns of non-compliance with applicable laws and regulations and report breaches of internal standards, irregularities and criminal offences. The Executive Leadership Team uses a set of key performance indicators ("**KPIs**") to measure the risk and compliance culture. These KPIs are set for each Executive Leadership Team member's areas of activities.

- *Strengthening risk and compliance competences:* Recruitment continued throughout 2020 in the units of Group Non-Financial Risk ("**GNFR**") and Group Compliance. The Group launched the GNFR organization in 2019 to ensure alignment with the oversight responsibility laid out in the Group's ERM framework. Group Compliance implemented a new organizational structure to strengthen the function and establish clearer roles and responsibilities.

- *Framework and policy:* The Group redesigned frameworks and policies aimed at simplification and strengthened compliance with internal and external requirements. In 2020, the Group made further enhancements to its Outsourcing Policy (to make it compliant with EBA guidelines and recommendations) and its Security Policy and introduced two new policies: IT Risk Management Policy and Third-Party Risk Management Policy. The non-financial risk tolerances were developed at a more granular level in alignment with the ERM taxonomy.

- *Event management and lessons learned:* Enhancements to the Group's risk management, awareness and culture initiatives led to better identification of legacy issues. Such issues were raised and understood in a more thorough manner. In addition, the Group strengthened the follow-up on previously identified events to ensure greater transparency and provide a better overview of the progress of mitigating actions.

- *Operational resilience:* In 2020, operational resilience was a key area of focus for the Group – not least during the COVID-19 pandemic. The crisis management structure proved sufficiently robust and flexible to deal with the ever-changing nature of the continued pandemic by ensuring swift and adequate reaction. Although the Group leveraged on resources across all units to handle the COVID-19 situation, the Operational Resilience Program remained on track and its scope was broadened with continuous progress in strengthening the Group's operational resilience.

The Group has a substantial focus on strengthening the control environment across the organization through a number of programs to address DFSA orders and control weaknesses observed and to adhere to regulatory requirements.

Strengthening the management of non-financial risks is a continuous process. In 2019, inspections conducted by the DFSA pointed out material gaps in the Group's IT risk framework and control activity. Remediation plans were drawn up to address these gaps through a multi-year transformation program that was shared with the DFSA in April 2020. The remediation program has already resulted in improvements, and work on the plans continues with no deviations as of the date of this Base Information Memorandum.

The Group drew up remediation plans to address significant events in 2020 and is fully committed to their timely implementation as required by the relevant authorities. Remediation of the issues is well underway, and the Group is further strengthening its efforts with the aim of ensuring that all issues are handled in a consistent, timely and proactive manner and that lessons learned are applied across all issues. As part of this process, a new central unit, Remediation Office, was established with the task of overseeing the remediation of the identified legacy issues and ensuring a fully transparent approach along with timely communication to customers and other stakeholders.

The Group will continue its focus on strengthening its risk culture through further training and awareness campaigns.

In 2020, the Group also launched the Governance, Risk and Compliance ("**GRC**") platform. The Group is implementing the new platform in order to strengthen its risk management and regulatory compliance controls through effective data analytics. The GRC platform will help the Group reinforce the identification of immediate actions to ensure regulatory compliance on the basis of increased quality information and process optimization. When implemented, the new platform will give the Group a transparent overview of risks, controls and compliance efforts and enable it to effectively manage them. The implementation is a multi-year project and will consolidate various existing systems and processes into one platform. Using a shared data model, the new platform will consist of seven applications that span all three lines of defense, and the first application was implemented at the end of 2020.

Non-financial Risk Management

In accordance with the Group's risk taxonomy as set out in its ERM framework, non-financial risk consists of six risk categories: model risk, operational risk, technological risk, financial crime risk, regulatory compliance risk and financial control and strategic risk.

In addition to the six non-financial risk categories, reputational risk and conduct risk are embedded across the taxonomy and may arise as any or all other risk types materialize. The ERM framework defines reputational risk as the risk arising from failure to meet stakeholders' expectations with possible damage to the Group's brand and reputation. Conduct risk is defined as the risk that the Group's behavior in supplying financial services causes customer detriment, damages the integrity of financial markets, reduces competition or erodes society's trust in the Group.

The Group's approach to non-financial risk management is set out in a number of governing documents. The Group Non-financial Risk Policy is the overarching policy and lays down the principles and responsibilities for managing non-financial risks across the three lines of defense as described under "*—Risk Strategy and Governance—Risk Management*

Organization" above. Supplementary policies are in place and reviewed annually to ensure alignment with regulatory developments.

Implementation of the non-financial risk management framework is linked to the process of building and maintaining a strong risk and compliance culture across the Group. All employees, including Executive Leadership Team members, participate in annual compulsory eLearning courses on a variety of risk- and compliance-related topics, including "Everyone is a risk manager at Danske Bank," competition law, AML, whistleblowing, GDPR and information security awareness.

The Group's approach to non-financial risk management focuses on risk identification, assessment, mitigation and reporting of operational, financial crime, regulatory compliance, technology, model, financial control and strategic risks in accordance with the Group's newly defined taxonomy for non-financial risks. The Group also conducts scenario analyses to understand exposure to low-frequency high-severity events. Results from risk assessments and stress tests are used as input for the Group's ICAAP. Moreover, the Group's change risk management, especially with respect to new product introduction, is fundamental in supporting the Group's ambition to create value for all of its stakeholders. In 2020, the Group further strengthened its governance procedures for new and amended product approvals.

The Group takes mitigating actions and learns from materialized non-financial risk events in order to reduce the likelihood and impact of such risk events and to ensure that the risk tolerance threshold is not breached.

The non-financial risk tolerance threshold is set for net losses after recoveries for a calendar year. Compliance with this tolerance threshold is monitored and reported in accordance with internal procedures. In April 2021, the Non-Financial Risk Tolerance Statement was approved and put into effect, enhancing and defining the tolerances at a more granular level in alignment with the ERM taxonomy.

Governance and Responsibilities

Business units and functions across the Group, including dedicated business risk and control units, are responsible for the management of non-financial risks, acting as the first line of defense. They are in charge of managing non-financial risks in accordance with the Group's risk tolerance threshold (where set). The Group's second line of defense consists of Group Risk Management and Group Compliance, and these functions oversee all non-financial risks.

In order to provide a strong governance structure and effectively cover specific non-financial risk categories, the Group All Risk Committee has a number of non-financial risk sub-committees, including the Operational Risk Committee, the Conduct & Reputational Committee and the Model Risk Management Committee. Furthermore, non-financial risks are overseen by two of the Board of Directors' committees: the Risk Committee and the Conduct & Compliance Committee.

Monitoring and Reporting

Significant non-financial risk events across the Group are monitored and reported to the Executive Leadership Team, the Board of Directors, the DFSA and, where applicable, to relevant local financial supervisory authorities.

The Group monitors trends in risk performance data to identify changes within non-financial risk management that may require further analysis and mitigation and/or support risk profile conclusions and managerial decisions.

The Group standards require group-level aggregation and monitoring of its non-financial risk profile against the risk tolerance threshold. Non-financial risk monitoring comprises two core components: financial losses stemming from non-financial risk events and non-financial risk exposure derived from continuous risk assessments.

Reports on the Group's non-financial risk profile, including risks, events and risk tolerance, are submitted on a monthly basis to the Executive Leadership Team and on a quarterly basis to the Board of Directors.

Non-financial Risk Categories

In addition to the Group's general approach to non-financial risk management, each non-financial risk category, as defined by the Group's risk taxonomy set out in its ERM framework, is intended to be managed in accordance with specific regulatory requirements and business objectives.

Operational Risk Management

Operational risk is inherent in the Group's daily operations, and such risk may occur in relation to the Group's products and services, reporting procedures, employment practices, workplace safety, damage to physical assets, outsourcing agreements, third parties dealing with the Group, mismanagement of legal disputes or contractual rights and obligations, or as the result of business continuity events (such as natural disasters, pandemics or power outages).

Operational risk is managed in accordance with the Group Non-financial Risk Policy, which is supported by additional policies and instructions.

Semiannually, the Group's non-financial risk loss events are reported to the DFSA on the basis of the EBA standards for common reporting. Operational risk is assessed annually within the scope of the Group's ICAAP.

Following a consultation process, the BCBS has updated its principles on sound operational risk management, which were last revised in 2011. The principles address areas such as change management as well as information and communication technology risks. The revised principles were published in March 2021.

Operational resilience is a key area of focus for the Group, including incorporation into the decision-making process. The Group defines operational resilience as the ability to prepare for, effectively respond to, and learn from disruptive events and adapt to changing conditions in order to continue providing critical services to customers and society in the presence of operational stress. Furthermore, the Group considers operational resilience as broader-than-traditional business continuity planning and disaster recovery capabilities.

The Group's Operational Resilience Program is a cross-area collaboration between the following units: (i) Crisis Management, (ii) Site Emergency Response, (iii) Business Continuity Management, and (iv) IT Service Continuity Management. In addition, the program also links to third-party risk management and cybersecurity, for example.

Furthermore, the Group will continue to track and monitor developments to ensure that a solid understanding of regulatory expectations and trends is in place.

Financial Crime Risk Management

Financial crime risk is the risk that internal or external parties misuse the Group's infrastructure and services to steal, defraud, manipulate or circumvent established rules, laws and regulations through money laundering, terrorist financing, sanctions breaches, bribery and corruption, tax evasion or fraud.

The Group's business units and functions constitute the first line of defense and are responsible for identifying financial crime risks and for having appropriate processes and controls in place to ensure that risks are identified, assessed, managed and reported appropriately. The Financial Crime Compliance function at Group Compliance constitutes the second line of defense and is responsible for designing frameworks and policies and for providing independent oversight and challenges to ensure that financial crime risks are managed effectively.

Strategy

The Group is undertaking a multi-year enhancement program to materially upgrade its financial crime framework. In the past two years in particular, the pace of progress has been significant. The Group has embarked on a comprehensive transformation covering all aspects of an effective control environment. The program covers areas such as transaction monitoring, sanctions screening, Know-Your-Customer processes, suspicious activity investigation and reporting, employee training, etc. During 2020, the Group made significant progress in setting out more detailed requirements and standards in relation to financial crime risk management, including issuing a new Anti-Money Laundering & Counter-Terrorist Financing and Sanctions Policy and a new Anti-Bribery & Corruption Policy, which are in the process of being fully rolled out.

The enhancement program is tracked through formal governance and monthly status updates are provided to the Group's Executive Leadership Team and the DFSA. Regular updates are also provided to the Group's Conduct & Compliance Committee and the Board of Directors. The responsibility for tracking and reporting progress rests with Group Compliance to ensure independent and objective assessments of progress to senior management.

The aim of the enhancement program is to ensure that the Group has a financial crime control framework that (i) meets the regulatory requirements in the jurisdictions in which the Group operates and (ii) manages the Group's inherent risk in line with the Group's risk appetite, and this will be achieved by leveraging international market practice.

Risk Assessment

A Group-wide risk assessment of financial crime risk is performed on an annual basis. It identifies and to measures the Group's inherent risks, assesses the effectiveness of the controls to mitigate those risks, and generates a residual risk score. The assessment covers all the Group's financial crime risks, including its exposure to customers, products offered, delivery channels, transactions, geographies and organizational risks.

The output of the annual risk assessment is reported to the management of each branch, the Executive Leadership Team, the Conduct & Compliance Committee, the Board of Directors and the Group's regulators. In addition to ensuring that senior management is aware of the areas of the greatest risk, the output is also used for pointing out where further areas of enhancement are required.

Resourcing

In 2020, the Group decided to reorganize its First Line Financial Crime risk management team. Several teams, previously aligned across business units, are to be merged into one consolidated team in order to ensure consistency of standards, approach and clearer accountability in the Group's enhancement program.

Regulatory Compliance Risk Management

Group Compliance is required to develop and implement a structured and well-defined compliance risk management framework setting out its planned activities, including alignment with the Group's strategic business plan. The compliance program is risk-based and subject to oversight by the chief compliance officer, a member of the Executive Leadership Team, to ensure appropriate coverage across business areas and co-ordination with other risk and control functions.

Regulatory compliance risk is defined as the risk that the Group receives regulatory, criminal or administrative sanctions, incurs material financial losses or suffers a loss of reputation as a result of its failure to comply with laws, rules and standards applicable to its activities as overseen by Group Compliance.

Group Compliance provides primary and independent second-line oversight of regulatory compliance risk, including risks in relation to market integrity, fair treatment of customers, data protection, and is developing its oversight capabilities for IT risks on an ongoing basis.

Group Compliance does not provide day-to–day oversight for all laws, rules and regulations. Specialist functions are in place across the Group to provide appropriate oversight (for example, Group Risk Management oversees credit, market and liquidity risks, Human Resources deals with employment law, and Group Finance oversees accounting and tax rules). Group Compliance assesses the framework in place across other second-line-of-defense units and independent oversight/control functions for the purpose of reviewing their methods and procedures to ensure adherence to applicable laws, rules and regulations.

Because of major organizational changes introduced at the end of 2020 and implemented in the first quarter of 2021, the Group will continue to focus on maintaining momentum and ensuring issue ownership in the business. The Group Compliance function has also initiated organizational changes to realign to the new business structure, including developing a model to engage with the Group's new agile way of working, Better Ways of Working.

Regulatory compliance risks are reported in the Quarterly Group Compliance Report to the Executive Leadership Team, the Conduct & Compliance Committee of the Board of Directors, and the Board of Directors.

Technology Risk Management

Technology risk is the potential risk that a given threat will exploit vulnerabilities of an asset or a group of assets and thereby cause harm to the Group. Technology risk includes the risk of disruption to the availability of information, communications or technology; the risk of corruption and loss of data; and the risk of breach of data confidentiality through attacking and exploiting vulnerabilities.

IT units are responsible for the management of their own technology risks in collaboration with business units. The business units are ultimately accountable for the risks, while the security function provides support in identifying, assessing and tracking technology risks. Technology & Services submits monthly updates on the status of technology risk exposure to the CRO. Quarterly reports on technology risk assessments are submitted to Group Non-financial Risk, which undertakes a review of the completeness and accuracy of the risk profile and the effectiveness of the risk management activities performed.

Although control activity is undertaken by individual IT units in their ongoing development and change activities, there are known deficiencies in control activity and gaps in the technology risk profile. This is consistent with the IT inspection conducted by the DFSA in 2019. The inspection observed material gaps in the Group's IT risk framework and control activity. In response, the Group mobilized a multi-year transformation program across the first and second lines of defense to remediate the issues and also shared its plans with the DFSA in April 2020.

The IT Risk Council meets on a quarterly basis and provides status updates on risk identification, risk management execution, risk acceptance and risk escalation within Group IT.

The management of cyber-related risks is covered within the Group's overall risk management framework since these risks may prevent the Group from achieving its objectives. Governance structures and methodologies to oversee, prioritize and undertake risk mitigation activity in relation to cyber-related attacks are in place to ensure that the focus remains on the area.

Model Risk Management

Models form an important part of the Group's strategy to improve customer experience and drive efficiency and agility. Driving digitalization and providing digital platforms require the automation and use of models. The use of models constitutes model risk, which is the potential risk of adverse consequences resulting from decisions based on incorrect or misused model outputs and reports.

The Group manages model risk in accordance with its Model Risk Policy. The Model Risk Policy sets out standards and principles for the purpose of embedding strong model governance with a comprehensive and holistic approach to model risk, while also supporting the Group's business strategy.

In order to ensure that the amount of model risk acceptable to the Group continues to be aligned with its overall strategic objectives, the Group has defined and implemented a model risk tolerance statement. It supports clear communication of the requirements for mitigating excessive model risk and is included in the group-wide non-financial risk tolerance framework.

Model risk is managed by model owners, and they are responsible for the data quality, implementation and appropriateness of the model and for adherence to the model risk tolerance statement.

The Model Risk Management ("**MRM**") function (the second line of defense) is responsible for developing and maintaining the Model Risk Policy and for model risk oversight. In particular, the MRM function performs independent assessments of model performance and reviews and challenges methodologies.

The Group's model inventory is contained in a system (MRM Tool) that features and tracks key characteristics of the models. In addition to the model inventory, the system contains a reporting module that enables automated reporting of model risk. Model risk monitoring and reporting are provided on a regular basis to the Model Risk Management Committee and the Executive Leadership Team through the Group All Risk Committee.

Financial Control and Strategic Risk Management

Financial control risk is the risk of inaccurate or incomplete application of accounting and tax laws. Strategic risk is the potential risk of an opportunity loss of earnings resulting from the failure to adequately account for external forces in the Group's corporate strategy or the potential risk of a loss of market position due to the failure of the Group's corporate strategy.

The consolidated financial statements are prepared in accordance with the IFRS, while the parent company financial statements are prepared in accordance with the Danish Financial Business Act. Interim and annual reports are prepared in accordance with Danish disclosure requirements for listed financial institutions. The risk of non-compliance with these standards is assessed on a quarterly basis in advance of the preparation of interim and annual reports.

The Group's risk appetite is embedded in its strategic and financial planning processes to ensure that the strategic decision-making process is based on a strong risk culture. Strategic risks are monitored by the owner of each strategic initiative and by business unit heads. Potential strategic risks are reviewed quarterly by the Executive Leadership Team and at least twice a year by the Board of Directors. Significant deviations in strategy execution from the specified goals are escalated to the Executive Leadership Team or to the Board of Directors.

As the first line of defense, Group Strategic Steering is responsible for developing the group-level corporate strategy in co-operation with business units and other Group functions and for ensuring that strategy risks are identified and managed. The Group's corporate strategy is formulated on the basis of both internal and external factors that shed light on the capabilities, challenges and opportunities relevant for the Group. Internal factors relate to past performance, available capacity and capabilities within the organization. This is supported by analysis performed on external factors such as peer performance and developments, changing consumer demands, trends and market developments and the macroeconomic and political environments.

On the basis of the corporate strategy, underlying initiatives are developed to support the achievement of set targets through development activities, such as new products and processes, taking into account associated risks and internal constraints.

Business units are in charge of implementing and executing on the strategy and taking corrective action in relation to deviations and risks relating to strategy operationalization. The implementation approach is tested against the Group's risk appetite to ensure alignment.

Insurance and Pension Risk

General

The Group's insurance and pension risk consists of the risks originating from its ownership of the Danica Pension Group. This includes market risk, life insurance risk and non-financial risk. The Group is also subject to internal pension risk through its defined benefit plans established for current and former employees. For a description of this particular risk, see "*—Market Risk—Internal Pension Risk*" above.

The insurance and pension risk framework is governed by Danica Pension's Board of Directors. On a daily basis, Danica Pension's Risk Management function monitors the risk and asset-liability management ("**ALM**") limits set by Danica Pension's Board of Directors as well as Danica Pension's solvency capital requirement. The Risk Management function also follows up on investment limits and calculates key risk figures for ALM purposes.

Operating under Solvency II regulations, Danica Pension provides pensions as well as life and health insurance products in Denmark and Norway. In Denmark, Danica Pension's main products are with-profits policies and unit-linked policies.

As part of its product offerings, Danica Pension provides guaranteed life annuities; insurance against death, disability and accident; and guaranteed benefits on retirement. This exposes the Group to insurance risks, such as longevity and disability risks as well as to market risk.

At Danica Pension, insurance risks are almost exclusively life and health insurance risks, and they arise naturally out of the business model. Most insurance risks materialize over long time horizons during which the gradual changes in biometric conditions deviate from those assumed in contract pricing.

Lapse risk (customers leaving Danica Pension or ceasing to pay premiums) is the most prominent type of insurance risk since Danica Pension's profitability depends greatly on the volume of customers and assets under management. Danica Pension has a large offering of life annuities that will pay fixed pension benefits during a policyholder's lifetime, and this makes longevity risk the second most prominent type of underwriting risk for the Group.

Most pension products come with life and disability insurance, which entails exposure to mortality and disability risk. Health and accident insurance contracts are typically shorter, so slowly materializing risks can be handled by means of repricing or contract termination.

In with-profits policies, the policyholders have guaranteed benefits. The return on invested customer savings is allocated to collective buffer accounts owned by the customers. The balance of these accounts is then gradually transferred to the individual customer accounts in subsequent years by means of a bonus allocation mechanism. Negative investment returns or increases in technical provisions due to lower interest rates or other risk factors reduce the balance of the collective buffer accounts. Hence, the market risk on investments is borne by the customers to the extent that the negative returns can be covered by the collective buffer accounts. Once the buffer accounts have been depleted, negative investment returns on customer savings will require Danica Pension to step in with funds to ensure that it is possible to provide the benefits guaranteed to the policyholders. The Bank has no obligation to provide capital to Danica Pension to help re-establish its solvency position. Danica Pension can issue and has previously issued capital in the form of restricted tier 1 or tier 2 instruments.

In unit-linked policies, the policyholders bear the investment risk. However, losses may reduce the assets under management and thus deplete future asset management fees in the long term. If a guarantee is attached to an individual policy, Danica Pension bears the risk for this guarantee.

Governance and Responsibilities

The general strategic goals and the risk management framework for Danica Pension are decided by its Board of Directors. The risk appetite set by the Board of Directors defines the material risks to which Danica Pension is exposed and sets limits on aggregate measures of these risks. The daily risk management activities are based on Danica Pension's risk management policy issued by its Board of Directors. Danica Pension's Board of Directors has established both an Audit Committee and a Risk Committee. The general objective of the Risk Committee is to advise the Board of Directors on Danica Pension's risks and internal control system and to oversee the adequacy and effectiveness of Danica Pension's risk structure.

Danica Pension's risk management activities are anchored in Danica Pension's All Risk Committee, which is chaired by Danica Pension's Chief Risk Officer. Danica Pension's All Risk Committee is responsible for maintaining the complete risk picture across all risk types and undertakings. Danica Pension's Chief Risk Officer reports to the Chief Financial Officer of Danica Pension and to the Large Corporates & Institutions Chief Officer at Group Risk Management.

Danica Pension's All Risk Committee is supplemented by the Asset and Liability Management Committee (the "**ALM Committee**"). The ALM Committee coordinates the management of risks arising from differences in exposures between assets and liabilities and also ensures that limits set by the Board of Directors are not breached. The ALM Committee is chaired by Danica Pension's Chief Risk Officer.

Danica Pension has two other committees: the Investment Committee and the Valuation Committee.

The Investment Committee is chaired by Danica Pension's Chief Investment Officer. It meets on a weekly basis to discuss the developments in the financial markets, risk reporting and asset allocation.

The Valuation Committee is chaired by Danica Pension's Chief Financial Officer and has two additional external members to safeguard independence in respect of the valuations of alternative investments. It meets on a quarterly basis to validate and approve the valuations of alternative investments.

Risk Related to the Danish With-profits Product

The main source of risk at Danica Pension is the Danish with-profits pension product. This product offers the policyholders an annuity or a lump sum of a guaranteed minimum amount in nominal terms, which means that they participate in a collective investment pool. High returns may lead to higher benefits than those guaranteed. The mark-to-market value of the guaranteed benefits depends on the level of the discount curve, which is defined under Solvency II and based on market rates. If the value of the assets falls below the value of the liabilities, Danica Pension will have to cover the shortfall. As the only shareholder of Danica Pension, the Bank will incur a loss in the form of a decrease in equity holdings, but the Bank does not have any obligation to inject further capital into Danica Pension. Managing the with-profits product thus involves a combination of managing the risks on behalf of the policyholders and managing the risk that Danica Pension will have to cover losses.

Danica Pension uses interest rate hedging to manage interest rate risk and maintain customer buffers. The interest rate used for discounting the technical provisions is the Solvency II discount curve. The curve is a zero-coupon yield curve, which is estimated on the basis of the euro swap market and adjusted by a currency and a credit risk adjustment as well as a volatility adjustment as stated by EIOPA. It is not possible for Danica Pension to invest in instruments that provide a complete hedge against movements in the discount curve; therefore, basis risk remains. The level of the long end of the discount curve, for which no reliable market data is available, is determined by EIOPA.

Derivatives used for hedging may give rise to counterparty credit risk, but this is mitigated by requiring counterparties to provide full collateral and by using many different counterparties with high ratings. Furthermore, Danica Pension uses central clearing.

The guaranteed life annuities included in the with-profits product give rise to longevity risk. This risk is generally not hedged since it is a natural element of the business model, but it is managed through prudent pricing and reserving.

Longevity risk is modelled in the solvency capital requirement calculation and reporting processes by means of a partial internal model approved by the DFSA. This model is based on the DFSA's life expectancy benchmark and longevity observations of Danica Pension's policyholders.

Risk Related to Unit-linked Products

Approximately 80 percent of unit-linked policies have no financial guarantees. In these policies, the policyholders bear most of the investment risk. In the rest of the unit-linked policies, which consist mainly of Danica Balance policies, the policyholders have investment guarantees.

The risk on these guarantees is managed by de-risking the asset allocation at the individual policy level. This individual hedging strategy aims to ensure that sufficient funds are available to cover the guarantees even after a substantial decline in asset prices.

Danica Pension's activities in Norway accounted for 4 percent of its total provisions as at December 31, 2020. In this market, Danica Pension offers mainly unit-linked products without guarantees, which gives rise to relatively limited risk from a Group perspective.

Risk Monitoring and Reporting

Danica Pension's Board of Directors has set overall risk limits on the potential loss in a number of stress scenarios. Danica Pension's Risk Management function monitors these limits on a daily basis. Any breaches are reported by the CRO to the ALM committee and senior management.

Danica Pension's Board of Directors receives quarterly reports on Danica Pension's risk and solvency position, including stress and sensitivity figures. Stress and sensitivity figures are also reported to the Bank via Group Risk Management (the Large Corporates & Institutions CRO organization) and CFO area (Capital Management).

DESCRIPTION OF THE GROUP

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2021 incorporated by reference into this Base Information Memorandum.

Overview

The Group is the leading financial service provider in Denmark (source: the DFSA) measured by total working capital as at September 30, 2020, and one of the largest in the Nordic region measured by total assets as at December 31, 2020. 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. The 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 December 31, 2020, the Group's total assets amounted to DKK 4,109 billion and the Group employed 22,376 full-time equivalent employees. As at the same date, the Group had approximately 3.3 million customers and approximately 2.4 million customers used the Group's online services. The Group had 191 branches as at December 31, 2020.

The Bank is the parent company of the Group. Danske Bank is a Nordic bank with bridges to the rest of the world, and its core markets are Denmark, Sweden, Norway and Finland. In these countries, it serves all types of customers, from retail and commercial customers to large corporate and institutional customers. It also operates in Northern Ireland, where it serves both retail and commercial customers. The Group has additional offices in several other European countries including a subsidiary in Luxembourg and branch offices in Poland, Germany and the U.K., where its main offerings are solutions for Nordic and local businesses as well as private banking clients. The Group also conducts broker-dealer activities in the United States.

The Group's History and Development

Danske Bank A/S was founded in Denmark and registered on October 5, 1871, and has, through the years, merged with a number of financial institutions. The Bank is a commercial bank with limited liability and carries on business under the Danish Financial Business Act. The Bank is registered with the Danish Business Authority.

In December 2017, Danica Pension entered into an agreement to purchase all shares of the Danish companies SEB Pensionsforsikring A/S (including the property subsidiaries SEB Ejendomme I A/S and SEB Ejendomme II A/S) and SEB Administration A/S (together, "**SEB Pension Danmark**"). Regulatory approvals were received on May 30, 2018, and the transaction was finalized on June 7, 2018. The companies have subsequently been renamed Danica Pensionsforsikring A/S and Danica Administration A/S. Danica Pensionsforsikring A/S is a major player in the Danish pension and commercial market. The principal activities of Danica Administration A/S are to provide administrative and agency services to Danica Pensionsforsikring A/S and other support function services. On June 27, 2019, Danica Pensionsforsikring (formerly SEB Pension Danmark) merged into Danica Pension.

In April 2018, the Group announced its decision to align its business activities in the Baltic countries in accordance with the Group's strategy of focusing on customers in the Nordic region. As a result, all other local Baltic customers were transferred to the Non-core business unit.

On December 11, 2018, the Group announced the sale of Danica Pension Sweden. The sale was completed on May 2, 2019.

Following the investigation into suspicious transactions in Estonia in the period from 2007 to 2015, it was announced on February 19, 2019, that the Estonian FSA has ordered the Bank to cease banking operations in Estonia. Independent of the notification from the Estonian FSA and in line with its strategy of focusing on its Nordic core markets, the Bank had for some time considered the future of its remaining activities in Estonia, Latvia and Lithuania, as well as the activities in Russia. The Bank has decided to close down all of these activities. However, the Bank will continue to operate its shared services center in Lithuania, which undertakes a number of administrative functions for the Group. The sale of the Bank's remaining portfolio of personal customers in Estonia to AS LHV Pank was finalized on November 23, 2019. The solvent liquidation of the Bank's Estonian and Latvian branches was finalized in March 2020.

On November 1, 2019, the Bank's Russian subsidiary entered into solvent liquidation. This was in line with the Bank's decision to close its Russian activities as announced on February 19, 2019. The Danske Bank Russia legal entity was deregistered in December 2020, and thereby the Bank's activities in Russia were terminated.

In December 2019 and January 2020, the Group entered into agreements to sell its personal customer portfolios in Latvia and Lithuania. The sale of the Latvian personal customer portfolio was completed in February 2020. The sale of the Lithuanian personal customer portfolio was also settled in the first half of 2020. In March 2021, the Latvian portfolio of commercial loans held by the Lithuanian branch was sold. Currently, the Lithuanian branch only holds a portfolio of Lithuanian commercial loans, which will mature according to their contractual terms and are actively being managed down.

On August 25, 2020, the Bank announced changes to the Group's organization effective as of January 1, 2021, in order to reduce the organization's complexity, increase efficiency and become more competitive for its customers. The Group's commercial activities were consolidated into four reporting business units: Personal & Business Customers, Large Corporates & Institutions, Danica Pension and Northern Ireland. In addition to the four commercial business units, the Group's reportable segments continue to include Non-core and Group Functions (previously called Other Activities). Personal & Business Customers serves personal customers and small and medium-sized corporates and Large Corporates & Institutions serves large corporates and institutional customers, both across all Nordic markets. Simultaneously, a new extended leadership team, the Group Leadership Team, consisting of the Bank's existing Executive Leadership Team and other key senior leaders from the Bank, was formed.

The merger of Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 (the former parent company of the Danica Pension group) into Danica Pension (with Danica Pension as the continuing entity) received regulatory approval on June 25, 2021, and was effected for accounting purposes as of January 1, 2021.

On June 30, 2021, the Bank announced that it had entered into an agreement with OP Financial Group in Finland and the consortium of banks behind Vipps in Norway to merge the three mobile payment providers MobilePay, Vipps and Pivo. The merger is conditional on approval by the relevant authorities, including the European Commission, and the final approval is expected in the second half of 2021 or in early 2022.

Group Strategy

In 2019, the Group launched a Better Bank transformation strategy with the ambition of being a simpler and more competitive bank in order to be able to integrate more into the lives of its customers and the Nordic societies as well as to address a number of industry- and Group-specific challenges. The Group set targets for 2023 relating to its customer satisfaction, employee engagement, society and shareholders (achieving a return on shareholders' equity of 9–10 percent and a cost-income ratio in the low 50s). To reach these targets, the Group has implemented agile ways of working for more than 4,000 FTEs working with development, simplified the commercial organization from four to two business units and launched new Purpose and Culture statements. For 2021, the Group's main focus is gaining commercial momentum across its markets while also continuing the work on compliance, digitalization and culture.

Business Units

The following table sets forth certain information regarding the business units of the Group (based on the Group's financial highlights and business segment presentation) as at the dates and for the periods indicated:

	As at and for the year ended December 31, 2020	
	Total assets	Profit before tax
	(DKK in millions)	
Banking DK	1,344,770	3,544
Banking Nordic	785,022	2,596
C&I	3,800,886	842
Wealth Management	669,665	2,484
Northern Ireland	100,706	146
Non-core	2,797	(596)
Other Activities[(1)]	3,936,389	(2,366)
Eliminations	(6,531,005)	(346)
Group total[(2)]	4,109,231	6,304

(1) "Other Activities" includes Group Treasury and Group support functions as well as eliminations, including the elimination of returns on own shares.

(2) The Group's internal reporting on business segments does not include tax. Tax is therefore not allocated to the business units, but solely presented within the total amount.

From January 1, 2016, until May 1, 2018, the Group had five business units (Personal Banking, Business Banking, C&I, Wealth Management and Northern Ireland), a Non-core unit and Other Activities.

From May 2, 2018, until September 4, 2019, the Group had five business units (Banking DK, Banking Nordic, C&I, Wealth Management and Northern Ireland), a Non-core unit and Other Activities, following organizational restructurings. On September 5, 2019, the Bank announced further adjustments to the Group's organization. Group Development, part of Other Activities, was dissolved and most of its activities were transferred to Banking DK and Banking Nordic. The Group's Private Banking activities, which were part of Wealth Management, were transferred to Banking DK and Banking Nordic. The Group was divided into the following business units: Banking DK, Banking Nordic, C&I, Wealth Management, Northern Ireland, Non-core and Other Activities (including Eliminations).

On August 25, 2020, the Group announced that it would reduce the organization's complexity and increase efficiency by dividing its commercial activities as of January 1, 2021, into the following reporting business units: Personal & Business Customers, Large Corporates & Institutions, Danica Pension and Northern Ireland. In addition to the four commercial business units, the Group's reportable segments continue to include Non-core and Group Functions (previously called Other Activities). Personal & Business Customers serves all personal customers and small and medium-sized corporates and Large Corporates & Institutions serves all large corporates and institutional customers.

Personal & Business Customers

The Personal & Business Customers business unit serves personal customers, private banking customers and small and medium-sized businesses in Denmark, Sweden, Norway and Finland taking into consideration each customer's current situation and needs. The business unit focusses on digital solutions to enable all customers to use banking solutions whenever and wherever. Personal customers are provided services for daily banking, home financing, investment and retirement planning. For commercial customers, the business unit offers advice on, for instance, acquisitions, change of ownership, strategic development and international expansion. As at December 31, 2020, the Personal & Business Customers business unit had approximately 6,913 full-time equivalent employees (figure adjusted to reflect the new organization).

Large Corporates & Institutions

The Large Corporates & Institutions business unit serves large corporate and institutional customers with their complex financing and transaction needs. Expertise is offered on financing, risk management, investments, financial advisory services and transaction banking solutions, and the business unit serves to stand as an intermediary between issuers and investors in order to create financing and investment opportunities. The business unit's core market is in Denmark, Sweden, Norway and Finland, however it also acts as a bridge to the world for Nordic customers as well as a gateway into the Nordics for international customers. As at December 31, 2020, the Large Corporates & Institutions business unit had approximately 2,553 full-time equivalent employees (figure adjusted to reflect the new organization).

Danica Pension

Danica Pension serves customers in Denmark and Norway by offering various pension schemes, life insurance policies and health insurance covers for companies, organizations and individuals. As at December 31, 2020, Danica Pension had approximately 817 full-time equivalent employees (figure adjusted to reflect the new organization).

Northern Ireland

Northern Ireland serves retail and commercial customers through a network of branches and business centers in Northern Ireland alongside digital channels. As at December 31, 2020, the Northern Ireland business unit had approximately 1,353 full-time equivalent employees (figure adjusted to reflect the new organization).

Non-core

Non-core includes certain customer segments that are no longer considered part of the core business. Non-core is responsible for the controlled winding-up of this part of the loan portfolio. The portfolio consists primarily of loans to customers in the Baltics and liquidity facilities for special purpose vehicles and conduit structures. As at December 31, 2020, Non-core had approximately 32 full-time equivalent employees (figure adjusted to reflect the new organization).

Group Functions

Group Functions consists of the following Group resource and service functions: Group Risk Management (including Group Legal); the CFO area (including Group Treasury); the COO area (including IT and Services); Group HR; the Chief of Staff unit (including Group Communications & Relations); and Group Compliance. These service areas support the main business units, performing tasks that span various customer groups and markets. As at December 31, 2020, Group Functions had approximately 10,708 full-time equivalent employees (figure adjusted to reflect the new organization).

Products and Services

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.

The Group's products and services include day-to-day private customer banking services, including mortgages and consumer loans, credit and debit cards, and a wide range of savings and life insurance products. For corporate customers, the Bank offers traditional corporate banking products and services such as loans, cash management, payment and account services as well as risk management and advisory services. In addition, the Bank offers debt and equity capital market products, including corporate finance services. Within asset management and life insurance, the Group offers both private and corporate customers a wide range of investment and life insurance products and services.

Developing future customer journeys with a simplified, truly digital experience across all customer touchpoints is one of the Group's main focus areas. For example, in 2018, the Group launched the District platform for its business customers. District provides the Group's customers with a simple overview of their finances and makes it easier to handle everything from day-to-day banking to long-term planning and strategic decision-making. Since 2018, the Group has continuously upgraded and improved the District platform, for example by adding new functionality models covering both the Group's own products and those of its partners. MobilePay remains a cornerstone of the Group's digital payment offering to both commercial and retail customers. During 2020, the Group focused on reducing the number of products (by 25 percent at Banking DK and Banking Nordic and by more than 50 percent at Corporates & Institutions) and simultaneously introduced new relevant products in order to provide additional services to customers, including improved digital services, and to support a transition into a sustainable future. New products included the launch of a FlexLife loan type with a fixed rate of interest for 30 years. Over the past several years, the Group has specifically focused on offering sustainability themed products, especially within investments in its green bond and loan offerings. For asset management and life insurance customers, the Group also offers sustainable investment products. Danske Bank joined the Net-Zero asset manager alliance in March 2021 and Danica Pension joined the Net-Zero asset owner alliance in June 2020.

Distribution Channels

As at December 31, 2020, the Group served approximately 3.3 million customers. The Group serves its customers through various distribution channels, including nationwide branch networks, contact centers, the internet and mobile telephony, depending on the complexity of customers' needs. As at December 31, 2020, the Group had 191 branches, including 88 in Denmark, 19 in Finland, 28 in Sweden, 20 in Norway and 36 in Northern Ireland.

The Group's digitalization strategy also includes improving processes to make the Group more customer-centric and digitizing existing processes to improve efficiency. The Group's services are based on a single IT and service platform that lays the foundation for an efficient centralization of risk management, financial follow-up and product development. As at December 31, 2020, approximately 2.4 million customers actively used the Group's online services and approximately 69 percent of the digital customers in Denmark used Danske Mobile Banking.

Competitive Position and Main Markets

The markets in which the Group operates are highly competitive. The Group's principal competitors include several large regional banks active in its key markets, including the four Nordic countries in which the Group operates and Northern Ireland. In these markets, competitors of the Group aiming to increase their penetration of the relevant markets together with the expected implementation of new capital adequacy rules, have put pressure on both the Group's and its competitors' lending margins in recent years. To support its competitive position, the Group seeks to utilize its extensive operational network and distribution channels when providing banking and other financial services to its customers in various countries. See also "*Operating and Financial Review and Prospects—Primary Factors Affecting the Group's Results of Operations*."

The following table sets forth a breakdown of the Group's loans and deposits by country (based on the Group's financial highlights and business segment presentation) as at the dates indicated:

	Loans as at December 31,			Deposits as at December 31,		
	2020	2019	2018	2020	2019	2018
	(DKK in billions)					
Denmark	986	988	958	435	384	330
Finland	185	178	170	136	103	101
Sweden	281	261	265	143	96	82
Norway	227	230	204	176	125	120
Northern Ireland	51	54	49	84	71	63
Estonia	–	–	–	–	–	–
Latvia	–	1	1	–	–	–
Lithuania	1	4	–	–	–	–
Other	107	106	122	219	184	197
Total	1,838	1,821	1,769	1,193	963	894

The following table sets forth the Group's market share of total lending and deposits in the main countries in which the Group operates as at the dates indicated:

	Lending market share as at December 31,			Deposits market share as at December 31,		
	2020	2019	2018	2020	2019	2018
	(percent)					
Denmark[(1)]	25.5	26.2	26.6	30.5	29.0	27.7
Finland	9.9	9.6	9.5	11.8	10.7	11.3
Sweden[(2)]	5.4	5.5	5.7	5.1	4.3	4.0
Norway	6.5	6.4	5.7	7.8	6.5	6.4
Northern Ireland[(3)]	n/a	n/a	n/a	n/a	n/a	n/a

Note: The market shares for Denmark, Finland, Sweden and Norway are based on the Monetary Financial Institutions (MFIs) (as defined by the ECB) reporting to the respective central banks. The 2020 market shares for Finland and Norway are based on data as at November 30, 2020.

(1) Market shares for Denmark exclude repo lending and deposits, but include Realkredit Danmark.

(2) Market shares for Sweden exclude repo lending and deposits. The method for calculating the market share for Sweden was updated as at November 30, 2019. Comparative information as at December 31, 2018, has been restated.

(3) Comparable market share information for Northern Ireland is not available as there is no central bank for Northern Ireland alone.

Denmark

The Danish Kroner is pegged to the euro. As Denmark experiences currency inflow from its current account surplus as well as foreign investor interest, the interest rate level in Denmark is slightly lower than in the eurozone. The certificate of deposit rate at the Danish Central Bank is negative 0.50 percent as at the date of this Base Information Memorandum, following an increase of 15 basis points in March 2020 due to increasing downward pressure on the Danish Kroner and an increase of 10 basis points in March 2021 as part of a reform of the Danish Central Bank's system of interest rates.

The Danish economy was significantly impacted by the COVID-19 pandemic in 2020. The lockdown of society in the spring caused a large decline in economic activity as private consumption plunged along with investments and exports. Over the summer, reopening led to the release of large pent-up demand and private consumption rebounded, supported by forced holiday savings being repaid to consumers. Exports also rebounded in the second half of the year as global demand for goods increased significantly. The labor market was supported by government payments for workers sent home from work during the lockdown. The support helped to boost demand for the remaining consumption choices after the lockdown eliminated much service-related consumption. Housing in particular has been in great demand and house prices increased at a pace not observed since the years leading up to the financial crisis of 2007–2008.

Growth remained strong in 2019 driven mainly by very strong goods exports. In particular, the pharmaceutical sector has continued expanding heavily and the least cyclically dependent sectors have thrived and boosted goods exports to a large extent. Private consumption continued to grow modestly. Jobs growth has slowed during the year as the labor market has tightened and growth was strongest in less labor-intensive sectors.

Growth in 2018 was negatively affected by the warm and dry weather, as a poor harvest subtracted some 0.2 percent from GDP. Ordinary exports disappointed in the first half of 2018, but rebounded along with industrial production in the second half of 2018, supported by, among other things, the pharmaceutical industry. Private consumption continued to grow less than incomes.

The following table sets forth percentage changes for certain key economic indicators for Denmark for the periods indicated:

	For the year ended December 31,		
	2020	2019	2018
	(annual growth, percent)		
GDP	(2.1)	2.1	2.0
Private consumption	(1.4)	1.3	3.6
Government consumption	(1.7)	1.5	0.0
Gross fixed investments	5.1	0.1	4.2
Exports	(7.0)	5.0	3.4
Imports	(4.1)	3.0	5.1

Source: Statistics Denmark, Danske Bank Research.

The following table sets forth certain additional economic indicators for Denmark for the periods indicated:

	For the year ended December 31,		
	2020	2019	2018
		(percent)	
Inflation, CPI(1)	0.4	0.8	0.8
Unemployment rate	4.7	3.7	3.8
General government budget balance, as percentage of GDP	(0.6)	4.0	0.8
Current account (4Q sum), as percentage of GDP	8.2	8.8	7.3

Source: *Statistics Denmark, Danske Bank Research.*
(1) Consumer price index.

Sweden

Sweden handled the COVID-19 pandemic with fewer restrictions compared to the rest of the Nordics. Even so, economic activity in Sweden also declined sharply in the second quarter of 2020 followed by a sharp rebound in the second half of the year. Unemployment increased rapidly in the first half of the year but mainly due to a short-term work allowance system that allows employers to reduce their employees' working hours and receive financial support from the central government to compensate for a significant part of the costs for retaining the employees came into effect, the labor market has stabilized. The Swedish central bank increased the repo rate from negative 0.25 percent to 0.00 percent effective in January 2020. In March 2020, it introduced several measures to support the economy, such as expanding the QE-program. However, as at the date of this Base Information Memorandum, the repo rate has remained unchanged. When the COVID-19 pandemic emerged in the Nordics in March 2020, the Swedish Krona briefly weakened significantly but has since strengthened against the euro. Increased demand for housing in Sweden has also caused a sharp increase in prices.

Growth slowed through 2019 as housing investment has continued to be a drag on growth and private consumption growth was modest. Consequently, the labor market weakened and unemployment increased, while strong exports underpinned the economy. In 2019, the Swedish central bank introduced a zero interest rate policy due to what appears to be concern for banks introducing negative rates. It increased the repo rate from negative 0.50 percent to negative 0.25 percent effective in January 2019.

The Swedish economy was negatively affected in 2018 by a slowdown in housing investment following the decline in house prices the year before, but other components of demand still allowed for enough growth to cause the Swedish central bank to announce an increase in its repo rate from negative 0.5 percent to negative 0.25 percent towards the end of the year. Export performance remained strong despite the global slowdown in the manufacturing sector.

The following table sets forth percentage changes for certain key economic indicators for Sweden for the periods indicated:

	For the year ended December 31,		
	2020	2019	2018
		(annual growth, percent)	
GDP	(3.1)	2.0	2.0
Private consumption	(4.7)	0.7	1.8
Government consumption	(0.5)	0.3	0.8
Gross fixed investments	0.6	(0.3)	1.4
Exports	(5.2)	6.0	4.2
Imports	(5.8)	2.1	3.8

Source: *Statistics Sweden, Danske Bank Research.*

The following table sets forth certain additional economic indicators for Sweden for the periods indicated:

	For the year ended December 31,		
	2020	2019	2018
		(percent)	
Inflation, CPI(1)	0.5	1.8	2.0
Unemployment rate	8.3	6.8	6.3
General government budget balance, as percentage of GDP	(3.1)	0.6	0.8
Current account (4Q sum), as percentage of GDP	1.4	0.7	0.7

Source: *Statistics Sweden, Danske Bank Research.*
(1) Consumer price index.

Norway

Like for the rest of the Nordics, 2020 was a turbulent year for the Norwegian economy with the second quarter being a weak period in particular. Private consumption saw a particularly large decline whereas exporters have managed to keep sales from plunging. Since the second quarter of 2020, the economy has started to recover. As in Sweden and Denmark, Norway saw the largest increase in house prices in recent years. The unemployment rate saw an unprecedented large increase during the spring but declined quickly again over the summer months as the economy was reopened. In March 2020, the Norwegian Kroner weakened 25 percent against the euro within a few days amid a collapse in the price of oil. The Norwegian central bank decreased its policy rate from 1.50 percent to 0.25 percent to support the economy and announced its preparedness to intervene in the currency market. Since then, the Norwegian Kroner has stabilized.

In 2019, strong growth continued on the back of surging investments in the oil sector and a pickup in exports. The labor market continued to strengthen on the back of this. House prices increased further, although at a slower pace than in previous years. The Norwegian central bank increased its policy rate three times from 0.75 percent to 1.50 percent in 2019.

In 2018, the economic recovery continued despite warm and dry weather affecting agriculture, hydroelectric plants and exports. The economy was supported, among other things, by increasing investments and solid private consumption. The Norwegian central bank increased its policy rate from 0.5 percent to 0.75 percent in 2018.

The following table sets forth percentage changes for certain key economic indicators for Norway for the periods indicated:

	For the year ended December 31,		
	2020	**2019**	**2018**
		(annual growth, percent)	
GDP (mainland)	(2.5)	2.3	2.2
Private consumption	(6.9)	1.4	1.6
Government consumption	1.7	1.9	0.5
Gross fixed investments (total)	(3.8)	4.8	2.2
Exports	(0.5)	0.5	(1.2)
Imports	(11.9)	4.7	1.4

Source: Statistics Norway, Danske Bank Research.

The following table sets forth certain additional economic indicators for Norway for the periods indicated:

	For the year ended December 31,		
	2020	**2019**	**2018**
		(percent)	
Inflation, CPI[(1)]	1.3	2.2	2.7
Unemployment rate (NAV)	5.0	2.3	2.4
General government budget balance, as percentage of GDP	7.6	7.5	5.1
Current account (4Q sum), as percentage of GDP	2.0	2.8	7.9

Source: Statistics Norway, Danske Bank Research.
(1) Consumer price index.

Finland

Economic activity in Finland developed much like in the rest of the Nordics in 2020 and annual GDP growth rates have been almost identical. That said, the Finnish economy was slowing already before the COVID-19 pandemic as housing construction peaked and industrial investment turned more cautious. From this perspective, the Finnish economy weathered the pandemic quite robustly. Unlike in the rest of the Nordics, Finland has not experienced large price increases in the housing market.

Economic growth was solid in Finland through 2019 supported by strong exports, particularly ship exports. Domestic demand was more modest as private consumption and investment growth slowed. The labor market strengthened compared to 2018 but employment growth stalled through 2019.

Economic growth in Finland slowed during 2018 from its unusually strong performance the year before, but was still supported by increasing demand for Finnish goods and services both at home and abroad. Overall, house prices increased moderately, but with large regional variations. The recovery in the labor market continued as above-trend economic growth allowed unemployment to decline.

The following table sets forth percentage changes for certain key economic indicators for Finland for the periods indicated:

	For the year ended December 31,		
	2020	2019	2018
	(annual growth, percent)		
GDP	(2.7)	1.3	1.1
Private consumption	(4.8)	0.7	1.7
Government consumption	0.5	2.0	2.0
Gross fixed investments	(0.7)	(1.6)	3.6
Exports	(6.7)	6.8	1.5
Imports	(6.4)	2.3	5.7

Source: *Statistics Finland, Danske Bank Research.*

The following table sets forth certain additional economic indicators for Finland for the periods indicated:

	For the year ended December 31,		
	2020	2019	2018
	(percent)		
Inflation, CPI(1)	0.3	1.0	1.1
Unemployment rate	7.8	6.7	7.4
General government budget balance, as percentage of GDP	(5.4)	(0.9)	(0.9)
Current account (4Q sum), as percentage of GDP	0.8	(0.3)	(1.8)

Source: *Statistics Finland, Danske Bank Research.*
(1) Consumer price index.

Legal and Arbitration Proceedings

Owing to its business volume, the Group is continually a party to various lawsuits and disputes and has an ongoing dialogue with public authorities such as the DFSA. In particular, the investigations and events that took place in the Estonian branch are being discussed with the DFSA, SØIK and other public authorities, such as the Estonian FSA, the DOJ and the SEC. The outcome of claims, lawsuits or other legal proceedings against the Bank or the Group cannot be predicted with certainty. Except as described below, neither the Bank nor any of its subsidiaries is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had during the 12 months preceding the date of this Base Information Memorandum, a significant effect on the financial position or profitability of the Bank or of the Group.

The Bank will include updated information regarding current legal and regulatory proceedings in its interim financial statements (which will be incorporated by reference into this Base Information Memorandum by a supplement hereto at the relevant time).

Overview

DFSA: The DFSA has assessed the role of the Group's management and senior employees in the matter relating to the now terminated non-resident portfolio (as defined in the Bruun & Hjejle report) at the Group's branch in Estonia. The assessment related to whether rules relating to management and controls, and other Danish rules, had been complied with, and the DFSA stated that serious weaknesses in the Group's governance had been uncovered in a number of areas. Further, the DFSA criticized the Group's governance, internal controls and responses. In the May Decision Document, the DFSA imposed on the Bank eight orders and eight reprimands. Among other things, the DFSA ordered the Board of Directors and the executive board to reassess the Bank's and the Group's solvency need in order to ensure an adequate internal capital coverage of compliance and reputational risks, as a result of weaknesses in the Group's governance. The DFSA initially estimated that a Pillar II add-on should amount to at least DKK 5 billion, or approximately 0.7 percent of the Group's REA as at December 31, 2017.

The Group has taken note of the DFSA orders and reprimands. In addition to the initiatives already taken in recent years, the Group has launched further measures to ensure that it complies with all orders. The DFSA did not assess compliance with rules on measures to prevent money laundering as, pursuant to EU regulation, the Estonian FSA supervises compliance by branches in Estonia with such rules. Furthermore, the DFSA noted in the May Decision Document that the Group's ongoing investigations into the conditions at the Estonian branch could lead to new assessments and supervisory actions by the DFSA. Following the publication of the Bruun & Hjejle report of September 19, 2018, on the Bank's website, the DFSA on September 20, 2018, reopened its investigation that had resulted in the May Decision Document. The reopened investigation is ongoing.

On October 4, 2018, the DFSA issued the October Decision Document as a follow-up on the May Decision Document. As regards the DFSA order on reassessment of the solvency need, the DFSA considered that, as at June 30, 2018, the Bank complied with the order to increase its solvency need by a Pillar II add-on of DKK 5 billion. However, considering the developments since June 30, 2018, including the publication of the Bruun & Hjejle report, which had caused the DFSA to reopen its investigation, the DFSA assessed the Bank's compliance and reputational risks to be higher than previously estimated following the May Decision Document. Consequently, the DFSA ordered the Bank to reassess the Bank's and the Group's solvency need in order to ensure an adequate capital coverage of the increased compliance and reputational risks. The DFSA required an absolute minimum of DKK 10 billion be added to the Group's Pillar II requirement (which included the DKK 5 billion Pillar II add-on that had been required pursuant to the May Decision Document). In addition to revising its capital targets following the DFSA decisions, the Bank decided to discontinue the share buy-backs under its share buy-back program for 2018 in order to gain further flexibility within its new capital targets.

In the October Decision Document, the DFSA further found that the Bank had not fully complied with one order of the May Decision Document, as the Bank's response to the DFSA did not include initiatives to address the DFSA's concerns relating to ensuring satisfactory documentation of the decision-making basis, discussions at meetings and decisions made. The Bank, therefore, was required to introduce initiatives with a view to generally strengthening its governance in relation to decision-making processes, including governance at levels below the Board of Directors and the executive board. In relation to the remaining orders of the May Decision Document, the DFSA found that the Bank either had complied with the orders by the end of June 2018 or had initiated suitable initiatives to ensure compliance.

The Bank remains in dialogue with various authorities regarding the terminated non-resident portfolio at the Bank's Estonian branch. This includes criminal and regulatory investigations by authorities in Estonia, Denmark, France and the United States. The Bank continues to cooperate with all authorities.

In 2018, the Estonian Office of the Prosecutor General opened a criminal investigation into former employees of the Estonian branch.

In November 2018, the Bank was preliminarily charged by the SØIK with violating the Danish AML Act on four counts all relating to the Estonian branch in the period from February 1, 2007, to the end of January 2016. In October 2020, SØIK added violation of the Danish Financial Business Act for governance and control failures in the period from February 1, 2007, to the end of 2017 to the preliminary charges.

In February 2019, the Bank was placed under formal investigation by an investigating judge of the Tribunal de Grande Instance de Paris in the context of an ongoing French criminal investigation and on the grounds of money laundering suspicions relating to certain transactions in the terminated portfolio of non-resident customers of the Bank's Estonian branch, amounting to approximately DKK 160 million and performed between 2007 and 2014. The Bank has posted bail in the amount of DKK 80 million.

In December 2020, the Bank was informed by the OFAC that it had decided to close its investigation of the Bank in relation to the Estonia case with no action. OFAC is the U.S. authority responsible for civil enforcement of U.S. sanctions. The decision does not preclude OFAC from taking future enforcement action should new or additional information warrant renewed attention.

The Bank is reporting to, responding to and cooperating with various authorities, including SØIK, the DOJ and the SEC, relating to the Bank's Estonian branch.

The internal investigation work planned by the Bank was completed and the findings were reported to relevant authorities in 2020. The Bank continues to fully cooperate and will provide the authorities with further information if and when requested. The overall timing of the authorities' investigations remains unknown and is not within the Bank's control. It is not yet possible to reliably estimate the timing, form of resolution, or amount of potential settlement or fines, which could be material.

Based on orders from the Danish FSA, the Bank's solvency need has been increased in 2018 by a Pillar II add-on of in total DKK 10 billion to ensure adequate capital coverage of the increased compliance and reputational risks in relation to the Estonian AML matter.

On January 9, 2019, an action was filed in the United States District Court for the Southern District of New York by an alleged holder of the Bank's American Depositary Receipts, representing its ordinary shares, against the Bank and certain of its officers and former officers and/or directors. The complaint alleges that the defendants violated Section 10(b) and Section 20(a) of the Exchange Act by, among other things, making false and misleading statements and/or failing to disclose adverse information regarding the Bank's business and operations in relation to AML matters relating to the Bank's Estonian branch and related matters. The complaint seeks unspecified damages on behalf of a putative class of purchasers of the Bank's American Depositary Receipts between January 9, 2014, and April 29, 2019. On August 24, 2020, the Court granted the motion and dismissed all claims against the Bank on three independent grounds. On September 23, 2020, the plaintiffs filed an appeal of this ruling to the Second Circuit. On August 25, 2021, the United States Court of Appeals for the Second Circuit affirmed the District Court's decision to dismiss all claims against the Bank. It is uncertain whether the plaintiffs will seek to appeal further.

On March 3, 2019, a court case was initiated against the Bank and Thomas F. Borgen for approval of a class action led by a newly formed association with the aim of representing former and current shareholders in a liability action relating to the Estonian AML matter. On January 21, 2021, the court dismissed the case because it did not fulfill the criteria for being approved as a class action. The association has appealed this decision. The appeal will not be decided until the third quarter of 2021 at the earliest.

In March 2019, October 2019, January 2020, March 2020, September 2020, and February 2021, a total of 320 separate cases were initiated and are still ongoing against the Bank with a total claim amount of approximately DKK 7.9 billion. On December 27, 2019, and September 4, 2020, two separate claims were filed by 93 investors against the Bank with a total claim amount of approximately DKK 1.7 billion.

On September 2, 2020, 20 separate claims were filed by 20 investors against the Bank with a total claim amount of approximately DKK 1.1 billion.

On September 18, 2020, a separate claim was filed by 201 investors against the Bank with a total claim amount of approximately DKK 2.1 billion.

On September 18, 2020, one case was filed against the Bank and Thomas F. Borgen by two investors with a total claim amount of DKK 10 million.

These court actions relate to alleged violations in the Bank's branch in Estonia of the rules on prevention of money laundering and/or alleged failure to timely inform the market of such violations (and in one claim, also market manipulation). Of the 320 cases filed in the period from March 2019 to February 2021, 200 have been referred to the Eastern High Court. On June 29, 2021, the Supreme Court denied the Bank's request for referral of the remaining cases, which are now stayed before the Copenhagen City Court. The Bank is defending itself against these claims. The timing of completion of any such lawsuits (pending or threatened) and their outcome are uncertain.

On February 20, 2020, and on March 12, 2021, two cases were initiated against Thomas F. Borgen by 76 institutional investors, and funded by the litigation funder Deminor Recovery Services. The total claim amount is approximately DKK 3.2 billion. The Bank has received procedural notifications in respect of both cases. Under Danish law, the purpose of a procedural notification is to make a formal reservation of rights to bring a potential claim against the notified party in the future. The main hearing is scheduled to be held in September 2021.

Reports in the media have pointed to potential further legal actions being raised against the Bank in connection with the AML matters related to the Bank's Estonian branch and related matters, and the Bank has received a number of claims for compensation threatening litigation. Further similar claims may be filed in the future, although the timing of completion of any such lawsuits (pending or threatened) and their outcome are uncertain. The Bank intends to defend itself against these claims.

The internal investigation at the Bank was completed in the fourth quarter of 2020, and the Bank has reported the findings to the relevant authorities investigating the Bank. The Bank continues to fully cooperate with the authorities, which may require the Bank to undertake further internal investigations in 2021. The overall timing of the authorities' investigations remains unknown and is not within the Bank's control.

The Group does not wish to benefit financially from suspicious transactions in Estonia. Accordingly, the estimated gross income from the non-resident portfolio in Estonia in the period from 2007 to 2015 of DKK 1.5 billion has been set aside net of confiscation (any confiscated or disgorged gross income will be deducted) as a donation for measures to combat financial crime. The donation will be transferred to an independent foundation, which will be set up to support initiatives aimed at combating international financial crime, including money laundering. The foundation will be set up independently from the Group, with an independent board.

Flexinvest Fri: As stated in the Bank's press release of June 24, 2019, the Bank found, in the autumn of 2018, that customers who had invested in its Flexinvest Fri product during a certain period had paid fees that were too high (*i.e.*, the Flexinvest Fri Matter). This was a result of a number of management decisions to change Flexinvest Fri fees in connection with the implementation of MiFID II in 2017. At the time, interest rates were low, and the expected returns were similarly low. The management decisions caused the fees to be set at too high a level in relation to the expected returns, which made the Flexinvest Fri product unsuitable for some customers.

Upon discovery of the Flexinvest Fri Matter, the Bank notified the DFSA and instructed external counsel to conduct a review. The DFSA issued a decision on August 30, 2019, which contained a number of orders. The Bank has taken note of the orders and has taken and continues to take the steps necessary to ensure compliance with regulatory requirements. In connection with the decision, the DFSA also filed a criminal complaint against the Bank. The Bank has cooperated fully with the authorities and has individually contacted all affected customers by letter. As of December 31, 2020, more than 99 percent of the affected customers had received compensation. The remaining affected customers are estates of deceased individuals and are expected to receive compensation from the Bank within a few years. The total compensation amounts to an estimated DKK 400 million before tax. For the year ended December 31, 2020, the estimated compensation payable in relation to the Flexinvest Fri product had no effect on net fee income (year ended December 31, 2019: negative impact of DKK 180 million). On November 14, 2019, following the criminal complaint filed by the DFSA on August 30, 2019, the Bank was preliminarily charged by SØIK with violating the Danish Executive Order on Investor Protection. The Bank cooperated fully with SØIK and in November 2020, accepted a fine of DKK 9 million after which the matter was closed.

As a result of general product governance risk following the Flexinvest Fri investigation and inspection of the Bank's IT governance structure, the Bank implemented Pillar II add-ons of DKK 4 billion in the third quarter of 2019 related to Flexinvest Fri and IT governance.

Market monitoring: In June 2019, the DFSA conducted an inspection of the Bank's market monitoring function and issued a number of orders on December 6, 2019. The Bank has since then taken a series of steps to ensure compliance with the orders. Furthermore, the Bank has been preliminarily charged by SØIK with two potential violations of the Market Abuse Regulation on the basis of inadequate monitoring of transactions in financial instruments and market manipulation as a result of certain self-matching trades. SØIK's decision to press preliminary charges against the Bank followed the criminal complaint filed by the DFSA to SØIK in June 2020.

Debt collection case: In May 2019, the Bank launched an investigation after it was discovered that data errors resulted in the Bank collecting debts that were time-barred or collecting larger amounts than were owed. The Bank provided information to the authorities and initiated contact with affected customers. On September 21, 2020, the DFSA issued four orders to the Bank in relation to systemic errors in its debt collection system and the ongoing remediation. On November 26, 2020, the DFSA ordered the Bank to arrange for and bear the costs of an impartial investigation into the measures taken and to be taken by the Bank to correct the errors in the debt collection process and into the IT systems used for debt collection. As at July 1, 2021, the Bank had reviewed 97 percent of the 197,000 customer cases in its debt collection systems for which there is a risk of overcollection as a result of the data errors originally identified. The review has shown that actual overcollection has taken place for approximately 6,300 of these customers. The customer cases yet to be reviewed, approximately 5,600, require additional quality assurance due to their complexity, and the Bank expects to have resolved these cases before the end of 2021. During its investigation of the data errors originally identified, the Bank became aware of a number of potential additional issues that it is still investigating, which means that the number of customers who are expected to be eligible for compensation is increasing. The Bank expects that this work will extend into 2022.

U.S. Anti-Terrorism Act complaint: On August 5, 2021, a complaint was filed against the Bank, Danske Markets Inc. and certain other entities not related to the Bank in the U.S. District Court for the Eastern District of New York for violations of the U.S. Anti-Terrorism Act by approximately 500 plaintiffs comprising U.S. military members and U.S. civilians who were killed or wounded while serving in Afghanistan between 2011 and 2016 and their families. The defendants comprise the Bank as well as entities within other financial institution groups. No specific claim amount was set out in the complaint.

The Group's Investigation into the Bank's Estonian Branch

In September 2017, the Group launched an investigation into the Bank's Estonian branch on the basis of suspicions that the branch was used to launder billions of Danish Kroner (in various currencies including U.S. dollars, euro and other currencies) in the period from 2007 to 2015. The Group had previously concluded that it was not sufficiently effective in preventing the Bank's Estonian branch from potentially being used for money laundering in the period from 2007 to 2015 and that this was due to critical deficiencies in governance and controls.

In December 2017, the Board of Directors mandated Bruun & Hjejle to lead the investigation, which comprised two parts. See "*Risk Factors—Risks Relating to the Legal and Regulatory Environments in which the Group Operates—The Group is subject to a wide variety of banking, insurance and financial services laws and regulations, which could have an adverse effect on its business. The Group is subject to a variety of ongoing investigations and litigation in connection with the AML matters related to the Bank's Estonian branch, which could have a material adverse effect on the Bank—The Group mandated an investigation into AML matters related to the Bank's Estonian branch, which has found a significant volume of transactions that were determined to be suspicious and critical deficiencies in governance and controls as well as certain employees that failed to fulfill certain legal obligations*" for more information on the two parts of the Bruun & Hjejle investigation. On September 19, 2018, the Group announced the findings of the investigation, which were published in a detailed report by Bruun & Hjejle on the investigation and its principal findings. The key findings published on September 19, 2018, regarding causes and accountability included:

- a series of major deficiencies in the Group's governance and control systems made it possible to use the Bank's Estonian branch for suspicious transactions;
- for a long time, from when the Bank acquired Sampo Bank in 2007 until the Bank terminated the Estonian branch's non-resident customer portfolio in 2015, the Bank had a large number of non-resident customers in Estonia that it should have never had, and that they carried out large volumes of transactions that should have never happened;

- only part of the suspicious customers and transactions were historically reported to the authorities as they should have been;
- in general, the Bank's Estonian branch had insufficient focus on the risk of money laundering, and branch management was more concerned with procedures than with identifying actual risk;
- the Estonian control functions did not have a satisfactory degree of independence from the Estonian organization;
- that the Bank's Estonian branch operated too independently from the rest of the Group with its own culture and systems without adequate control and management focus from the Group;
- there is suspicion that employees in Estonia have assisted or colluded with customers;
- there have been breaches at management level in several Group functions;
- there were a number of more or less serious indications during the years, that were not identified or reacted on or escalated as could have been expected by the Bank; and
- as a result, the Bank was slow to realize the problems and rectify the shortcomings. Although a number of initiatives were taken at the time, it is clear that such initiatives were not sufficient.

Of the investigation into customers in Estonia, the findings published on September 19, 2018, highlighted the following (for the period from 2007 to 2015):

- the investigation identified a total of approximately 10,000 customers as belonging to the Estonian branch's non-resident portfolio. To seek to ensure that all relevant aspects were covered, the investigation covered a total of approximately 15,000 customers with non-resident characteristics (*i.e.*, a further 5,000 customers);
- the approximately 10,000 customers carried out a total of approximately 7.5 million payments;
- the approximately 15,000 customers carried out a total of approximately 9.5 million payments;
- for all of the customers covered by the investigation (*i.e.*, approximately 15,000 customers) the total flow of payments amounted to approximately EUR 200 billion (the majority of the total amounts being in U.S. dollars and euro); and
- at the time the findings were announced, the investigation had analyzed a total of approximately 6,200 customers found to have exhibited the most risk indicators. Of these, the vast majority had been found to be suspicious and almost all of these customers have now been reported to the authorities. A customer having been found to have suspicious characteristics does not mean that there is a basis for considering all payments in which the customer in question was involved to be suspicious. Overall, the Group expected a significant part of the payments to be suspicious.

Whilst the Bruun & Hjejle report showed shortcomings and failures, including late and inadequate handling of the issues arising from the Estonia matter, the Bruun & Hjejle investigation resulting in the report made no findings which enabled it to conclude whether money laundering, tax evasion or other criminal activity had actually taken place.

As part of the Accountability Investigation, Bruun & Hjejle assessed that a number of former and current employees, both at the Bank's Estonian branch and at the Group level, had not fulfilled their legal obligations forming part of their employment with the Group. Based on the findings of the investigation, the Group took actions in respect of the employees and managers involved in Estonia and Denmark in the form of, among other things, warnings, dismissals, loss of bonus payments and reporting to the authorities. The majority of these employees and managers are no longer employed by the Group.

Bruun & Hjejle also assessed, as part of the Accountability Investigation, that the Board of Directors, the Chairman and Thomas F. Borgen, the Bank's CEO between September 16, 2013, and October 1, 2018, did not breach their legal obligations towards the Bank. Thomas F. Borgen announced his resignation as the Bank's CEO on September 19, 2018, in connection with the Group's presentation of the findings of the investigation into the Bank's Estonian branch. On October 1, 2018, the Group announced that Thomas F. Borgen had been relieved of his duties. Further, the Chairman of the Board of Directors and the Chairman of the Audit Committee were replaced in December 2018 and two further members of the Board of Directors stepped down in connection with the 2019 annual General Meeting. As reported by the Bank in September 2018, eight former employees of the Bank's Estonian branch were reported to the police, and a further 42 employees and agents were reported to the Estonian FIU.

In the third quarter of 2018, the Bank recognized a provision of DKK 1.5 billion based on the estimated gross income from its Estonian branch's non-resident customer portfolio in the period from 2007 to 2015 and the Bank's decision not to benefit financially from suspicious transactions that took place in the Estonian non-resident customer portfolio in the period from 2007 to 2015. The Board of Directors has decided to donate the estimated gross income to an independent foundation that will be set up to support initiatives aimed at combating international financial crime. If any income from the Estonian non-resident customer portfolio becomes subject to confiscation or disgorgement by relevant authorities, the amount confiscated or disgorged will be deducted from the amount to be donated.

Assessment by the DFSA of the Bank's Management and Governance in Relation to the AML case at its Estonian Branch

On May 3, 2018, the DFSA published the May Decision Document regarding the Bank's management and governance in relation to the AML case at its Estonian branch. The assessment related to whether rules relating to management and controls, and other Danish rules, had been complied with and stated that it had uncovered serious weaknesses in the Group's governance in a number of areas, and contained criticism of the Group's governance, internal controls and responses. The DFSA concluded that, based on the information available, there were not sufficient grounds to bring actions under the fit and proper rules against the Bank's current members of management or staff. In the May Decision Document, the DFSA issued eight orders and eight reprimands principally relating to the Bank's management, internal controls and governance in relation to the AML case at its Estonian branch as well as its handling of the matter from the process and information delivery perspective. The DFSA did not assess compliance with rules on measures to prevent money laundering (AML measures) as, pursuant to EU regulation, the Estonian FSA supervises compliance by branches in Estonia with such rules. Among other things, the DFSA ordered the Board of Directors and the executive board to reassess the Bank's and the Group's solvency need in order to ensure an adequate internal capital coverage of compliance and reputational risks as a result of weaknesses in the Group's governance. The DFSA initially estimated that a Pillar II add-on should amount to at least DKK 5 billion, or approximately 0.7 percent of the Group's REA as at December 31, 2017.

As required by the May Decision Document, the Board of Directors and the executive board submitted a written report to the DFSA on June 29, 2018, stating how the Group has ensured compliance with the orders. In the October Decision Document, the DFSA found that the Bank did not fully comply with its order in the May Decision Document regarding, *inter alia*, satisfactory documentation of the decision-making basis, discussions at meetings and decisions made, and it required the Board of Directors and executive board to account for initiatives taken with a view to generally strengthening the Bank's governance in relation to decision-making processes, including governance at levels below the Board of Directors and the executive board. In respect of the other seven orders in the May Decision Document, the DFSA found that the Bank either had complied with the orders by the end of June 2018 or had initiated suitable initiatives to ensure compliance. Furthermore, the DFSA again ordered the Board of Directors to reassess the Bank's solvency need as it assessed that the Bank's compliance and reputational risks were higher than prior to the May Decision Document. In the October Decision Document, the DFSA initially estimated that the Group, as an absolute minimum, should increase the Pillar II add-on to a total of DKK 10 billion, or 1.3 percent of the Group's REA as at June 30, 2018. The Board of Directors agreed with the DFSA's order and, therefore, reassessed and increased the solvency need by an additional DKK 5 billion, such that the total Pillar II add-on for compliance and reputational risk has been increased to DKK 10 billion. The add-on of DKK 10 billion has been met with CET1 capital. The DFSA noted that the October Decision Document does not contain the DFSA's assessment of the Group's investigation into the Bank's Estonian branch, and that the DFSA has initiated an assessment to establish whether the basis underlying the May Decision Document has changed and may warrant new supervisory actions by the DFSA. Following the publication of the detailed report by Bruun & Hjejle on September 19, 2018, on the Bank's website, the DFSA on September 20, 2018, reopened its investigation that had resulted in the May Decision Document. The reopened investigation is ongoing, and no conclusions have therefore yet been presented by the DFSA.

Further Details on Investigations and Proceedings Related to the Bank's Estonian Branch

The Bank has continuous dialogues with the supervisory authorities in the markets in which the Group is active. As part of such dialogue, the Bank has also discussed the AML matters related to the Bank's Estonian branch and the findings of the Bruun & Hjejle report, and several other authorities have asked questions pertaining to the Bank's alleged involvement in the so-called "Russian Laundromat" and "Azerbaijan Laundromat" and the findings in the Bruun & Hjejle report. In Denmark, supervisory orders and reprimands are publicly available. On August 6, 2018, SØIK announced that it had opened an investigation into the Bank concerning transactions passing through the Bank's Estonian branch to examine whether there were grounds for a criminal case against the Bank for breach of the Danish AML Act. On November 28, 2018, the Bank was preliminarily charged by SØIK with violating the Danish AML Act on four counts, all relating to the Bank's Estonian branch in the period from February 1, 2007, to the end of January 2016. SØIK preliminarily charged that:

- the Bank's Estonian branch did not have, in view of the risk assessment of the business, adequate written procedures and controls, extensive risk management, know-your-customer procedures, investigation, registration and reporting duties, storing of information and internal controls to effectively prevent, mitigate and manage the risk of money laundering and financing of terrorism;

- the Bank's Estonian branch established business relations with the branch's non-resident customers without the Bank having sufficient knowledge of the customers;
- the Bank's Estonian branch did not have established procedures to determine whether its non-resident customers or the beneficial owners of its non-resident customers were politically exposed persons; and
- the Bank's Estonian branch did not perform on a regular basis adequate investigations into the business and transactions of the branch's non-resident customers, including transactions processed by the Bank's systems in Denmark, not storing or registering the results of such investigations and not reporting customer relations and a significant number of suspicious transactions executed for the branch's non-resident customers to the Danish or the Estonian authorities, as well as not investigating, suspending and reporting transactions from at least the end of 2013, when it is alleged that it must have been clear to the Bank on the basis of aggregate information from internal and external sources that such investigations and reporting should be done.

In October 2020, SØIK added violation of the Danish Financial Business Act for governance and control failures in the period from February 1, 2007, to the end of 2017 to the preliminary charges.

The internal investigation at the Bank was completed in the fourth quarter of 2020, and the Bank has reported the findings to the relevant authorities investigating the Bank. The Bank continues to fully cooperate with the authorities, which may require the Bank to undertake further internal investigations in 2021. The overall timing of the authorities' investigations remains unknown and is not within the Bank's control. As at the date of this Base Information Memorandum, it is not possible to reliably estimate the timing or amount of potential settlement or fines, which could be material. Accordingly, no provision in respect of any investigation or proceeding related to these matters has been recognized, except for the provision of DKK 1.5 billion discussed under "*—The Group mandated an investigation into AML matters related to the Bank's Estonian branch, which has found a significant volume of transactions that were determined to be suspicious and critical deficiencies in governance and controls as well as certain employees that failed to fulfill certain legal obligations*" above.

In March 2016, after an on-site AML inspection, the DFSA issued eight orders to the Bank, and in September 2016, the Bank submitted a statement to the effect that, in its assessment, the Bank was in compliance with the orders. The final statement from the DFSA included a notification to SØIK, and the Bank was reported to the police for non-compliance with AML legislation on correspondent banks. On December 21, 2017, the Bank accepted a fine in the amount of DKK 12.5 million for violation of Danish AML legislation. The fine was given for not having monitored transactions executed as part of business relations in the period from November 2012 to the issuing of an order on March 15, 2016 (which was to be implemented by August 1, 2016) to ensure that the transactions matched the undertaking's or the person's knowledge of the customer and the customer's business and risk profile, including, where necessary, the origin of the funds since the Bank in relation to transactions executed in connection with its correspondent bank relationships did not monitor transactions where the transactions did not involve a customer of the Bank. In October 2017, the DFSA conducted a follow-up inspection at the Bank. The purpose of the inspection was to assess the Bank's compliance with the DFSA's AML orders from March 2016. At the inspection, the DFSA found that the Bank had complied with all orders except the aspect of the order on the establishment of correspondent bank relationships that involves ensuring that the information obtained by the Bank is included to a sufficient degree in the decision-making basis for the Bank's management. The DFSA noted that the Bank, after the follow-up inspection, has taken initiatives to ensure that the Bank's management is informed in a sufficiently clear manner about the risk associated with the establishment of a correspondent bank relationship.

For more information on the various investigations and legal proceedings related to the Bank's Estonian branch, see "*—Overview*" above.

Reports in the media have pointed to potential further legal actions being raised against the Bank in connection with the AML matters related to the Bank's Estonian branch, and the Bank has received claims for compensation threatening litigation. The timing of completion of any such lawsuits (pending or threatened) and their outcome are uncertain. The Bank intends to defend itself against these claims. Further similar claims may be filed.

Facilities and Equipment

The Group's property portfolio typically consists of property located in prime locations in major cities in the countries where the Group operates. The portfolio mainly consists of leased office premises, including the Group's headquarters in Copenhagen, Denmark, but also includes a small proportion of other commercial property and residential property.

As at December 31, 2020, the Group's total assets included tangible assets of DKK 8.5 billion, investment property of DKK 2.3 billion and right-of-use lease assets of DKK 4.8 billion, including domicile property of DKK 3.9 billion and other tangible assets of DKK 0.9 billion, which together represented 0.4 percent of the Group's total assets.

In addition, the Group has recognized assets held for sale of DKK 0.7 billion as at December 31, 2020, consisting of assets of Group undertakings, loans and tangible assets actively marketed for sale within 12 months, for example assets and businesses taken over under non-performing loan agreements. The properties comprise properties in Denmark and properties in other countries.

Investment property is real property, including real property let under operating leases, which the Group owns for the purpose of receiving rent and/or obtaining capital gains. Plant and equipment covers equipment, vehicles, furniture, fixtures and leasehold improvements. Lease assets consist of assets let under operating leases, except real property.

As at the date of this Base Information Memorandum, the Group has no material planned investments in tangible assets and investment property.

The Group's balance sheet also included investment property under insurance contracts of DKK 15.7 billion as at December 31, 2020, which are earmarked for policyholders, that is, assets on which most of the return accrues to policyholders.

Information Technology

For more than 15 years, the "One Group – one system" motto has been the guiding principle of the Group's IT strategy. The "One Group – one system" means that almost all of the Group's brands and subsidiaries operate on the same platform, where systems, products and processes are integrated and used across national borders and companies. In addition to streamlining products that can be combined on the basis of customer wishes and needs, this platform also seeks to ensure high efficiency for all business units. In 2019, the Group completed the insourcing and replacement of IT infrastructure into a new set of modern data centers. Following this, the stability, availability and security of the IT services have been significantly improved. The cost and carbon dioxide footprint of the IT infrastructure has been reduced and the Group's agility in creating new solutions has been improved. In 2020, the Group continued to modernize and improve its IT infrastructure, which led to a significant reduction in developer waiting time.

Employees

As at December 31, 2020, the Group had a total of 22,376 full-time equivalent employees.

The following tables set forth the number of full-time equivalent employees by business unit as at the dates indicated:

	As at December 31,		
	2020	**2019**	**2018 (restated)[1]**
Banking DK	4,737	4,588	4,225
Banking Nordic	2,415	2,599	2,613
C&I	1,653	1,665	1,858
Wealth Management	1,539	1,563	1,579
Northern Ireland	1,353	1,285	1,322
Non-core	32	159	259
Other Activities	10,647	10,147	8,827
Total	22,376	22,006	20,683

(1) The business segment full-time equivalent employee numbers as at December 31, 2018, were restated in the Group's Annual Report 2019 to reflect the adjustment to the Group's organization announced on September 5, 2019. For additional information, see "*Important Information for Investors–Presentation of Financial Information–Restatements and Reclassifications of Financial Highlights and Segment Reporting–Year Ended December 31, 2018*."

In Denmark, collective bargaining agreements are made periodically between The Danish Employers' Association for the Financial Sector (FA) and Financial Services Union Denmark (in Danish: *Finansforbundet*). In Finland, Sweden, Norway, Northern Ireland and the Republic of Ireland, collective bargaining agreements are also periodically entered into by the relevant local employee and employer organizations. The Bank believes that good relationships with the Group's employees and the unions are important.

THE DANISH BANKING SYSTEM AND REGULATION

The Danish Banking System

Overview

Denmark's banking system includes commercial banks, such as the Bank, savings banks (in Danish: *sparekasser*) and cooperative savings banks (in Danish: *andelskasser*). Other principal financial institutions in Denmark include mortgage credit institutions, insurance companies and pension funds.

Central Bank of Denmark

The Danish Central Bank is organized under, and its operations are governed by, Danmarks Nationalbank Act (No. 116, April 7, 1936), as amended from time to time. Although ultimately subject to the legislative control of the Danish parliament (in Danish: *Folketinget*), the Danish Central Bank is an autonomous institution.

The objective of the Danish Central Bank is to ensure a stable and well-functioning financial system in Denmark. The Danish Central Bank has a number of responsibilities not shared by other banks. The Danish Central Bank produces and distributes Danish banknotes and coins; conducts monetary and foreign-exchange policies to ensure the stability of the Danish Kroner in relation to the euro; manages the foreign-exchange reserve; acts as a banker to the banks and mortgage-credit institutions and to the central government; handles overall tasks in relation to payment systems; analyzes financial stability; collects, collates and publishes financial statistics; and represents Denmark internationally in a number of areas.

The Danish Central Bank participates in the management of the central government debt. This is primarily the responsibility of the Ministry of Finance. The Ministry of Finance and the Danish Central Bank are together responsible for the management of the central government debt.

The Danish Central Bank undertakes the administrative tasks, while the Ministry of Finance is responsible for the central government's borrowing and debt management, including relations with the Danish parliament.

The DFSA

The DFSA is the public agency in Denmark responsible for the supervision of credit institutions (including banks and mortgage credit institutions), insurance companies, pension funds, insurance brokers, the Danish Labor Market Supplementary Pension (ATP), the Danish Employees' Capital Fund (LD), the Danish Labor Market Occupational Diseases Fund (AES), investment companies, investment management companies and investment associations (UCITS and AIFM).

Monetary Policy

Danish monetary policy is conducted in accordance with the principle of substantial freedom of capital movements. Emphasis is placed primarily on market-oriented instruments. Interest policy is determined in light of the objective of keeping the exchange rate of the Danish Kroner stable against the euro within the Exchange Rate Mechanism 2 framework.

The liquidity impact of the central government deficit is offset by sales of government securities. Short-term changes in liquidity may be absorbed by the Danish Central Bank by the issuance of 14-day certificates of deposit, which can be traded among the banks. Liquidity will mainly be supplied through the repurchase of certificates of deposit or through Treasury bill and government bond repurchase agreements.

Foreign Exchange Regulation

The Consolidated Act on Foreign Exchange Regulations etc. (No. 279, April 11, 1988) grants authority to the Danish Ministry of Industry, Business and Financial Affairs and the Danish Central Bank to regulate the import and export of goods, purchase and sale of foreign currencies and cross-border payment transactions, including transactions to and from Danish and foreign banks. At present, a very liberal system is in existence based upon an Executive Order (No. 658, July 11, 1994) pursuant to which a free cross-border flow is permitted for practically all transactions. Due to an increased focus on measures to prevent money laundering and financing of terrorist activities, the Danish Customs Act was amended in 2002 to include a provision pursuant to which anyone who enters or leaves the Danish customs area carrying "money, etc." exceeding EUR 10,000 in value must, at their own initiative, go through a customs check and declare all "money, etc." to the customs and tax authorities. The expression "money, etc." comprises cash, as well as bearer instruments such as traveler's checks.

Regulation

Overview

The Group is supervised by the DFSA and subject to the CRR, which was amended by the CRR II, and regulates, *inter alia*, (i) elements of own funds, (ii) capital requirements for credit risk, market risk and operational risk, (iii) large exposures, (iv) liquidity, (v) leverage, (vi) reporting and (vii) disclosure. In addition, the Group is subject to the Danish Financial Business Act, which implements the CRD IV Directive and the CRD V Directive that include requirements regarding (i) prudential supervision; (ii) the pillar 2 supervisory review process, including the ICAAP and SREP; (iii) capital buffers, including the capital conservation buffer, countercyclical capital buffer, G-SII buffer, O-SII buffer and systemic risk buffer; and (iv) the combined buffer requirement and restrictions on distributions. The Danish Financial Business Act also implements BRRD and BRRD II, which regulate (i) recovery and resolution planning; (ii) resolution and the objectives, conditions and principles for resolution; (iii) resolution tools in the form of the (a) sale of business tool, (b) bridge institution tool, (c) asset separation tool and (d) bail-in tool; (iv) the MREL; and (v) resolution powers. Entities in the Group are also subject to other Danish laws, including the Danish Mortgage Credit Act and the Danish Companies Act.

Since June 2014, the DFSA has designated the Bank as a SIFI in Denmark. Consequently, the Bank is subject to stricter capital requirements than non-SIFI banks. The SIFI buffer requirement for the Bank in 2021 is 3 percent. The intention is for the capital requirements imposed on Danish SIFIs to be on a par with the requirements set in other comparable European countries.

Under Article 141 of the CRD IV Directive, EU member states must require that institutions that fail to meet the combined buffer requirement will be subject to restrictions on distributions (which include, *inter alia*, distributions in connection with CET1 capital, payments on additional tier 1 instruments and payments of variable remuneration). The restrictions will be scaled according to the extent of the breach of the combined buffer requirement.

In June, 2021, the Danish parliament adopted legislative proposal L 175 that implements Directive (EU) 2019/2162 of the European Parliament and of the Council of November 27, 2019, on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the "**Covered Bonds Directive**"). The Covered Bonds Directive includes requirements regarding, *inter alia*, (i) dual recourse and bankruptcy remoteness; (ii) cover pools and coverage; (iii) eligible assets; (iv) coverage and liquidity; and (v) public supervision. Legislative proposal 175 has applied from July 8, 2021. The new rules are expected to have only a limited impact on the Group.

In Denmark and other jurisdictions, deposit guarantee schemes and similar funds ("**Deposit Guarantee Schemes**") have been implemented from which compensation for deposits would become payable to customers of financial services firms in the event a financial services firm is unable to pay, or unlikely to pay, claims against it. In most jurisdictions in which the Group operates, these Deposit Guarantee Schemes and resolution funds are funded, directly or indirectly, by financial services firms that operate and/or are licensed in the relevant jurisdiction. The minimum target levels for EU Deposit Guarantee Schemes and resolution funds are set forth in the BRRD, Directive 2014/49/EC (the "**Revised Deposit Guarantee Schemes Directive**") and in Regulation 2014/806/EC of the European Parliament and of the Council establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation 1093/2010/EC (the "**SRM**") (the latter of which will be relevant for Danish credit institutions should Denmark choose to participate in the banking union, which includes the SRM).

The Group is subject to similar regulation in jurisdictions other than Denmark, including other Member States such as Finland, Ireland, Luxembourg and Sweden. The Group may be subject to stand-alone requirements in each of the jurisdictions in which it operates, but the Bank is mainly regulated by the DFSA.

The Adopted EU Banking Reform, Including Changes to the CRR and the CRD IV Directive

The EU Banking Reform package, consisting of the CRR II, the CRD V Directive and the BRRD II and the SRMR II, was adopted on May 20, 2019, and published on June 7, 2019. The EU Banking Reform introduces and strengthens various measures including leverage ratio and net stable funding requirements, a new market risk framework, the standardized approach to counterparty credit risk, enhanced minimum requirements for own funds and eligible liabilities subordination rules and the tightening of the large exposures limit. The rules implementing the CRD V Directive and the BRRD II into Danish law, with certain exemptions, entered into force on December 28, 2020, whereas the CRR II, with certain exemptions, has applied from the end of June 2021. The CRD V Directive and the BRRD II were implemented into Danish law by the Danish BRRD II/CRD V Act.

The EU Banking Reform package includes, *inter alia*, changes to the counterparty credit risk framework, introduction of a leverage ratio requirement and a NSFR requirement, revisions to the Pillar II framework, transition of IFRS 9 and its impact on capital ratios and revisions to the framework concerning IRRBB. The Bank does not expect that the adopted changes will have any significant effect on its overall capital requirements. The Bank estimates that the transition impact of IFRS 9 on the CET1 capital ratio will be a reduction of 0.3 percentage points as of end 2020 when fully phased-in at the end of 2025.

The NSFR is a structural stable funding ratio requirement intended to ensure a sound funding structure by promoting an increase in long-dated funding. The NSFR is the ratio of an institution's amount of available stable funding to its amount of required stable funding over a one-year horizon. The NSFR requirement has applied from the general application date of the CRR II in June 2021.

As of January 1, 2018, all EU credit institutions must have an LCR of at least 100 percent. Danish SIFIs, including the Bank, were however subject to a LCR requirement of at least 100 percent from October 2015. With an LCR of 154 percent as at December 31, 2020, the Group complied with the LCR requirement as defined by the European Commission. The Group also complied with all other liquidity requirements. Stress tests show that the Group has a sufficient liquidity buffer for more than the coming twelve months.

As of March 19, 2020, the DFSA announced that supervisory flexibility as to the LCR requirement can be expected in light of the COVID-19 situation. Among other things, this includes expected flexibility as to Danish Central Bank facilities established in light of the COVID-19 situation.

In December 2017, the BCBS published revised standards for, inter alia, 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 standardized approaches measuring credit, market and operational risk (*i.e.¸* Basel IV). Due to the COVID-19 pandemic, the BCBS delayed the implementation of the finalized Basel III Framework from 2022 to 2023. The political process to implement the finalized Basel III Framework and the BCBS' minimum capital requirements for market risk, in the EU, is ongoing; therefore, the outcome is subject to substantial uncertainty. The EU Commission is expected to publish a legislative proposal in the second half of 2021. It is too early to assess the potential impact in detail; however, the Group expects the EU implementation to imply an increased REA for the Group.

As part of the EBA's roadmap to enhance internal models used to calculate credit risk, the Group has started implementing the revised set of EBA guidelines and technical standards. During the first half of 2021, the Group's REA increased by approximately DKK 35 billion due to the EBA roadmap. The Group expects further increases in the second half of 2021 of a similar magnitude as for the first half of the year, all else being equal.

The Bank Recovery and Resolution Directive (BRRD)

On May 15, 2014, the European Parliament and the Council of the EU adopted the BRRD, which established an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The BRRD, including the general bail-in tool and MREL, was implemented into Danish law and entered into force as of June 1, 2015, by the Danish Recovery and Resolution Act and by amendments to the Danish Financial Business Act.

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 minimizing 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, inter alia, any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is necessary 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 Holders: (i) sale of business tool – which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution tool – which enables resolution authorities to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation tool – 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 maximizing their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in tool relating to eligible liabilities – which gives resolution authorities the power to, inter alia, convert to equity or reduce the principal amount of claims or debt instruments (including the Notes), 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 applied 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 stabilization 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 EU state aid framework.

An institution or, under certain conditions, a group 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 authorization; (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) tier 1 and tier 2 capital instruments at the point of non-viability and before any other resolution action is taken (non-viability loss absorption). Any shares issued to holders of such capital instruments upon any such statutory conversion into equity may also be subject to subsequent application of the general bail-in tool, which may result in cancellation or dilution of the shareholding.

Any application of the general bail-in tool and non-viability loss absorption under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on Holders will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors.

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 or, under certain conditions, the group meets the conditions for resolution (but no resolution action has yet been taken) or that the institution or, under certain conditions, the group will no longer be viable unless the relevant tier 1 and/or tier 2 capital instruments are written down or converted or extraordinary public support is to be provided and without such support the appropriate authority determines that the institution or, under certain conditions, the group would no longer be viable.

The BRRD also provides resolution authorities with broader powers to implement other resolution measures with respect to distressed institutions, or under certain conditions, groups, which may include (without limitation) the replacement or substitution of the institution or group 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.

With the implementation of the BRRD, European banks are required to have bail in-able resources in order to fulfill MREL. There is no minimum EU-wide level of MREL – each resolution authority is required to make a separate determination of the appropriate MREL requirement for each banking group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution.

The EU Banking Reform has also implemented a minimum MREL requirement for G-SIIs and calibrated it at the same level as intended in the TLAC standard. The calibration parameters are thus based on the REA and the leverage ratio's total exposure measure, which represents a hard floor. In addition, European legislators, through BRRD II and SRMR II, decided to enlarge the group of banks for which a statutory minimum requirement is applicable beyond G-SIIs by creating a new category known as "top-tier" banks. These comprise non-G-SIIs with total assets in excess of EUR 100 billion. Institutions not meeting this criterion can still, under certain conditions, be classified by the resolution authority as a top-tier bank if they are considered by the resolution authority as being likely to pose a systemic risk in the event of failure. Top-tier banks have an MREL requirement of 13.5 percent of the group's REA plus the combined buffer requirements and 5 percent of the group's leverage ratio denominator, whichever is higher. Top-tier banks will also have to have at least 8 percent of total liabilities and own funds constituted of subordinated instruments (with a maximum of (i) 27 percent of REA or (ii) two times the capital requirement plus one time the combined buffer requirement). As the Group has assets in excess of EUR 100 billion, the Group expects to be categorized as a top-tier bank.

In March 2020, the DFSA published its annual decision to set the MREL for the Group reflecting the full release of the countercyclical buffers in Denmark and Sweden and the partial release in Norway announced in March 2020. In accordance with the DFSA approach for setting MREL requirements for Danish SIFIs, the requirement was set to be equivalent to two times the capital requirement including capital buffer requirements. However, as a result of the adopted revisions to the BRRD, the countercyclical buffer is excluded from the loss absorption amount whereas the combined buffer requirement is excluded from the recapitalization. Instead, the combined buffer requirement must now be met in addition to the MREL. In December, 2020, the DFSA set the MREL requirement for the Group equivalent to 30.5 percent of the REA taking into account the BRRD II. Danish mortgage credit institutions are exempt from MREL and are instead subject to a so-called debt buffer requirement of 2 percent of their unweighted loans. Due to this exemption, Realkredit Danmark is not included in the consolidation when determining the MREL for the Group. Furthermore, liabilities and own funds used to fulfill MREL cannot be simultaneously used to fulfill the capital and debt buffer requirements that apply to Realkredit Danmark. The DFSA also requires that all the MREL eligible liabilities and own funds must bear losses before other senior unsecured claims in both resolution and insolvency. A law introducing a new layer in the creditor hierarchy for financial institutions, so-called "non-preferred senior debt," was adopted by the Danish Parliament in May 2018 and the law entered into force on July 1, 2018. Danish SIFIs must fulfill their MREL from July 1, 2019, but in transition to January 1, 2022, they can also include senior preferred liabilities issued before January 1, 2018. The MREL requirement may require Danish SIFIs and other banks to issue own funds instruments or debt eligible for MREL in accordance with the BRRD, the latter of which includes unsecured non-preferred senior debt with residual maturity of at least one year. If an institution does not fulfill the MREL requirement after July 1, 2019, the relevant authority may withdraw its banking license. Also, a comparable concept for loss absorption, TLAC, has been set for G-SIIs. The TLAC requirement has taken effect from 2019. The Group is currently not identified as a G-SII and, therefore, not subject to a TLAC requirement.

On May 29, 2018, a law stipulating that, effective from January 1, 2022, the total resolution related requirements for each individual Danish SIFI group would always constitute at least 8 percent of all liabilities, including own funds, was adopted by the Danish Parliament. Consequently, if the sum of MREL for the Bank and the debt buffer requirement for Realkredit Danmark is lower than 8 percent of the Group's total liabilities, the DFSA is expected to increase the MREL requirement for the Bank. However, based on current projections, the sum of MREL for the Bank and the debt buffer requirement for Realkredit Danmark will exceed the 8 percent backstop measure.

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, which required changes to the insolvency hierarchy in Denmark. Certain deposits, including "covered deposits," rank ahead of all other unsecured senior creditors of the Bank, including the Holders, in the insolvency hierarchy. Furthermore, the insolvency hierarchy could be changed in the future.

In accordance with the BRRD and the Danish act on restructuring and resolution of certain financial undertakings, a Danish resolution fund was established in 2015. Under certain conditions, the Danish resolution fund can make contributions in case of resolution of a financial institution. The assets of the Danish resolution fund must amount to at least 1 percent of the covered deposits of all Danish financial institutions by December 31, 2024. Each Danish financial institution must make annual contributions to the Danish resolution fund in accordance with the contribution rate prescribed by Finansiel Stabilitet. The first contributions to the Danish resolution fund were paid in the fourth quarter of 2015. If the Danish resolution fund incurs losses, contributions may be increased via extraordinary contributions. In addition and in accordance with the Revised Deposit Guarantee Schemes Directive as implemented into Danish law, Danish credit institutions are required to make contributions to the Danish Guarantee Fund, which covers losses incurred on covered deposits in distressed credit institutions. Similarly, the Group's entities in Finland, Luxembourg and the U.K. are required to contribute to resolution funds that have been established in the respective countries.

On December 12, 2017, the European Parliament and the Council of the EU adopted Directive 2017/2399/EU amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy. The directive enables banks to issue debt in a new statutory category of unsecured debt that ranks below the most senior debt and other senior liabilities for the purposes of resolution (a so-called "non-preferred senior debt"). On May 29, 2018, the Danish Parliament adopted a law implementing the directive; the law entered into force on July 1, 2018. According to the adopted law, the rules will not affect the existing stock of bank debt and will apply to issuances of bank debt denoted as intended to be Non-Preferred Senior Notes from January 1, 2018, or later, following the date of application of the law. See also "*Risk Factors—Risks Related to the Non-Preferred Senior Notes—The Non-Preferred Senior Notes rank junior to the Issuer's other unsubordinated creditors*."

ORGANIZATION AND MANAGEMENT

General Meeting

According to the Articles of Association, the annual General Meeting must be held every year not later than April 30. Extraordinary General Meetings may be held if so decided by the Board of Directors or requested by one of the auditors appointed at the General Meeting or by shareholders who jointly hold at least 5 percent of the shares in the Bank.

The Board of Directors calls the General Meeting by announcement on Danske Bank's website. Written notice of the General Meeting is given to all registered shareholders who have filed a request to receive written notice. The General Meeting must be called at three to five weeks' notice.

Shareholders are entitled to propose business to be transacted at the General Meeting. Proposals under the fixed items on the agenda may be made at the General Meeting. Any shareholder is entitled to have special business added to the agenda of the General Meeting. The shareholder must submit a written request to the Board of Directors, and the request must reach the Board of Directors at least six weeks before the General Meeting takes place.

Shareholders are entitled to attend the General Meeting if they have requested an admission card at least two days before the General Meeting. At the General Meeting, they are entitled to one vote for each share they hold on the registration date, that is, one week before the date of the General Meeting.

The Bank has one class of shares, and there are no limitations on holdings, voting rights or other opportunities for shareholders to influence decisions.

The chairman of the General Meeting, who is appointed by the Board of Directors, ensures that the General Meeting is conducted in an orderly manner. For this purpose, the Articles of Association vest the chairman of the General Meeting with the authority needed, including the right to arrange discussions, issues to be voted upon and voting methods, conclude debates and the right to expel General Meeting participants.

A shareholder who cannot attend the General Meeting can vote by postal ballot before the General Meeting. Resolutions of the General Meeting are made by a simple majority of votes unless otherwise provided by law or the Articles of Association.

Resolutions to amend the Articles of Association that, under Danish law, cannot be made by the Board of Directors, are passed only if adopted by at least two-thirds of the votes cast and by at least two-thirds of the share capital represented at the General Meeting and entitled to vote. A resolution to wind up the Bank by merger or voluntary liquidation can be passed only if adopted by at least three-quarters of the votes cast and by at least three-quarters of the share capital represented at the General Meeting and entitled to vote.

The Bank's Board of Directors

The Board of Directors has the overall responsibility for the management of the Bank and supervises the Executive Leadership Team. Under the current management structure, the Board of Directors outlines the overall principles governing the affairs of the Group, whereas the Executive Leadership Team is in charge of the day-to-day management, observing the guidelines and regulations issued by the Board of Directors. The Board of Directors must give specific authorization to transactions which are unusual or of great significance for the Bank. The Board of Directors must also consider from time to time whether the financial position of the Bank is sound in the context of the Bank's operations and ensure that the book-keeping and asset management is controlled in a satisfactory manner.

The Board of Directors, which consists of non-executive directors, is elected by the shareholders of the Bank at the General Meeting with the exception of those directors who are elected pursuant to prevailing law concerning employee representation on the Board of Directors (currently four). Under Danish law, employees of companies that have employed an average of at least 35 employees in the preceding three years are entitled to elect directors corresponding to one-half the number of directors elected by the General Meeting. The members of the Board of Directors elected by the employees are elected for terms of four years and they hold the same rights and obligations as any member of the Board of Directors elected by the General Meeting. The members of the Board of Directors elected by the General Meeting are elected for a one-year term and the number of such directors may range from six to ten (currently seven). Directors are eligible for re-election. According to Danish law, the members of the Executive Leadership Team may not also be members of the Board of Directors of the Bank.

The Board of Directors appoints and dismisses the members of the Executive Leadership Team, the Group Chief Auditor and the Company Secretary. The Board of Directors has established Rules of Procedure for the Executive Leadership Team and for the Board of Directors itself, which lay down guidelines for their work, specify the duties of the Board of Directors and the Executive Leadership Team, the powers of authority, and the framework of the Group's financial reporting and planning, controls and organization. Head of Group Internal Audit reports directly to the Board of Directors.

On March 16, 2021, the annual General Meeting re-elected Martin Blessing, Lars-Erik Brenøe, Karsten Dybvad, Raija-Leena Hankonen, Bente Avnung Landsnes, Jan Thorsgaard Nielsen, Carol Sergeant and Gerrit Zalm as members of the Board of Directors. On April 19, 2021, the Bank announced that Gerrit Zalm had resigned from the Board of Directors effective the same day.

The members of the Board of Directors as at the date of this Base Information Memorandum are as follows:

	First elected to the Board of Directors	Expiration of current term
Karsten Dybvad, Chairman	2018	2022
Jan Thorsgaard Nielsen, Vice Chairman	2018	2022
Carol Sergeant, Vice Chairman	2013	2022
Martin Blessing	2020	2022
Lars-Erik Brenøe	2016	2022
Raija-Leena Hankonen	2020	2022
Bente Avnung Landsnes	2019	2022
Bente Bang(1)	2018	2022
Kirsten Ebbe Brich(1)	2014	2022
Thorbjørn Lundholm Dahl(1)	2018	2022
Charlotte Hoffmann(1)	2006	2022

(1) Elected by the Bank's employees.

The business address for the current members of the Board of Directors is Danske Bank A/S, 2–12 Holmens Kanal, DK-1092 Copenhagen K, Denmark.

Karsten Dybvad has been a member and the Chairman of the Board of Directors since 2018.

Within the last five years, Mr. Dybvad has been the director general and CEO of Confederation of Danish Industry; the chairman of the boards of directors of Bygnings og udviklingsfonden DTM 4.0, Copenhagen Business School and SK 20 ApS; the vice chairman of the boards of directors of PensionDanmark Pensionsforsikringsaktieselskab and PensionDanmark Holding; and a member of the boards of directors of PFA Pension, Forsikringsaktieselskab A/S, PFA Holding A/S and Novo Nordisk Fonden.

Jan Thorsgaard Nielsen has been a member of the Board of Directors since 2018 and has been the Vice Chairman of the Board of Directors since 2018. Mr. Nielsen is the chief investment officer of A.P. Møller Holding A/S as well as the chairman or member of the boards of directors of 18 affiliated undertakings of APMH Invest A/S, a member of the board of directors of LEGO A/S and an executive officer of Thorsgaard Holding ApS.

Within the last five years, Mr. Nielsen has been the senior managing director, private equity and COO of Blackstone Asia; the chairman of the boards of directors of APMH Invest IV A/S, APMH Invest VI A/S and five affiliated undertakings of the KK Group A/S; and a member of the boards of directors of A.P. Møller Capital P/S and A.P. Møller Capital GP ApS.

Carol Sergeant has been a member of the Board of Directors since 2013 and the Vice Chairman of the Board of Directors since 2018. Ms. Sergeant is a company director of Threadneedle Solutions Ltd, a director of Belmont Green Finance Limited, a member of advisory board and chair of women's leadership council of City University Business School, the UK ambassador of Money Advice Trust, a trustee and member of the audit and investment committee of the Lloyds Register Foundation and a trustee of The Governing Council of the Centre for the Study of Financial Innovation (CSFI).

Within the last five years, Ms. Sergeant has been a financial services non-executive director and special adviser to Bank CEOs, Chairmen and Government, and a member of the board of directors, the chairman of the risk committee and a member of the audit committee of BNY Mellon SA/NV. Ms. Sergeant has also held a number of public policy positions as well as charity and academic positions.

Martin Blessing has been a member of the Board of Directors since 2020.

Within the last five years, Mr. Blessing has been a member of the executive board of Baden-Baden Entrepreneur Talks, the co-president global wealth management of UBS Switzerland AG, a member of the group executive board of UBS Group AG, president personal and corporate banking and president of the executive board of UBS Switzerland AG, and Chief Executive Officer of Commerzbank, Germany.

Lars-Erik Brenøe has been a member of the Board of Directors since 2016. Mr. Brenøe is the executive vice president, head of chairman's office of A.P. Møller-Maersk A/S, a member of the boards of directors or the executive boards of four affiliated undertakings of The A.P. Møller and Chastine Mc-Kinney Møller Foundation, the chairman or vice chairman of the boards of directors of six affiliated undertakings of Maersk Broker K/S, the chairman of Navigare Capital Partners A/S, the vice chairman of the Danish Committee on Foundation Governance, a member of the boards of directors of LINDØ port of Odense A/S and A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond and a member of the central board of The Confederation of Danish Industry.

Within the last five years, Mr. Brenøe has been the chairman of the boards of directors of Estemco A/S and Aktieselskabet Klema, the CEO and a member of the board of directors of Bramsløkke Landbrug A/S and a member of the board of directors of Lindø Industripark A/S. Moreover, Mr. Brenøe has been the chairman or a member of the executive boards or the boards of directors of a number of subsidiaries of A.P. Møller-Mærsk A/S and a member of the boards of directors or the executive boards of affiliated undertakings of The A.P. Møller and Hustru Chastine Mc-Kinney Møller Foundation.

Raija-Leena Hankonen has been a member of the Board of Directors since 2020. Ms. Hankonen is a member of the board of directors and the chairman of the audit committee of Posti Group Oyj, the chairman of the board of directors of Brigadeiro Holding Oy and a member of the board of directors of Metsä Board Oyj. Ms. Hankonen is also the chairman of Jalmari and Rauha Ahokas Medical Foundation and a member of the boards of directors of Savonlinna Opera Festival and Helsinki Deaconess Foundation sr.

Within the last five years, Ms. Hankonen has been the lead audit partner, the chairman of the board and the CEO of KPMG Oy Ab.

Bente Avnung Landsnes has been a member of the Board of Directors since 2019. Ms. Landsnes is the vice chairman of the board of directors of NORBIT ASA, a member of the board of directors of Heimstaden Bostad AB, a member of the Remuneration Committee in the Storting (the Norwegian Parliament) and a member of the Strategic Advisory Board of Board Impact Forum.

Within the last five years, Ms. Landsnes has been the CEO and president of Oslo Børs ASA and Oslo Børs VPS Holding ASA; the chairman of the board of directors of Fish Pool ASA; and a member of the boards of directors of VPS ASA, BITS AS, Federation of European Exchanges (FESE) and Infront ASA.

Bente Bang has been elected by the Bank's employees and has been a member of the Board of Directors since 2018. Ms. Bang is the vice chairman of Finansforbundet i Danske Bank and the chairman of Bikubens Personleforening.

Within the last five years, Ms. Bang has been a member of the boards of directors of Danske Kreds Jubilæumsfond and Danske Banks Velfærdsfond af 1993.

Kirsten Ebbe Brich has been elected by the Bank's employees and has been a member of the Board of Directors since 2014. Ms. Brich is the chairman of Finansforbundet i Danske Bank and Finansforbundet i Danske Bank Jubilæumsfond; a member of the boards of directors of Danske Unions, Danske Banks Pensionskasse for Førtidspensionister and Danske Banks Velfærdsfond af 1993; and a member of the executive committee of Finansforbundet.

Within the last five years, Ms. Brich has been a member of the boards of directors of Danske Kreds, Finansforbundet i Danske Bank and Danske Kreds Jubilæumsfond.

Thorbjørn Lundholm Dahl has been elected by the Bank's employees and has been a member of the Board of Directors since 2018. Mr. Dahl is Head of AML transformation office, Compliance at Danske Bank.

Within the last five years, Mr. Dahl has held no other relevant positions.

Charlotte Hoffmann has been elected by the Bank's employees and has been a member of the Board of Directors since 2006. Ms. Hoffmann is a personal adviser at Danske Bank.

Within the last five years, Ms. Hoffmann has held no other relevant positions.

Bank's Executive Leadership Team

The Executive Leadership Team is in charge of the day-to-day management of the Group as laid down in the Rules of Procedure.

On April 19, 2021, the Bank announced that Chris Vogelzang resigned from his position as the CEO effective as of the same day and that Carsten Rasch Egeriis would replace Mr. Vogelzang as the CEO.

On May 25, 2021, the Bank announced that Magnus Agustsson was appointed as the CRO. Mr. Agustsson will become part of the Executive Leadership Team and join Danske Bank by December 1, 2021, at the latest. Mr. Agustsson (born in 1973) has been the chief risk officer of SEB in Sweden, where he has held various positions over the past 12 years, all within risk management. Prior to this employment, he held similar positions with companies in the financial sector in Germany and Finland.

The members of the Executive Leadership Team as at the date of this Base Information Memorandum are as follows:

	Position	Year of birth	Year employed by the Bank[(1)]	Appointed to the Executive Leadership Team
Carsten Rasch Egeriis	CEO	1976	2017	2017
Stephan Engels.........................	CFO	1962	2020	2020
Glenn Söderholm	Head of Personal & Business Customers	1964	1998	2013
Berit Behring	Head of Large Corporates & Institutions	1966	2007	2019
Frans Woelders	COO	1965	2020	2020
Philippe Vollot.........................	Chief Compliance Officer	1967	2018	2018
Karsten Breum	Chief People Officer	1972	2020	2020

(1) Includes employment in Group companies and entities acquired by the Bank.

The business address for the current members of the Executive Leadership Team is Danske Bank A/S, 2–12 Holmens Kanal, DK-1092 Copenhagen K, Denmark.

Carsten Rasch Egeriis joined the Executive Leadership Team in 2017 and has been the CEO since April 19, 2021. Mr. Egeriis is the chairman of the boards of directors of Realkredit Danmark A/S, Finans Danmark, FRI af 16 September 2015 A/S, Bikubens Pensionsfond and Kreditforeningen Danmarks Pensionsafviklingskasse.

Within the last five years, Mr. Egeriis has been the Chief Risk Officer at the Bank, the chief risk officer of Barclays UK and Personal and Corporate Bank, both at Barclays Bank, the vice chairman of the boards of directors of Realkredit Danmark A/S and e-nettet A/S and a member of the board of directors of Northern Bank Limited.

Stephan Engels joined the Executive Leadership Team as CFO on April 1, 2020. Mr. Engels is a member of the board of directors of Northern Bank Limited.

Within the last five years, Mr. Engels has been the member of the Board of Managing Directors responsible for Group Finance, Group Investor Relations, Group Tax, Group Treasury and mBank of Commerzbank AG.

Glenn Söderholm joined the Executive Leadership Team in 2013 and has been the Head of Personal & Business Customers since January 1, 2021. Mr. Söderholm is the chairman of the boards of directors of Danske Leasing A/S and Danica Pension; a member of NASDAQ Advisory Committee for European Markets; and a personal alternate to the chairman of the board of directors of Finans Danmark.

Within the last five years, Mr. Söderholm has been the Head of C&I and Head of Banking Nordic at the Bank; the chairman of the boards of directors of MobilePay A/S, MobilePay Denmark A/S, Danske Hypotek AB, Danske Mortgage Bank Plc, Danske Investment Management A/S and Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999; a personal alternate to the chairman of the board of directors of FRI af 16 September 2015 A/S; and a member of the boards of directors of Danish Ship Finance A/S (Danmarks Skibskredit A/S), Danske Banks Fond and P27 AB.

Berit Behring joined the Executive Leadership Team in 2019 and has been Head of Large Corporates & Institutions since January 1, 2021. Ms. Behring is a member of the board of directors of Northern Bank Limited.

Within the last five years, Ms. Behring has been the Head of Wealth Management and Interim Head of C&I of the Bank; chairman of the boards of directors of Danica Pension and Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999; and the Country Manager Sweden, Head of Banking Sweden, and Head of Corporate and Institutional Banking.

Frans Woelders joined the Executive Leadership Team on March 18, 2020, as the COO. Mr. Woelders is the owner of Woelders Werkt B.V.

Within the last five years, Mr. Woelders has been the Chief Digital Officer, Personal Banking at NatWest Group (formerly The Royal Bank of Scotland), an advisor to Bain, Bain & Co, and CEO Retail Banking of ABN AMRO Bank.

Philippe Vollot joined the Executive Leadership Team in 2018 and is the Chief Compliance Officer. Mr. Vollot is a member of the advisory board of the Association of Certified Anti-Money Laundering Specialists (ACAMS) and a member of the board of directors of French Foreign Trade Advisor, Denmark Committee.

Within the last five years, Mr. Vollot has been the Global Head of Anti-Financial Crime and the Group Anti-Money Laundering Officer at Deutsche Bank. Mr. Vollot has also been Global COO Compliance and Anti-Financial Crime and Regional COO, Middle East & North Africa, both positions at Deutsche Bank.

Karsten Breum joined the Executive Leadership Team on August 25, 2020, as Chief People Officer. Mr. Breum is the vice chairman of Finanssektorens Arbejdsgiverforening (FA) and a member of the boards of directors of Finanskompetencepuljen, Digital Dogme and Grænsefonden.

Within the last five years, Mr. Breum has been the Head of Group HR at the Bank. Mr. Breum has also been Chief HR Officer and member of the Executive Board of the Panalpina transport and logistics company.

Conflict of Interest

No actual or potential conflict of interests exists between any of the duties of the members of the Board of Directors and the Executive Leadership Team and their private interests or other duties.

Remuneration and Benefits

Remuneration of the Board of Directors

Members of the Board of Directors of the Group receive a fixed fee. Members of the Board of Directors are not covered by incentive programs and do not receive performance-based remuneration. The fee is set at a level that is market aligned and reflects the qualifications and competencies required in view of the Group's size and complexity, the responsibilities and the time the members of the Board of Directors are expected to allocate to discharge their obligations as members of the Board of Directors. No pension contributions are payable on fees of the members of the Board of Directors.

The members of the Board of Directors receive a fixed annual base fee. The Chairman of the Board of Directors receives three and a half times the amount of the base fee and the Vice Chairman one and a half times the amount of the base fee. On June 9, 2020, the annual General Meeting approved the resolution that as of January 1, 2021, the Chairman of the Board of Directors will receive four times the amount of the base fee and the Vice Chairman two times the amount of the base fee. In addition to the base fee, members receive compensation if they serve as members of one or more of the board committees. The Chairman of a board committee receives an additional fee. The remuneration of the Board of Directors is subject to the approval of the annual General Meeting.

The following table sets forth the remuneration of the members of the Board of Directors for the year ended December 31, 2020:

	For the year ended December 31, 2020
	(DKK in thousands)
Karsten Dybvad, Chairman	2,539
Jan Thorsgaard Nielsen, Vice Chairman	1,245
Carol Sergeant, Vice Chairman	1,269
Martin Blessing(1)	402
Lars-Erik Brenøe	836
Raija-Leena Hankonen(1)	471
Bente Avnung Landsnes	846
Christian Sagild(2)	908
Gerrit Zalm(3)	846
Bente Bang	538
Kirsten Ebbe Brich	723
Thorbjørn Lundholm Dahl	538
Charlotte Hoffmann	661
Jens Due Olsen(4)	219
Total remuneration	12,037
of which remuneration for committee work	3,501

(1) Member of the Board of Directors from June 9, 2020.
(2) Member of the Board of Directors until March 16, 2021.
(3) Member of the Board of Directors until April 19, 2021.
(4) Member of the Board of Directors until April 7, 2020.

Remuneration of the Executive Leadership Team

According to the Group's remuneration policy (the "**Remuneration Policy**"), the remuneration of the members of the Executive Leadership Team is intended to ensure the Group's continued ability to attract and retain the most qualified Executive Leadership Team members. In connection with the annual assessment of the remuneration of the members of the Executive Leadership Team, developments in market practice are assessed.

The Remuneration Committee makes recommendations on adjustments of the remuneration of the members of the Executive Leadership Team to the Board of Directors. The remuneration of the members of the Executive Leadership Team may consist of base salary and supplements, short- and long-term incentive programs and pension schemes. Subject to individual agreement, the members of the Executive Leadership Team are also entitled to a mobile phone, internet, newspapers, a company car, health insurance, assistance from health providers and other benefits in kind, including safe boxes and security facilities installed at the private addresses of the member of the Executive Leadership Team as deemed necessary by the Board of Directors in order to protect such member and to safeguard the interests of Danske Bank and its customers. Danske Bank pays all costs associated with the above security facilities, including, but not limited to tax (if applicable), installation fees and monthly fees. Members of the Executive Leadership Team may be offered insurance cover and/or indemnification for costs related to their conduct during their employment with Danske Bank.

Variable remuneration is part of the total remuneration package for members of the Executive Leadership Team and cannot exceed 50 percent of the individual member's annual fixed salary. Variable remuneration for members of the Executive Leadership Team consists of an annual and short-term incentive program (the "**Short-term Incentive Program**") and a three-year, long-term incentive program (the "**Long-term Incentive Program**"). The Short-term Incentive Program is based on a scorecard approach with predefined and weighted KPIs at the Group, business unit/functional and individual levels. The KPIs included in the Short-term Incentive Program are a balance of financial and non-financial KPIs and are evaluated on an annual basis. Payments under the Short-term Incentive Program to the individual members of the Executive Leadership Team are split 40 percent cash and 60 percent shares. The 60 percent share remuneration is deferred for five years, followed by a one-year retention period and backtesting before the shares are available to trade. In accordance with applicable national and European regulation, variable remuneration is subject to backtesting and clawback. The Long-term Incentive Program is based on total shareholder return performance relative to peers over a three-year performance period. The first pay-out was in 2018, based on the performance in 2015, 2016 and 2017. In 2020, there were three Long-term Incentive Programs running and the Long-term Incentive Programs have a vesting period of three years. The current programs running are the 2018–2020, the 2019–2021 and the 2020–2022 Long-term Incentive Programs. After the vesting period, part of the shares will be paid out. The remaining shares are deferred for five years from grant date, followed by a one-year retention period before the shares are available to trade. The deferred remuneration is subject to backtesting and clawback. The individual total performance-based pay cannot exceed 50 percent of the individual's yearly base salary subject to applicable legislation.

The members of the Executive Leadership Team are subject to rules for material risk takers ("**MRTs**"). A significant part of the performance-based remuneration is deferred and may be forfeited pursuant to applicable regulation and the Remuneration Policy. The deferral period is at least five years, compared to at least three years for other MRTs, followed by a one-year retention period before the shares are available to trade. Shares granted as part of performance-based remuneration are subject to a lock-up period of six months. Any trading of such shares is subject to the Group's procedures for insiders.

The agreements on performance-based remuneration for the individual members of the Executive Leadership Team ensure that all or part of the deferred performance-based remuneration may be clawed back if the Group's results prove unsatisfactory or the performance-based remuneration has been granted on basis of data that is subsequently proven to be manifestly misstated or inaccurate.

The following table sets forth the remuneration of the members of the Executive Leadership Team (as at December 31, 2020) for the year ended December 31, 2020:

	For the year ended December 31, 2020									
	Chris Vogelzang(1)	Berit Behring	Karsten Breum(2)	Carsten Rasch Egeriis	Stephen Engels(3)	Glenn Söderholm	Philippe Vollot	Frans Woelders(4)	Jacop Aarup-Anderson(5)	Jakob Groot(6)
	(DKK in millions)									
Fixed salary(7)	15.0	8.7	2.3	10.0	8.1	9.1	10.4	7.5	3.3	5.2
Pension	–	–	0.5	–	–	1.6	–	–	0.7	–
Variable cash payment(8)	1.1	0.5	0.2	0.6	5.4	0.6	0.6	6.4	0.2	0.3
of which remuneration under the Short-term Incentive Program 2020	1.1	0.5	0.2	0.6	0.4	0.6	0.6	0.4	0.2	0.3
Variable share-based payment	2.6	1.1	0.3	1.7	0.8	1.6	1.4	0.8	0.5	0.9
of which remuneration under the Short-term Incentive Program 2020	1.7	0.8	0.3	0.9	0.7	0.9	0.9	0.6	0.2	0.5
Total expensed	18.7	10.3	3.3	12.3	14.3	12.9	12.4	14.7	4.7	6.4

(1) Member of the Executive Leadership Team from August 25, 2020, until April 19, 2021.
(2) Member of the Executive Leadership Team from August 5, 2020.
(3) Member of the Executive Leadership Team from April 1, 2020.
(4) Member of the Executive Leadership Team from March 18, 2020.
(5) Member of the Executive Leadership Team until May 18, 2020.
(6) Member of the Executive Leadership Team until August 25, 2020.
(7) Fixed salary includes fixed cash salary, other benefits and allowances such as for relocation, and where the Executive Leadership Team member assumes an additional Executive Leadership Team position for an interim period.
(8) Variable cash payment includes sign-on fees.

For additional information regarding remuneration of the members of the Board of Directors and the Executive Leadership Team, see note G36 to the 2020 Financial Statements incorporated by reference into this Base Information Memorandum.

Severance Terms for the Executive Leadership Team

In general, the members of the Executive Leadership Team are entitled to a notice period upon termination from the Group of 18 months and to terminate their own position with a notice of 9 months. During such notice period, the members of the Executive Leadership Team are only entitled to full salary and benefits to the extent such member does not obtain other income during the notice period. The members of the Executive Leadership Team are not entitled to severance pay.

Employee Performance-based Share Remuneration Program

Effective from 2010, the Group has granted rights to conditional shares under the bonus structure for MRTs and other employees (including members of the Executive Leadership Team as discussed under "—*Remuneration of the Executive Leadership Team*" above) as part of their performance-based remuneration. MRTs and other employees may be entitled to variable remuneration, the Short-term Incentive Program, and have a performance agreement with predetermined KPIs at the Group, business unit/function and individual levels. All KPIs are evaluated on an annual basis. Variable pay to MRTs is divided into a minimum of 40 percent cash and a maximum of 60 percent shares, and is deferred for a minimum of four years (minimum of five years for members of the Executive Leadership Team) as required by the EBA. Rights to shares for MRTs vest four years after being granted (at least five years for the members of the Executive Leadership Team) provided that the employee, with the exception of retirement, has not resigned from the Group. In addition to this requirement and before pay-out of deferred shares, backtesting is conducted to assess whether the initial criteria for granting the bonus at the time of grant (four years ago, or at least five years ago for the members of the Executive Leadership Team) are still considered fulfilled, whether the Bank's economic situation has deteriorated significantly and whether the individual has proven fit and proper. Shares granted as part of variable remuneration are subject to a minimum retention period of six months (one year for members of the Executive Leadership Team) before the shares can be traded.

Management’s Shareholdings and Options

Shareholdings

The following table sets forth the number of the Bank’s shares, share options and conditional shares held by the members of the Board of Directors and the Executive Leadership Team (as at the date of this Base Information Memorandum) and their immediate family as at December 31, 2020:

	As at December 31, 2020		
	Number of the Bank’s shares	**Options**	**Conditional shares**
			(DKK in millions)
Board of Directors			
Karsten Dybvad	11,258	–	–
Jan Thorsgaard Nielsen	20,000	–	–
Carol Sergeant	7,023	–	–
Martin Blessing	–	–	–
Lars-Erik Brenøe	29,305	–	–
Raija-Leena Hankonen	2,890	–	–
Bente Avnung Landsnes	8,000	–	–
Bente Bang	882	–	–
Kirsten Ebbe Brich	3,796	–	–
Thorbjørn Lundholm Dahl	2,724	–	–
Charlotte Hoffmann	6,000	–	–
Total	91,878	–	–
Executive Leadership Team			
Carsten Rasch Egeriis	1,334	–	3.9
Stephen Engels	15,000	–	1.7
Glenn Söderholm	37,461		4.7
Berit Behring	16,720	–	2.4
Frans Woelders	–	–	1.5
Philippe Vollot	–	–	3.9
Karsten Breum	65,551	–	0.5
Total	136,066	–	18.6

Under the Market Abuse Regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse), the acquisition and sale of shares in the Bank by persons discharging managerial responsibility (“**PDMRs**”) and related parties must be reported to the DFSA promptly and no later than three business days after the date of the transaction and be publicly disclosed when transactions exceed EUR 20,000 per calendar year. The Bank discloses all additions, disposals and total holdings of members of the Board of Directors and the Executive Leadership Team (PDMRs) and their related parties.

Board of Directors Practices

Pursuant to the Articles of Association, the Board of Directors must consist of not less than six and not more than ten members elected by the General Meeting. The members of the Board of Directors elected by the General Meeting are elected for one-year terms and may be re-elected. In addition to the members elected by the General Meeting, the employees of the Group are entitled to elect a number of employee representatives corresponding to one-half the number of members elected by the General Meeting. The employee representatives are elected for a term of four years. Pursuant to the Danish Financial Business Act, a member of the Board of Directors may not serve on the Executive Leadership Team. Generally, the members of the Executive Leadership Team attend meetings of the Board of Directors.

Following the Bank’s General Meeting, the members of the Board of Directors elect a chairman and one or two vice chairmen from among themselves.

The Board of Directors constitutes a quorum when more than half of its members participate in the passing of a resolution. In case of parity of votes, the Chairman or, in his absence, the Vice Chairman chairing the meeting, has the casting vote. Resolutions of the Board of Directors are passed by simple majority of the votes present at the meeting, unless otherwise provided by law, the Articles of Association or the Rules of Procedure of the Board of Directors.

Each member of the Board of Directors and the Executive Leadership Team must at all times ensure that his or her private or professional interests, directly or indirectly, are not in conflict with the interests of Danske Bank. Members of the Board of Directors and the Executive Leadership Team cannot participate in the preparation, discussions or decisions of their own accounts and facilities or in any discussions regarding lawsuits against them. This also applies to discussions of other matters if a member of the Board of Directors or of the Executive Leadership Team has a significant direct or indirect interest that may conflict with the Group's interests. A member of the Board of Directors cannot be present during discussions of accounts and facilities available to a company in which they are members of the board of directors or the executive board. However, a member of the Executive Leadership Team may be present during discussions of the accounts and facilities of any Group entity, even if such a member is the member of the board of directors or management of the company in question.

The external auditors and the Chief Internal Auditor are entitled to participate in meetings of the Board of Directors where matters relevant to the auditing or the financial reporting of the Group are considered. The external auditors and the Group Chief Auditor are obliged to participate in meetings of the Board of Directors dealing with these matters, if so requested by a member of the Board of Directors.

The Board of Directors is kept informed of the auditors' work on an ongoing basis through submission of audit reports to it and the Board of Directors evaluates this work upon the signing of the reports, or otherwise by contacting the Chairman where matters of significance are identified which ought to be reported to the Board of Directors.

According to the Danish Financial Business Act, the Board of Directors must (i) determine and continuously consider what business activities the Bank is to perform, (ii) identify and quantify the Bank's risk profile, including assessing the risks that the Bank may assume and (iii) establish internal policies for the management of the Bank's business activities and risk profile. Based on the Bank's risk profile and its internal policies, the Board of Directors must prepare written guidelines for the Executive Leadership Team. These guidelines must, as a minimum, contain the following:

- the framework for the risks that the Executive Leadership Team may put on the Bank;
- the principles upon which different types of risk are determined;
- which transactions the Executive Leadership Team may execute without the approval of the Board of Directors; and
- the procedure for the Executive Leadership Team's reporting to the Board of Directors with regard to the risks associated with the Bank's activities.

The Rules of Procedure of the Board of Directors contain the information required by the Danish Financial Business Act.

Committees

General

The Board of Directors has established five board committees: the Risk Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Conduct & Compliance Committee. The committees act as preparatory committees for the Board of Directors. Under Danish law, board committees have no decision-making authority but serve in a consulting role only. The tasks of the committees are laid out in charters of each committee, which are reviewed at least once a year.

Audit Committee

The Audit Committee operates as a preparatory committee for the Board of Directors with respect to accounting and auditing matters, including related risk matters. The committee reviews and submits recommendations to the Board of Directors on financial reports and the assessment of the related risks, accounting principles and procedures, internal controls, and reports from both internal and external auditors. The Audit Committee convenes at least four times a year.

The Audit Committee currently consists of Raija-Leena Hankonen (Chairman), Bente Avnung Landsnes and Jan Thorsgaard Nielsen. The Audit Committee held nine meetings in 2020.

Conduct & Compliance Committee

The Conduct & Compliance Committee operates as a preparatory committee for the Board of Directors with respect to conduct and reputational risk, compliance and financial crime prevention, and other matters that the Board of Directors may want to have examined by the Conduct & Compliance Committee.

The Conduct & Compliance Committee currently consists of Karsten Dybvad (Chairman), Kirsten Ebbe Brich, Jan Thorsgaard Nielsen and Carol Sergeant. The Conduct & Compliance Committee held eight meetings in 2020.

Nomination Committee

The Nomination Committee operates as a preparatory committee for the Board of Directors with respect to the nomination and appointment of candidates to the Executive Leadership Team and the Board of Directors. The committee evaluates the work and performance of the Executive Leadership Team, the Board of Directors and their individual members. The committee also submits policy proposals to the Board of Directors on succession planning, diversity and inclusion. The Nomination Committee convenes at least twice a year.

The Nomination Committee currently consists of Lars-Erik Brenøe (Chairman), Karsten Dybvad and Bente Avnung Landsnes. The Nomination Committee held four meetings in 2020.

Remuneration Committee

The Remuneration Committee operates as a preparatory committee for the Board of Directors with respect to remuneration matters, with a focus on the remuneration of the members of the Board of Directors, the Executive Leadership Team, MRTs, key employees and executives in charge of control and internal audit functions, and incentive programs. The committee reviews and submits recommendations to the Board of Directors on remuneration policies and practices, and developments in remuneration, including variable remuneration. The committee also monitors the incentive programs to ensure that they promote ongoing, long-term shareholder value creation as well as compliance with the Remuneration Policy. The Remuneration Committee convenes at least twice a year.

The Remuneration Committee currently consists of Karsten Dybvad (Chairman), Lars Erik-Brenøe, Raija-Leena Hankonen and Charlotte Hoffmann. The Remuneration Committee held six meetings in 2020.

Risk Committee

The Risk Committee operates as a preparatory committee for the Board of Directors with respect to the Group's risk management and related matters. The committee advises the Board of Directors on the Group's risk profile, risk culture, risk appetite, risk strategy and risk management framework. The committee reviews and submits recommendations to the Board of Directors, including the Group's risk appetites, policies and instructions, its capital, leverage, liquidity, solvency and recovery requirements, its operational resilience framework (former business continuity plans), its impairment levels, its products and services from a risk perspective and the credit quality of the Group's loan portfolio. Furthermore, the Risk Committee reviews the use of internal models, the adequacy and sufficiency of staff resources of the risk management control function and incentive programs from a risk perspective. The Risk Committee convenes at least six times a year.

The Risk Committee currently consists of Martin Blessing (chairman), Karsten Dybvad and Carol Sergeant. The Risk Committee held nine meetings in 2019.

Declaration on Corporate Governance

By adhering to sound principles of corporate governance, the Bank wishes to maintain the confidence of investors, achieve its financial objectives and act with integrity towards all its stakeholders. The Bank aims to create transparency for shareholders and other stakeholders by describing aspects of its organization and processes.

The Bank is subject to the Danish Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance in November 2017 (the "**Recommendations**"). On an annual basis, the Board of Directors considers all Recommendations applying the "comply or explain" principle. On its website, the Bank has published a corporate governance report with comments on its compliance with the Recommendations. The conclusion of the last evaluation for 2020 was that the Bank complies with all of the Recommendations. In December 2020, the Danish Committee on Corporate Governance issued new Danish Recommendations on Corporate Governance, which entered into force for reporting as of the financial year starting on January 1, 2021, or thereafter.

RELATED PARTY TRANSACTIONS

The following information is supplemented by, and should be read together with, the Group's Interim report – first half 2021 incorporated by reference into this Base Information Memorandum.

Pursuant to IFRS, a related party to the Group is either a party over which the Group has control or significant influence or a party that has control or significant influence over the Group. All entities over which the Group has control are consolidated and are therefore not considered a related party in relation to the Group.

The Group, as a bank, enters into a significant number of transactions with related parties, substantially all of which occur in the normal course of business. Payment services, trading in securities and other instruments, depositing of surplus liquidity and the provision of short- and long-term financing are the primary services provided by the Bank. The Danica Pension Group manages the employer pension plans of a number of related parties, and the Bank manages the assets of a number of the Group's pension funds. Transactions with related parties are settled on an arm's length basis and recognized in the financial statements applying the same accounting policy as for similar transactions with unrelated parties.

Transactions with Associated Undertakings

The following table sets forth the Group's transactions with associated undertakings as at the dates and for the years indicated:

	As at and for the year ended December 31,		
	2020	2019	2018
	(DKK in millions)		
Loans and loan commitments	1,659	2,002	1,886
Securities and derivatives	11,092	13,065	13,997
Deposits	894	715	240
Guarantees issued	9	6	4
Guarantees and collateral received	568	120	266
Interest income	52	108	81
Interest expense	7	26	–
Fee income	3	5	1
Dividend income	15	99	32
Other income	(1)	–	6
Loan impairment charges	1	1	(3)

Transactions with associated companies covers transactions with the following companies: Administrationsselskabet Forenede Gruppeliv, BAB Bankernas Automatbolag AB, Capital Four – Strategic Lending Fund K/S, Danske Shoppingcentre P/S, Danske Shoppingcentre FC P/S, E-Nettet A/S, Gro Fund I K/S, Gro Fund II K/S, G.S.V. Holding A/S, Komplementarselskabet CØ ApS, Komplementarselskabet Danske Shoppingcentre ApS, Komplementarselskaber ERDA II, Komplementarselskabet P/S Magnolieholm, K/S ERDA II, P/S Magnolieholm, Maritime Investmetnt Fund I K/S, Maritime Investment Fund II K/S, Samejet Nymøllevej 59-91, Spiir A/S, Sanistål A/S and Udviklingsselskabet CØ P/S.

Transactions with Parties with Significant Influence

Related parties with significant influence are shareholders with holdings exceeding 20 percent of the share capital of the Bank. In 2020, 2019 and 2018, the A.P. Møller and Chastine Mc-Kinney Møller Foundation and companies of A.P. Møller Holding Group, Copenhagen, on a consolidated basis, were such related parties. During this three-year period and in 2021 until the date of this Base Information Memorandum, no other related parties had significant influence on the Bank.

The following table sets forth the Group's transactions with parties with significant influence as at the dates and for the years indicated:

	As at and for the year ended December 31,		
	2020	2019	2018
	(DKK in millions)		
Loans and loan commitments	3,408	5,987	7,549
Securities and derivatives	1,883	1,136	1,081
Deposits	9,017	6,465	3,861
Derivatives	475	210	304
Guarantees issued	227	288	416
Guarantees and collateral received	262	435	1,461
Interest income	53	139	143
Interest expense	39	117	107
Fee income	14	10	8
Dividend income	5	7	7
Other income	4	7	6
Loan impairment charges	–	(1)	1
Sales of Danske Bank shares	–	–	886

Transactions with the Board of Directors and the Executive Leadership Team

The following table sets forth the Group's transactions with the members of the Board of Directors and the Executive Leadership Team as at the dates and for the years indicated:

	As at and for the year ended December 31,		
	2020	2019	2018
	(DKK in millions)		
Board of Directors			
Loans and loan commitments	39	86	20
Deposits	56	86	87
Guarantees and collateral received	67	65	45
Interest income	1	1	–
Fee income	12	19	–
Acquisitions of Danske Bank shares	2	4	–
Executive Leadership Team			
Loans and loan commitments	37	63	50
Deposits	11	25	38
Guarantees and collateral received	30	53	56
Interest income	–	1	1
Acquisitions of Danske Bank shares	4	2	–

The following table sets forth the average interest rates on credit facilities granted to members of the Board of Directors and the Executive Leadership Team for the years indicated:

	For the year ended December 31,		
	2020	2019	2018
	(percent)		
Board of Directors	1.5	1.3	2.5
Executive Leadership Team	1.3	1.3	1.8

TERMS AND CONDITIONS OF THE NOTES

This description of the Program contains the Conditions of the Notes which (subject to completion by way of the relevant Pricing Supplement for each Tranche of Notes) will be endorsed upon, or attached to, each Note. The relevant Pricing Supplement in relation to any Tranche of Notes will specify specific terms (including, but not limited to Conditions relating to payment, and the interest rate basis for the Notes) which shall, to the extent so specified or to the extent inconsistent with the following Conditions, complete the following Conditions for the purpose of such Notes. The relevant Pricing Supplement will be endorsed upon, or attached to, each Note.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Clearing and Settlement."

1. **General**

1.1 Danske Bank A/S (the "**Issuer**") has established a U.S. Medium-Term Note Program (the "**Program**") for the issuance of up to U.S.$ 20,000,000,000 in aggregate principal amount of debt instruments (the "**Notes**"). Where a particular Condition (as defined below) is applicable only to certain classes of Notes, "**Notes**" shall be construed in accordance with the relevant Condition.

1.2 Notes issued under the Program are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Notes. Each Tranche is the subject of a pricing supplement document (the "**Pricing Supplement**") which completes these Terms and Conditions (the "**Conditions**"). The Conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.

1.3 The Notes are subject to an amended and restated fiscal and paying agency agreement dated as of April 8, 2020 (as supplemented, amended and/or replaced from time to time, the "**Agency Agreement**") between the Issuer, U.S. Bank National Association as fiscal agent (the "**Fiscal Agent**," which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agent(s) named therein (the "**Paying Agent(s)**," which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Agency Agreement). The Notes have the benefit of a deed of covenant dated April 8, 2020 (as supplemented, amended and/or replaced from time to time, the "**Deed of Covenant**").

1.4 All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the Pricing Supplement applicable to a particular Tranche are available for inspection by Holders (as defined below) of such Tranche during normal business hours at the corporate trust office of the Fiscal Agent. In the case of a Tranche of Notes which is not admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, copies of the Pricing Supplement will only be available for inspection by Holders of such Notes.

1.5 Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. The holders of the Notes (the "**Holders**") are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement and the Deed of Covenant (i) are available for inspection by Holders during normal business hours at the corporate trust office of the Fiscal Agent or (ii) may be provided by email to a Holder following their prior written request to the Fiscal Agent and provision of proof of holding and identity (in a form satisfactory to the Fiscal Agent).

1.6 The Notes will be issued only in registered form and in minimum denominations of U.S.$ 200,000 (or, in the case of Notes not denominated in U.S. dollars, the equivalent thereof in such foreign currency, rounded down to the nearest 100,000 units of such foreign currency, but so that in no event will the minimum denomination be lower than EUR 100,000 or its equivalent at the Issue Date of the relevant Notes) and integral multiples of U.S.$ 1,000 (or, in the case of Notes not denominated in U.S. dollars, 1,000 units of such foreign currency) in excess thereof.

1.7 Unless otherwise specified in the relevant Pricing Supplement, the Notes will be denominated in U.S. dollars and payments of the principal and any premium or interest on the Notes will be made in U.S. dollars. If any of the Notes are denominated in a Specified Currency (as defined below) other than U.S. dollars (a "**Foreign Currency Note**"), payments of the principal and any premium or interest on such Notes will be made in accordance with Condition 12.3 (*Payments on Foreign Currency Notes*).

2. **Definitions and Interpretation**

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

"**Accrual Yield**" has the meaning given in the relevant Pricing Supplement;

"**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as applicable) to the Holders as a result of the replacement of the Original Reference Rate with the relevant 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 Original 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 Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines is recognized or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or the Alternative Reference Rate (as applicable); or

(iii) if no such customary market usage is recognized or acknowledged, the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines is recognized or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Original Reference Rate, where such rate has been replaced by the relevant Successor Reference Rate or Alternative Reference Rate (as applicable); or

(iv) if no such industry standard is recognized or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines to be appropriate;

"**Affiliates**" has the meaning given to such term in paragraph (a)(l) of Rule 144 under the United States Securities Act of 1933, as amended;

"**Alternative Reference Rate**" means an alternative benchmark or screen rate that the Issuer (following consultation with an Independent Adviser (if applicable)) determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of debt securities denominated in the Specified Currency and of a comparable duration:

(i) in the case of Notes for which the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable, to the relevant Interest Periods; or

(ii) in the case of Notes for which the Fixed Rate Reset Note Provisions are specified in the relevant Pricing Supplement as being applicable, to the relevant Reset Periods,

or, in any case, if the Issuer (following consultation with an Independent Adviser (if applicable)) determines that there is no such rate, such other rate as the Issuer (following consultation with an Independent Adviser (if applicable)) determines in its discretion is most comparable to the Original Reference Rate;

"**Applicable Business Center(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Applicable Financial Center(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Applicable MREL/TLAC Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in Denmark giving effect to any MREL/TLAC Requirement or any successor regulations then applicable to the Issuer and/or the Group, including, without limitation to the generality of the foregoing, CRD/CRR, the BRRD and those regulations, requirements, guidelines and policies giving effect to any MREL/TLAC Requirement or any successor regulations then in effect (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group);

"**Articles of Association**" means the articles of association of the Issuer;

"**BBSW**" means the Bank Bill Swap Reference Rate;

"**Benchmark Event**" means, with respect to an Original Reference Rate:

(i) such Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered; or

(ii) the later of (A) a public statement by the administrator of such Original Reference Rate that it will, on or before a specified date, cease publishing such Original Reference Rate, permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Original Reference Rate) and (B) the date falling six months prior to the specified date referred to in (ii)(A); or

(iii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate has been permanently or indefinitely discontinued; or

(iv) the later of (A) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the specified dated referred to in (iv)(A); or

(v) the later of (A) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (B) the date falling six months prior to the specified date referred to in (v)(A); or

(vi) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for the Calculation Agent or any other agents party to the Agency Agreement to calculate any payments due to be made to the Holders using such Original Reference Rate; or

(vii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

"**Broken Amount**" has the meaning given in the relevant Pricing Supplement;

"**BRRD**" means Directive (2014/59/EU) of the European Parliament and of the Council on resolution and recovery of credit institutions and investment firms dated May 15, 2014 and published in the Official Journal of the EU on June 12, 2014 (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Directive resulting from Directive (EU) 2019/879 of the European Parliament and of the Council on the loss-absorbing and recapitalization capacity of credit institutions and investment firms dated May 20, 2019 ("**BRRD II**"), and published in the Official Journal of the European Union on June 7, 2019);

"**Business Day**" means (i) in the case of Interest Determination Dates and Reset Determination Dates only, where the relevant Pricing Supplement specifies a "Business Day" preceded by a city for the purposes of the Interest Determination Date(s) or, as the case may be, the Reset Determination Date(s), a day on which commercial banks and foreign exchange markets settle payments and are open for 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 business (including dealing in foreign exchange and foreign currency deposits) in each Applicable Business Center, and if TARGET is an Applicable Business Center, a TARGET Settlement Day;

"**Business Day Convention**," in relation to any particular date, shall be as specified in the relevant Pricing Supplement and, if so specified in the relevant 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 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 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 Pricing Supplement;

"**Calculation Amount**" has the meaning given to such term in the relevant Pricing Supplement (the "**Original Calculation Amount**"), provided that if the Outstanding Principal Amount of each Note is reduced as required by the current legislation and/or regulations applicable to the Issuer, the Calculation Agent shall (a) adjust the Calculation Amount on a *pro rata* basis to account for such reduction and (b) notify the Holders in accordance with Condition 21 (*Notices*) and the Fiscal Agent (if the Fiscal Agent is not the Calculation Agent) of the details of such adjustment;

"**Call Option**" has the meaning given in the relevant Pricing Supplement;

"**CIBOR**" means the Copenhagen interbank offered rate;

"**Clearstream, Luxembourg**" means Clearstream Banking S.A.;

"**CMT Rate**" means with respect to the Reset Date, the rate that is equal to:

(i) the yield for United States Treasury Securities at "constant maturity" for a designated maturity which is equal or comparable to the duration of the relevant Reset Period, as published in the H.15 under the caption "treasury constant maturities (nominal)" (or any successor publication that is published by the Board of Governors of the United States Federal Reserve System that establishes yields for United States Treasury Securities at "constant maturity"), as that yield is displayed on such Reset Determination Date, on the Relevant Screen Page; or

(ii) if the yield referred to in paragraph (i) above is not published by the Relevant Time on the Relevant Screen Page on such Reset Determination Date, the yield for the United States Treasury Securities at "constant maturity" for a designated maturity which is equal or comparable to the duration of the relevant Reset Period, as published in H.15 under the caption "treasury constant maturities (nominal)" (or any successor publication that is published by the Board of Governors of the United States Federal Reserve System that establishes yields for United States Treasury Securities at "constant maturity"), on such Reset Determination Date; or

(iii) if the yield referred to in paragraph (ii) above is not published by the Fallback Relevant Time on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date;

in each case, all as determined by the Calculation Agent;

"**Contractual Currency**" has the meaning given to such term in Condition 22 (*Currency Indemnity*);

"**CRD/CRR**" means, as the context requires, any or any combination of the CRD Directive, the CRR and any CRD/CRR Implementing Measures;

"**CRD Directive**" means Directive (2013/36/EU) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated June 26, 2013, and published in the Official Journal of the EU on June 27, 2013 (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Directive resulting from Directive (EU) 2019/878 of the European Parliament and of the Council as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures dated May 20, 2019, and published in the Official Journal of the European Union on June 7, 2019);

"**CRD/CRR Implementing Measures**" means any regulatory capital rules or regulations or other requirements, which are applicable to the Issuer and which prescribe (alone or in conjunction with any other rules, regulations or other requirements) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis) to the extent required by the CRD Directive or the CRR, including for the avoidance of doubt and without limitation any regulatory technical standards released from time to time by the European Banking Authority (or any successor or replacement thereof);

"**CRR**" means Regulation (2013/575) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated June 26, 2013 and published in the Official Journal of the EU on June 27, 2013, as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Regulation resulting from Regulation (EU) 2019/876 of the European Parliament and of the Council as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements dated May 20, 2019, and published in the Official Journal of the European Union on June 7, 2019);

"**Danish Bankruptcy Act**" means the Danish Bankruptcy Act (Consolidated Act No. 775 of May 3, 2021, as amended or replaced from time to time) (in Danish: *konkursloven*);

"**Danish Financial Business Act**" means the Danish Financial Business Act (Consolidated Act No. 1447 of September 11, 2020, as amended or replaced from time to time);

"**Danish Recovery and Resolution Act**" means the Danish Recovery and Resolution Act of Certain Financial Undertakings (Consolidated Act No. 24 of January 4, 2019, as amended or replaced from time to time);

"**Danish Statutory Loss Absorption Powers**" means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Denmark, relating to (i) the transposition of the BRRD (or, as the case may be, any provision of Danish law transposing or implementing such Directive) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified or converted into Ordinary Shares, other securities or other obligations of the Issuer or any other Person or suspended for a temporary period;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

  (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (A) the actual number of days in such Regular Period and (B) the number of Regular Periods in any year; and

  (b) where the Calculation Period is longer than one Regular Period, the sum of:

    (i) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (A) the actual number of days in such Regular Period and (B) the number of Regular Periods in any year; and

    (ii) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (A) the actual number of days in such Regular Period and (B) the number of Regular Periods in any year;

(ii) if "**Actual/365**," "**Actual/Actual**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the 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 so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D_1 will be 30; and

"**D_2**" 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_1 is greater than 29, in which case D_2 will be 30; and

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

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" 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_2 will be 30; and

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

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**D_1**" 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_1 will be 30; and

"**D_2**" 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_2 will be 30;

"**Designated Maturity**" means, in respect of a Series of Notes for which (i) the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable and (ii) Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Pricing Supplement, the period of time designated in the relevant Reference Rate;

"**Determination Date(s)**" has the meaning given in the relevant Pricing Supplement;

"**DFSA**" means the Danish Financial Supervisory Authority (in Danish: "*Finanstilsynet*") and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or the FS (if applicable), in any case as determined by the Issuer;

"**DTC**" means The Depository Trust Company;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, 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 Pricing Supplement;

"**Enforcement Events**" has the meaning given to such term in Condition 14 (*Enforcement Events*);

"**EURIBOR**" means the eurozone interbank offered rate;

"**Euroclear**" means Euroclear Bank SA/NV;

"**Euronext Dublin**" means the Irish Stock Exchange plc, trading as Euronext Dublin;

"**Fallback Relevant Time**" means the time specified in the relevant Pricing Supplement;

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

"**First Reset Date**" means the date specified in the relevant Pricing Supplement;

"**First Reset Period**" means the period from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Pricing Supplement, the Maturity Date;

"**First Reset Period Fallback Yield**" means the yield specified in the relevant Pricing Supplement;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and, if applicable, subject to Condition 7.3 (*Reset Reference Rate Conversion*), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant CMT Rate plus the relevant Reset Margin;

"**Fixed Interest Amount**" has the meaning given in the relevant Pricing Supplement;

"**FS**" means "*Finansiel Stabilitet*" and any successor or replacement thereto, or other resolution authority with the ability to exercise any Danish Statutory Loss Absorption Powers in relation to the Issuer, in any case as determined by the Issuer;

"**Group**" means the Issuer together with its Subsidiaries and other entities that are consolidated in the Issuer's calculation of the Common Equity Tier 1 Capital Ratio on a consolidated level in accordance with CRD/CRR requirements;

"**H.15**" means the daily statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at *www.federalreserve.gov/releases/H15* or such other page, section, successor site or publication as may replace it;

"**HIBOR**" means the Hong Kong interbank offered rate;

"**IA Determination Cut-off Date**" means:

(i) in the case of Notes for which the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable, in any Interest Period, the date that is no later than five Business Days prior to the Interest Determination Date relating to the immediately following Interest Period; or

(ii) in the case of Notes for which the Fixed Rate Reset Note Provisions are specified in the relevant Pricing Supplement as being applicable, in any Reset Period, the date that is no later than five Business Days prior to the Reset Determination Date relating to the next succeeding Reset Period;

the date that is no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period;

"**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;

"**Initial Rate of Interest**" has the meaning specified in the relevant Pricing Supplement;

"**Interest Accrual Period**" means (i) each Interest Period and (ii) any other period (if any) in respect of which interest is to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due;

"**Interest Amount**" means, in relation to the 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 Note or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

"**Interest Determination Date**" has the meaning given in the relevant Pricing Supplement;

"**Interest Payment Date**" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant 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 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 Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.);

"**Issue Date**" has the meaning given in the relevant Pricing Supplement;

"**Margin**" has the meaning given in the relevant Pricing Supplement;

"**Maturity Date**" has the meaning given in the relevant Pricing Supplement;

"**Maximum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

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

"**Minimum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**MREL/TLAC Disqualification Event**" means, in respect of a Series of Notes, the determination by the Issuer that, as a result of:

(i) the implementation of any Applicable MREL/TLAC Regulations on or after the date of issue of the last Tranche of such Notes; or

(ii) a change in any Applicable MREL/TLAC Regulations becoming effective on or after the date of issue of the last Tranche of such Notes,

it is likely that all or part of the Outstanding Principal Amounts of such Series of Notes will be excluded from the "eligible liabilities" (or any equivalent or successor term) available to meet any MREL/TLAC Requirement (however called or defined by then Applicable MREL/TLAC Regulations) if the Issuer and/or the Group is/are then or, as the case may be, will be subject to such MREL/TLAC Requirement, provided that a MREL/TLAC Disqualification Event shall not occur where such exclusion:

(A) is or will be caused by (1) the remaining maturity of such Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable MREL/TLAC Regulations, or (2) any applicable limits on the amount of "eligible liabilities" (or any equivalent or successor term) permitted or allowed to meet any MREL/TLAC Requirement(s) being exceeded; and/or

(B) was reasonably foreseeable at the date of issue of the last Tranche of such Notes;

"**MREL/TLAC Eligible Liabilities**" means "eligible liabilities" (or any equivalent or successor term) which are available to meet any MREL/TLAC Requirement (however called or defined by the then Applicable MREL/TLAC Regulations) of the Issuer and/or the Group under Applicable MREL/TLAC Regulations;

"**MREL/TLAC Requirement**" means the total loss-absorbing capacity requirement and/or the minimum requirement for own funds and eligible liabilities, in each case which is or, as the case may be, will be, applicable to the Issuer and/or the Group;

"**NIBOR**" means the Norwegian interbank offered rate;

"**Non-Preferred Senior Liabilities**" means any unsubordinated and unsecured liabilities of the Issuer which rank below (i) any Preferred Senior Notes and (ii) any obligations of the Issuer that rank *pari passu* with any Preferred Senior Notes upon an insolvency of the Issuer in accordance with Section 13(3) of the Danish Recovery and Resolution Act;

"**Non-Preferred Senior Notes**" means the Notes (i) specified as such in the relevant Pricing Supplement and (ii) having the status set out in Condition 5.2 (*Status – Non-Preferred Senior Notes*);

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

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Pricing Supplement;

"**Ordinary Shares**" means fully paid-up ordinary shares in the capital of the Issuer;

"**Original Calculation Amount**" has the meaning given to such term in the definition of Calculation Amount;

"**Original Reference Rate**" means:

(i) the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) of the relevant Notes; or

(ii) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of Condition 9 (*Reference Rate Replacement*),

as applicable;

"**Original Reset Reference Rate Payment Basis**" has the meaning given in the relevant Pricing Supplement. In the case of Notes, the Original Reset Reference Rate Payment Basis shall be annual, semiannual, quarterly or monthly;

"**Outstanding Principal Amount**" means, in respect of a Note, the outstanding principal amount of such Note, as adjusted from time to time for any reduction of the principal amount of such Note as required by then current legislation and/or regulations applicable to the Issuer;

"**Participating Member State**" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

"**Payment Business Day**" means 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 Financial Center specified in the relevant Pricing Supplement and, if TARGET is an Applicable Financial Center, a TARGET Settlement Day;

"**Permission Withdrawal Early Redemption Restriction**" has the meaning given to such term in Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*);

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

"**Preferred Senior Notes**" means the Notes (i) specified as such in the relevant Pricing Supplement and (ii) having the status set out in Condition 5.1 (*Status – Preferred Senior Notes*);

"**Private Placement Legend**" means the legend set forth in the form of Notes scheduled to the Agency Agreement;

"**Qualifying Notes**" means, in respect of a Series of Notes, at any time, any securities (other than such Notes) issued or guaranteed by the Issuer that:

(i) contain terms which comply with the then current requirements for "eligible liabilities" (or any equivalent or successor term) provided for in the Applicable MREL/TLAC Regulations in relation to the relevant MREL/TLAC Requirement(s) (which, for the avoidance of doubt, may result in the relevant securities (a) not including, or restricting for a period of time the application of, one or more of the early redemption rights which are included in the relevant Notes, and (b) including change(s) compared to the terms of the relevant Notes which are necessary to ensure the effectiveness and enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*)); and

(ii) if the relevant substitution and variation of the relevant Notes pursuant to Condition 11.9 (*Substitution and Variation of Notes*) is to ensure the effectiveness and enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), contain terms which include change(s) compared to the terms of the relevant Notes which are necessary to ensure the effectiveness and enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*); and

(iii) carry the same rate of interest as the relevant Notes prior to the relevant substitution or variation pursuant to Condition 11.9 (*Substitution and Variation of Notes*); and

(iv) have the same Specified Denomination(s) and Outstanding Principal Amounts as the relevant Notes prior to the relevant substitution or variation pursuant to Condition 11.9 (*Substitution and Variation of Notes*); and

(v) have the same Maturity Date and the same Interest Payment Dates as the relevant Notes prior to the relevant substitution or variation pursuant to Condition 11.9 (*Substitution and Variation of Notes*); and

(vi) have at least the same ranking as the relevant Notes prior to the relevant substitution or variation pursuant to Condition 11.9 (*Substitution and Variation of Notes*); and

(vii) shall not, immediately following the relevant substitution or variation pursuant to Condition 11.9 (*Substitution and Variation of Notes*) be subject to a MREL/TLAC Disqualification Event and/or a tax event referred to in Condition 11.2 (*Early Redemption Following a Tax Event*); and

(viii) have terms not otherwise materially less favorable to the Holders than the terms of the relevant Notes, as determined by the Issuer in its sole and absolute discretion, and provided that the Issuer shall have delivered a certificate to that effect signed by two of its directors to the Fiscal Agent (and copies thereof will be available at the specified office of the Fiscal Agent during its normal business hours) not less than 5 Business Days prior to (a) in the case of a substitution of the relevant Notes pursuant to Condition 11.9 (*Substitution and Variation of Notes*), the issue date of the relevant securities or (b) in the case of a variation of the relevant Notes pursuant to Condition 11.9 (*Substitution and Variation of Notes*), the date such variation becomes effective; and

(ix) if (A) the relevant Notes were listed or admitted to trading on an exchange-regulated market of Euronext Dublin immediately prior to the relevant substitution or variation, are listed or admitted to trading on an exchange-regulated market of Euronext Dublin or (B) the relevant Notes were listed or admitted to trading on a recognized stock exchange other than an exchange-regulated market of Euronext Dublin immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognized stock exchange (including, without limitation, an exchange-regulated market of Euronext Dublin), in either case as selected by the Issuer;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

"**Record Date**" has the meaning given to such term in Condition 12 (*Payments – Notes*);

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Outstanding Principal Amount, the Optional Redemption Amount (Call) 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 Pricing Supplement;

"**Reference Banks**" has the meaning given in the relevant 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 Bond Quotation**" means, in relation to a Reset Reference Bank and a Reset Determination Date, the rate, as determined by the Calculation Agent, as being a yield-to-maturity based on the secondary market bid price of such Reset Reference Bank for the relevant Reset United States Treasury Security at approximately the Fallback Relevant Time on such Reset Determination Date;

"**Reference Price**" has the meaning given in the relevant Pricing Supplement;

"**Reference Rate**" has the meaning given in the relevant Pricing Supplement, subject as provided in Condition 9 (*Reference Rate Replacement*), and shall be any one of Compounded Daily SOFR, Weighted Average SOFR, EURIBOR, NIBOR, STIBOR, CIBOR, SHIBOR, BBSW, HIBOR, CMT Rate, Commercial Paper Rate, Treasury Rate, Prime Rate, Eleventh District Cost of Funds Rate or Federal Funds Rate, subject as provided in Condition 9 (*Reference Rate Replacement*);

"**Regular Period**" means:

(i) in the case of Notes 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 Notes 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 Notes 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;

"**Regulated Entity**" means any entity to which the BRRD (or any other Danish legislation relating to the Danish Statutory Loss Absorption Powers) applies, which includes certain credit institutions, investment firms, and certain of their parent or holding companies;

"**Relevant Amounts**" means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts (as described in Condition 13 (*Taxation*)) due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Danish Statutory Loss Absorption Powers by the FS;

"**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 Note or in connection with the transfer of Notes only, the place of the Fiscal Agent;

"**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 Center 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 Holders;

"**Relevant Financial Center**" has the meaning given in the relevant Pricing Supplement;

"**Relevant Nominating Body**" means, in respect of an Original Reference Rate:

(i) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original 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 Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original 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 Reuters Money 3000 Service) specified as the Relevant Screen Page in the relevant 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 (i) displaying rates or prices comparable to the Reference Rate or (ii) displaying yields for the relevant CMT Rate;

"**Relevant Time**" has the meaning given in the relevant Pricing Supplement;

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Determination Date**" means, in respect of a Reset Period, the date specified as such in the relevant Pricing Supplement;

"**Reset Margin**" means, in respect of a Reset Period, the margin that is applicable for the purpose of determining the Rate of Interest in respect of such Reset Period and has the meaning given in the relevant Pricing Supplement;

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Reset Reference Banks**" means the principal office in New York City of five major banks which are primary United States Treasury Securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars, in each case, as selected by the Issuer in its discretion after consultation with the Calculation Agent;

"**Reset Reference Bank Rate**" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 percent (0.0005 percent being rounded upwards)) determined on the basis of the Reference Bond Quotations provided by the Reset Reference Banks to the Calculation Agent at the Fallback Relevant Time on such Reset Determination Date. If at least three such Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided. If fewer than two Reference Bond Quotations are provided, the Reset Reference Bank Rate for the relevant Reset Interest Period will be (a) in the case of each Reset Period other than the First Reset Period, the Reset Reference Bank Rate in respect of the immediately preceding Reset Period or (b) in the case of the First Reset Period, the First Reset Period Fallback Yield;

"**Reset United States Treasury Security**" means, in relation to a Reset Determination Date, the United States Treasury Security:

(i) with a designated maturity which is equal or comparable to the duration of the relevant Reset Period and a remaining term to maturity of no less than one year less than a maturity (the "**Relevant Remaining Term to Maturity**") which is equal or comparable to the duration of the relevant Reset Period; and

(ii) which is in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market.

If two or more United States Treasury Securities have remaining terms to maturity of no less than the Relevant Remaining Term to Maturity, the United States Treasury Security with the longer remaining term to maturity will be used for the purposes of the relevant determination and if two or more United States Treasury Securities have remaining terms to maturity equally close to the duration of the Relevant Remaining Term to Maturity, the United States Treasury Security with the largest nominal amount outstanding will be used for the purposes of the relevant determination;

"**Restricted Securities**" has the meaning given to such term in Rule 144(a)(3) under the United States Securities Act 1933, as amended;

"**Second Reset Date**" means the date specified in the relevant Pricing Supplement;

"**SHIBOR**" means the Shanghai interbank offered rate;

"**SOFR**" has the meaning given to such term in Condition 8.3(B) (*Screen Rate Determination – Overnight Rate*);

"**Specified Currency**" has the meaning given in the relevant Pricing Supplement;

"**Specified Denomination(s)**" has the meaning given in the relevant Pricing Supplement;

"**Specified Period**" has the meaning given in the relevant Pricing Supplement;

"**STIBOR**" means the Stockholm interbank offered rate;

"**Subsequent Reset Date**" means the date or dates specified in the relevant Pricing Supplement;

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or the Maturity Date, as the case may be;

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and, if applicable, subject to Condition 7.3 (*Reset Reference Rate Conversion*), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the CMT Rate plus the relevant Reset Margin;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**Successor Reference Rate**" means the rate that the Issuer (following consultation with an Independent Adviser (if applicable)) determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-time Gross settlement Express Transfer ("**TARGET2**") System which was launched on November 19, 2007, or any successor thereto is open;

"**Tax Event**" has the meaning given to such term in Condition 11.2 (*Early Redemption Following a Tax Event*);

"**Treaty**" means the Treaty establishing the European Communities, as amended;

"**United States Treasury Securities**" means securities that are direct obligations of the United States Treasury, issued other than on a discount basis; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Pricing Supplement.

2.2 Interpretation: In these Conditions:

(i) 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 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(iii) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;

(iv) if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes;

(v) 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 Notes; and

(vi) if the relevant Pricing Supplement specifies any Redemption Amount on a per Calculation Amount basis, the relevant Redemption Amount in respect of a Note shall be deemed to be the product of the relevant Redemption Amount per Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination.

3. Book Entry, Delivery and Form

3.1 The Notes will be issued only in registered form. The Notes will be in substantially the form (subject to amendment and completion) scheduled in the Agency Agreement.

3.2 Notes are issued in the Specified Denominations and may be held in holdings equal to the minimum denomination specified in the relevant Pricing Supplement and integral multiples of U.S.$ 1,000 (or, in the case of Notes not denominated in U.S. dollars, 1,000 units of such foreign currency) in excess thereof. The Holder of each Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note relating thereto (other than the endorsed form of transfer) or any previous loss or theft of such Note) and no Person shall be liable for so treating such Holder. Title to Notes will pass by transfer and registration in the register which the Issuer shall procure to be kept by the Fiscal Agent.

3.3 The Notes sold pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") ("**Rule 144A**") initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "**Rule 144A Global Notes**").

3.4 The Notes sold pursuant to Regulation S under the Securities Act ("**Regulation S**") initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**").

3.5 Upon issuance, the Global Notes will be deposited with the Fiscal Agent or the Paying Agent as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.

3.6 Except as set forth below, the Global Notes may be transferred, in whole but not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in definitive form, except in the limited circumstances described under "*Clearing and Settlement*."

3.7 Notes sold to QIBs in reliance on Rule 144A (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "*Transfer and Transfer Restrictions*." In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear or Clearstream, Luxembourg), which may change from time to time.

4. Transfer of Notes

4.1 A Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part (provided that such part is, or is an integral multiple of, the Calculation Amount specified in the relevant Pricing Supplement) only upon the surrender of the Note to be transferred, together with the form of transfer endorsed on it (the "**Certificate of Transfer**") duly completed and executed, at the corporate trust office of the Fiscal Agent. A new Note will be issued to the transferee and, in the case of a transfer of part only of a Note, a new Note in respect of the balance not transferred will be issued to the transferor.

4.2 Subject to such reasonable procedures as it may prescribe, the Issuer will keep a note register (the "**Note Register**") for the exchange, registration and registration of transfer of Notes at the principal corporate trust office of the Fiscal Agent in the Borough of Manhattan in the City of New York, the Fiscal Agent acting as the Issuer's agent for such purposes. The Fiscal Agent will keep the Note Register at said office and will make such Note Register available for inspection upon the request of the Issuer. Included in the Note Register will be the name and address of the Holder of each Note, the amount of each Note, notations as to whether such Notes have been paid or canceled, and, in the case of mutilated, destroyed, stolen or lost Notes, whether such Notes have been replaced. In the case of the replacement of any of the Notes, the Fiscal Agent will keep a record of the Note so replaced, and the Note issued in replacement thereof. In the case of the cancellation of any of the Notes, the Fiscal Agent will keep a record of the Note so canceled and the date on which such Note was canceled. The Fiscal Agent and the Issuer may treat the person in whose name the Note is registered as the owner of such Note for all purposes.

4.3 All Notes issued upon any transfer or exchange of Notes shall be valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under the Agency Agreement as the Notes surrendered upon such transfer or exchange. Each Note authenticated and delivered upon any transfer or exchange for or in lieu of the whole or any part of any Note shall carry all the rights to interest (if any) and additional amounts (if any) in each case accrued and unpaid and to accrue, which were carried by the whole or such part, as the case may be, of such Note.

4.4 The Issuer or Fiscal Agent may decline to exchange or register the transfer of any Note during the period of 15 days preceding (i) the due date for any payment of principal of or interest on or additional Amounts with respect to the Notes or (ii) the date on which Notes are scheduled for redemption pursuant to Condition 11 (*Redemption, Purchase, Substitution and Variation*).

4.5 Transfer, registration and exchange shall be permitted and executed as provided in this Condition 4 without any charge to the Holder other than any taxes or governmental charges payable on transfers or any expenses of delivery by other than regular mail, but subject to such reasonable regulations as the Issuer and the Fiscal Agent may prescribe. Registration of the transfer of a Note by the Fiscal Agent shall be deemed to be the acknowledgment of such transfer on behalf of the Issuer.

4.6 Upon the transfer, exchange or replacement of Notes not bearing the Private Placement Legend, the Fiscal Agent shall deliver Notes that do not bear the Private Placement Legend. Upon the transfer, exchange or replacement of Notes bearing the Private Placement Legend, the Fiscal Agent shall deliver only Notes that bear the Private Placement Legend unless such transfer is, in the case of Rule 144A Global Notes, at least one year (or such other period as shall constitute the required holding period pursuant to Rule 144 under the Securities Act) after the later of (i) the issue date of such Note (or any predecessor of such Note) and (ii) the sale of such Note (or any predecessor of such Note) by the Issuer or an Affiliate of the Issuer (computed in accordance with paragraph (d) of Rule 144 under the Securities Act) and the Holder of such Note is not at the proposed date of such transfer and was not during the three months preceding such proposed date of transfer an Affiliate of the Issuer.

5. **Status of the Notes**

In respect of this Condition 5, reference is also made to statutory loss absorption as more fully described in the risk factor in this Base Information Memorandum entitled "The Bank may be subject to bail-in under the BRRD, and the exercise of any power under the BRRD could have a material adverse effect on Holders."

5.1 *Status – Preferred Senior Notes:* The Preferred Senior Notes are intended to constitute MREL/TLAC Eligible Liabilities.

The Preferred Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank:

(i) *pari passu* without any preference among themselves;

(ii) at least *pari passu* with all other ordinary, unsubordinated and unsecured obligations of the Issuer, present and future, save for certain mandatory exceptions provided by law (including obligations benefitting from a preferred ranking to the Preferred Senior Notes); and

(iii) senior to any Non-Preferred Senior Liabilities as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

5.2 *Status – Non-Preferred Senior Notes:* The Non-Preferred Senior Notes are intended to constitute MREL/TLAC Eligible Liabilities.

The Non-Preferred Senior Notes constitute direct, unconditional and unsecured Non-Preferred Senior Liabilities and will at all times rank:

(i) *pari passu* without any preference among themselves;

(ii) *pari passu* with all other Non-Preferred Senior Liabilities, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;

(iii) senior to holders of the Ordinary Shares and any subordinated obligations or instruments that rank or are expressed to rank junior to the Non-Preferred Senior Liabilities, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and

(iv) junior to present or future claims of (a) depositors of the Issuer and (b) other unsubordinated creditors of the Issuer that are not creditors in respect of Non-Preferred Senior Liabilities (including, without limitation, excluded liabilities of the Issuer pursuant to Article 72a(2) of the CRR), in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

5.3 *Waiver of Set-off*

Subject to applicable law, no Holder, who shall in the event of the liquidation or bankruptcy of the Issuer be indebted to the Issuer, shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Holder.

6. **Fixed Rate Note Provisions**

6.1 This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

6.2 *Accrual of Interest*: The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments – Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of:

(i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder; and

(ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent non-payment).

6.3 *Fixed Interest Amount*: The Interest Amount payable in respect of the Calculation Amount for any Interest Period shall be the relevant Fixed Interest Amount. Where the Specified Denomination of a Note is the Calculation Amount, the amount of interest payable in respect of such Note shall be the Fixed Interest Amount. Where the Specified Denomination of a Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the Fixed Interest Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination. Payments of interest on any Interest Payment Dates will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount, so specified.

6.4 Calculation of Interest Amount: The Interest Amount payable in respect of the Calculation Amount for any period for which a Fixed Interest Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than U.S. dollar, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of U.S. dollars, means one cent. In the case of Notes where the Calculation Amount has not been adjusted as described in the definition thereof, where the Specified Denomination of a Note is the Calculation Amount, the amount of interest payable in respect of such Note shall be the Interest Amount. In the case of such Notes, where the Specified Denomination of a Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the Interest Amount and the amount by which the Calculation Amount is required to be multiplied to reach the Specified Denomination, without any further rounding.

In the case of Notes where the Calculation Amount has been adjusted as described in the definition thereof, where the Specified Denomination of a Note is the Original Calculation Amount, the amount of interest payable in respect of such Note shall be the Interest Amount. In the case of such Notes, where the Specified Denomination of a Note is a multiple of the Original Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the Interest Amount and the number by which the Original Calculation Amount is required to be multiplied to equal the Specified Denomination of such Note, without any further rounding.

If, as required by then current legislation and/or regulations applicable to the Issuer, the Outstanding Principal Amounts are reduced during an Interest Period, the Calculation Amount will be adjusted by the Calculation Agent to reflect such Outstanding Principal Amounts from time to time so that the relevant amount of interest is determined by reference to such Calculation Amount as adjusted from time to time, all as determined by the Calculation Agent.

7. **Fixed Rate Reset Note Provisions**

7.1 This Condition 7 is applicable to the Notes only if the Fixed Rate Reset Note Provisions are specified in the relevant Pricing Supplement as being applicable.

7.2 *Accrual of Interest:* The Notes bear interest on their Outstanding Principal Amounts:

(i) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the Initial Rate of Interest;

(ii) for the First Reset Period at the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any) to (but excluding) the Maturity Date at the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on each relevant Interest Payment Date (subject as provided in Condition 12 (*Payments – Notes*)). Save as otherwise provided herein, the provisions applicable to Fixed Rate Notes shall apply to Fixed Rate Reset Notes.

7.3 *Reset Reference Rate Conversion:* This Condition 7.3 is only applicable if Reset Reference Rate Conversion is specified in the relevant Pricing Supplement as being applicable. The First Reset Rate of Interest and, if applicable, each Subsequent Reset Rate of Interest will be converted from the Original Reset Reference Rate Payment Basis specified in the relevant Pricing Supplement to a basis which matches the per annum frequency of Interest Payment Dates in respect of the relevant Notes (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it).

7.4 *Publication:* The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest, the relevant CMT Rate used in the calculation thereof and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period to be notified to the Paying Agents, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each First Reset Rate of Interest, any Subsequent Reset Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

7.5 *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent or for determining the CMT Rate, as applicable, will (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents, the Calculation Agent (if applicable) and the Holders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent or, if applicable, the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. **Floating Rate Note Provisions**

8.1 This Condition 8 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

8.2 *Accrual of Interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments – Notes*).

Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8 (as well after as before judgment) until whichever is the earlier of:

(i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder; and

(ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent non-payment).

8.3 *Screen Rate Determination:*

(A) *Screen Rate Determination – Non-Overnight Rate*

If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined and the applicable Reference Rate is a rate other than Compounded Daily SOFR or Weighted Average SOFR, the Rate of Interest applicable to the Notes 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 8.3(A)(i) above, such rate does not appear on that page or, in the case of Condition 8.3(A)(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 Center office of each of 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 Center 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 center of the Specified Currency, selected by the Calculation Agent, at approximately 11:00 a.m. (local time in the principal financial center of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading banks in the relevant financial center 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 Notes 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 Notes in respect of a preceding Interest Period.

(B) *Screen Rate Determination – Overnight Rate*

(1) **Calculation Method – Compounded Daily SOFR – Non-Index Determination**

If Screen Rate Determination and Overnight Rate are both specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined and the applicable Calculation Method is specified as Compounded Daily SOFR and Index Determination is specified as "Not Applicable," the Rate of Interest applicable to the Notes for each Interest Accrual Period will be the sum of the Margin and Compounded Daily SOFR determined by the Calculation Agent in relation to such Interest Accrual Period.

For the purposes of this Condition 8.3(B)(1):

"**Compounded Daily SOFR**" means, in relation to an Interest Accrual Period, the rate of return of a daily compound interest investment (with SOFR as reference rate for the calculation of interest) and will be calculated by the Calculation Agent as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

where:

"**d**" means, in relation to any Interest Accrual Period, the number of calendar days in such Interest Accrual Period (or, where "Observation Period Shift" is specified as the Observation Method in the applicable Pricing Supplement, the number of calendar days in such relevant Observation Period);

"**d_0**" means, in relation to any Interest Accrual Period, the number of United States Government Securities Business Days in such Interest Accrual Period (or, where "Observation Period Shift" is specified as the Observation Method in the applicable Pricing Supplement, the number of United States Government Securities Business Days in such Observation Period);

"**i**" means, in relation to any Interest Accrual Period, a series of whole numbers from one to d0, each representing the relevant United States Government Securities Business Day in chronological order from (and including) the first United States Government Securities Business Day in such Interest Accrual Period to (but excluding) the last United States Government Securities Business Day in such Interest Accrual Period (or, where "Observation Period Shift" is specified as the Observation Method in the applicable Pricing Supplement, a series of whole numbers from one to d0, each representing the relevant United States Government Securities Business Day in chronological order from (and including) the first United States Government Securities Business Day in such Observation Period);

"**n_i**" means, in relation to any United States Government Securities Business Day "i", the number of calendar days from (and including) such United States Government Securities Business Day "i" up to (but excluding) the following United States Government Securities Business Day;

"**$SOFR_i$**" in relation to any United States Government Securities Business Day "i" in the Interest Accrual Period (or, where "Observation Period Shift" is specified as the Observation Method in the applicable Pricing Supplement, the relevant Observation Period), is equal to:

(i) where "Look-back" is specified as the Observation Method in the applicable Pricing Supplement, SOFR in respect of the United States Government Securities Business Day falling "p" United States Government Securities Business Days prior to that day "i";

(ii) where "Observation Period Shift" is specified as the Observation Method in the applicable Pricing Supplement, SOFR in respect of that day "i";

(iii) where "Lock-out" is specified as the Observation Method in the applicable Pricing Supplement:

a. where that day "i" is a Reference Day, SOFR in respect of the United States Government Securities Business Day immediately preceding such Reference Day; and

b. where that day "i" is a United States Government Securities Business Day in the Lock-out Period, SOFR in respect of the United States Government Securities Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date).

"**Federal Reserve's Website**" means the website of the Board of Governors of the Federal Reserve System, currently at *www.federalreserve.gov*, or any successor website of the Board of Governors of the Federal Reserve System;

"**Lock-out Period**" means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

"**Look-back Period**" means the number of United States Government Securities Business Days specified as such in the applicable Pricing Supplement;

"**New York City Banking Day**" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City;

"**New York Federal Reserve's Website**" means the website of the Board Federal Reserve Bank of New York, currently at *www.newyorkfed.org*, or any successor website of the Federal Reserve Bank of New York;

"**OBFR Index Cessation Event**" means the occurrence of one of more of the following events:

(a) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the Overnight Bank Funding Rate) announcing that it has ceased or will cease to publish or provide the Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide an Overnight Bank Funding Rate; or

(b) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the Overnight Bank Funding Rate) has ceased or will cease to provide the Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Overnight Bank Funding Rate; or

(c) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Overnight Bank Funding Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

"**OBFR Index Cessation Date**" means, in respect of an OBFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the Overnight Bank Funding Rate), ceases to publish the Overnight Bank Funding Rate, or the date as of which the Overnight Bank Funding Rate may no longer be used;

"**Observation Period**" means, in respect of each Interest Accrual Period, the period from, and including, the day "r" United States Government Securities Business Days preceding the first date in such Interest Accrual Period to, but excluding, the day "r" United States Government Securities Business Days preceding the Interest Payment Date at the end of such Interest Accrual Period (where "r" is the number of United States Government Securities Business Days included in the Shift Period specified in the applicable Pricing Supplement (or, if no such number is specified, two United States Government Securities Business Days));

"**p**" means, for any Interest Accrual Period, and where "Look-back" is specified as the Observation Method in the applicable Pricing Supplement, the number of United States Government Securities Business Days included in the Look-back Period specified in the applicable Pricing Supplement (or, if no such number is specified, four United States Government Securities Business Days);

"**Reference Day**" means each United States Government Securities Business Day in the relevant Interest Accrual Period, other than any United States Government Securities Business Day in the Lock-out Period;

"**Shift Period**" means, for any Observation Period, and where "Observation Period Shift" is specified as the Observation Method in the applicable Pricing Supplement, the number of United States Government Securities Business Days specified as such in the applicable Pricing Supplement;

"**SIFMA**" means the Securities Industry and Financial Markets Association or any successor thereto;

"**SOFR**" means, with respect to any SOFR Reset Date:

(a) the Secured Overnight Financing Rate published at 5:00 p.m. (New York City time) on the New York Federal Reserve's Website on such SOFR Reset Date for trades made on the related SOFR Determination Date;

(b) if the rate specified in (a) above does not so appear, and a SOFR Index Cessation Event and SOFR Index Cessation Date have not both occurred, the Secured Overnight Financing Rate published on the New York Federal Reserve's Website for the first preceding United States Government Securities Business Day for which the Secured Overnight Financing Rate was published on the New York Federal Reserve's Website;

(c) if the rate specified in (a) above does not so appear, and a SOFR Index Cessation Event and a SOFR Index Cessation Date have both occurred, the rate that was recommended as the replacement for the Secured Overnight Financing Rate by the Federal Reserve Board and/or the Federal Reserve Bank of New York or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a replacement for the Secured Overnight Financing Rate (which rate may be produced by a Federal Reserve Bank of New York or other designated administrator, and which rate may include any adjustments or spreads) or, if no such rate has been recommended within one United States Government Securities Business Day of the relevant SOFR Index Cessation Event, the Overnight Bank Funding Rate (published on the New York Federal Reserve's Website at or around 5:00 p.m. (New York City time) on the relevant New York City Banking Day) for any SOFR Reset Date falling on or after the SOFR Index Cessation Date (it being understood that the Overnight Bank Funding Rate for any such SOFR Reset Date will be for trades made on the related SOFR Determination Date); or

(d) if the Calculation Agent is required to use the Overnight Bank Funding Rate in paragraph (c) above and an OBFR Index Cessation Event and an OBFR Index Cessation Date have both occurred, then for any SOFR Reset Date falling on or after the later of the SOFR Index Cessation Date and the OBFR Index Cessation Date, the short-term interest rate target set by the Federal Open Market Committee, as published on the Federal Reserve's Website and as prevailing on such SOFR Reset Date, or if the Federal Open Market Committee has not set a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee, as published on the Federal Reserve's Website and as prevailing on such SOFR Reset Date (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range);

"**SOFR Determination Date**" means, with respect to any SOFR Reset Date and with respect to (i) the Secured Overnight Financing Rate and (ii) the Overnight Bank Funding Rate: (A) in the case (i) the first United States Government Securities Business Day immediately preceding such SOFR Reset Date; and (B) in the case of (ii), the first New York City Banking Day immediately preceding such SOFR Reset Date;

"**SOFR Index Cessation Date**" means, in respect of a SOFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the Secured Overnight Financing Rate), ceases to publish the Secured Overnight Financing Rate, or the date as of which the Secured Overnight Financing Rate may no longer be used;

"**SOFR Index Cessation Event**" means the occurrence of one or more of the following events:

(a) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a Secured Overnight Financing Rate; or

(b) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate) has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate; or

(c) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Secured Overnight Financing Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

"**SOFR Reset Date**" means each United States Government Securities Business Day during the relevant Interest Accrual Period, provided however that if both a SOFR Index Cessation Event and a SOFR Index Cessation Date have occurred, it shall mean: (i) in respect of the period from, and including, the first day of the Interest Accrual Period in which the SOFR Index Cessation Date falls (such Interest Accrual Period, the "**Affected Interest Period**") to, but excluding the SOFR Index Cessation Date (such period, the "**Partial SOFR Period**"), each United States Government Securities Business Day during the Partial SOFR Period; (ii) in respect of the period from, and including, the SOFR Index Cessation Date to, but excluding, the Interest Payment Date in respect of the Affected Interest Period (such period, the "**Partial Fallback Period**"), each New York City Banking Day during the Partial Fallback Period; and (iii) in respect of each Interest Accrual Period subsequent to the Affected Interest Period, each New York City Banking Day during the relevant Interest Accrual Period; and

"**United States Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

(2) **Calculation Method – Compounded Daily SOFR – Index Determination**

If Screen Rate Determination and Overnight Rate are both specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined and the applicable Calculation Method is specified as Compounded Daily SOFR and Index Determination is specified as "Applicable", the Rate of Interest applicable to the Notes for each Interest Accrual Period will be the sum of the Margin and the relevant Compounded Daily SOFR with respect to such Interest Period determined by the Calculation Agent in relation to such Interest Accrual Period.

For the purposes of this Condition 8.3(B)(2):

"**Compounded Daily SOFR**" means, with respect to an Interest Period, the rate (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent in accordance with the following formula:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) x\ \frac{360}{d_c}$$

where:

"**d_c**" is the number of calendar days from (and including) the day in relation to which SOFR $Index_{Start}$ is determined to (but excluding) the day in relation to which SOFR $Index_{End}$ is determined;

"**Relevant Number**" is the number specified as such in the relevant Pricing Supplement (or, if no such number is specified, five);

"**SOFR**" means the daily secured overnight financing rate as provided by the SOFR Administrator on the SOFR Administrator's Website;

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

"**SOFR Administrator's Website**" means the website of the SOFR Administrator, or any successor source;

"**SOFR Index**," with respect to any United States Government Securities Business Day, means the SOFR index value as published by the SOFR Administrator as such index appears on the

SOFR Administrator's Website at or around 3.00 p.m. (New York time) on such United States Government Securities Business Day (the "**SOFR Determination Time**");

"**SOFR Index$_{\mathbf{Start}}$**," with respect to an Interest Period, is the SOFR Index value for the day which is the Relevant Number of United States Government Securities Business Days preceding the first day of such Interest Period;

"**SOFR Index$_{\mathbf{End}}$**," with respect to an Interest Period, is the SOFR Index value for the day which is the Relevant Number of United States Government Securities Business Days preceding (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and

"**United States Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

If, as at any relevant SOFR Determination Time, the relevant SOFR Index is not published or displayed on the SOFR Administrator's Website by the SOFR Administrator, the Compounded Daily SOFR for the applicable Interest Period for which the relevant SOFR Index is not available shall be "Compounded Daily SOFR" determined in accordance with Condition 8.3(B)(1) above as if "Index Determination" were specified in the relevant Pricing Supplement as being "Not Applicable," and for these purposes, and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Period Shift" and (ii) the "Observation Period" shall be deemed to be equal to the Relevant Number of United States Government Securities Business Days, as if such alternative elections had been made in the relevant Pricing Supplement.

(3) **Calculation Method – Weighted Average SOFR**

If Screen Rate Determination and Overnight Rate are both specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined and the applicable Calculation Method is specified as Weighted Average SOFR, the Rate of Interest applicable to the Notes for each Interest Accrual Period will be the sum of the Margin and Weighted Average SOFR determined by the Calculation Agent in relation to such Interest Accrual Period.

For the purposes of this Condition 8.3(B)(3):

"**Weighted Average SOFR**" means the arithmetic mean of the "$SOFR_i$" in effect for each SOFR Reset Date during the relevant Interest Accrual Period, calculated by multiplying the relevant "$SOFR_i$" by the number of calendar days such "$SOFR_i$" is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Accrual Period.

where:

"**i**" means, in relation to any Interest Accrual Period, a series of whole numbers from one to d0, each representing the relevant United States Government Securities Business Day in chronological order from (and including) the first United States Government Securities Business Day in such Interest Accrual Period to (but excluding) the last United States Government Securities Business Day in such Interest Accrual Period (or, where "Observation Period Shift" is specified as the Observation Method in the applicable Pricing Supplement, the relevant Observation Period);

"**Lock-out Period**" means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

"**Look-back Period**" means the number of United States Government Securities Business Days specified as such in the applicable Pricing Supplement;

"**Observation Period**" means, in respect of each Interest Accrual Period, the period from, and including, the day "r" United States Government Securities Business Days preceding the first date in such Interest Accrual Period to, but excluding, the day "r" United States Government

Securities Business Days preceding the Interest Payment Date at the end of such Interest Accrual Period (where "r" is the number of United States Government Securities Business Days included in the Shift Period specified in the applicable Pricing Supplement (or, if no such number is specified, two United States Government Securities Business Days));

"**p**" means, for any Interest Accrual Period, and where "Look-back" is specified as the Observation Method in the applicable Pricing Supplement, the number of United States Government Securities Business Days included in the Look-back Period specified in the applicable Pricing Supplement (or, if no such number is specified, four United States Government Securities Business Days);

"**Reference Day**" means each United States Government Securities Business Day in the relevant Interest Accrual Period, other than any United States Government Securities Business Day in the Lock-out Period;

"**Shift Period**" means, for any Observation Period, and where "Observation Period Shift" is specified as the Observation Method in the applicable Pricing Supplement, the number of United States Government Securities Business Days specified as such in the applicable Pricing Supplement;

"**$SOFR_i$**" means, in relation to any United States Government Securities Business Day "i" in the Interest Accrual Period (or, where "Observation Period Shift" is specified as the Observation Method in the applicable Pricing Supplement, the relevant Observation Period), is equal to:

(i) where "Look-back" is specified as the Observation Method in the applicable Pricing Supplement, SOFR in respect of the United States Government Securities Business Day falling "p" United States Government Securities Business Days prior to that day "i";

(ii) where "Observation Period Shift" is specified as the Observation Method in the applicable Pricing Supplement, SOFR in respect of that day "i";

(iii) where "Lock-out" is specified as the Observation Method in the applicable Pricing Supplement:

a. where that day "i" is a Reference Day, SOFR in respect of the United States Government Securities Business Day immediately preceding such Reference Day; and

b. where that day "i" is a United States Government Securities Business Day in the Lock-out Period, SOFR in respect of the United States Government Securities Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date).

"**SOFR**" means, with respect to any SOFR Reset Date:

(a) the Secured Overnight Financing Rate published at 5:00 p.m. (New York City time) on the New York Federal Reserve's Website on such SOFR Reset Date for trades made on the related SOFR Determination Date;

(b) if the rate specified in (a) above does not so appear, and a SOFR Index Cessation Event and SOFR Index Cessation Date have not both occurred, the Secured Overnight Financing Rate published on the New York Federal Reserve's Website for the first preceding United States Government Securities Business Day for which the Secured Overnight Financing Rate was published on the New York Federal Reserve's Website;

(c) if the rate specified in (a) above does not so appear, and a SOFR Index Cessation Event and a SOFR Index Cessation Date have both occurred, the rate that was recommended as the replacement for the Secured Overnight Financing Rate by the Federal Reserve Board and/or the Federal Reserve Bank of New York or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a replacement for the Secured Overnight Financing Rate (which rate may be produced by a Federal Reserve Bank of New York or other designated administrator, and which rate may include any adjustments or spreads) or, if no such rate has been recommended within one United States Government Securities Business Day of the relevant SOFR Index Cessation Event, the Overnight Bank Funding Rate (published on the New York Federal Reserve's Website at or around 5:00 p.m. (New York City time) on the relevant New York City Banking Day) for any SOFR Reset Date falling on or after the SOFR Index Cessation Date (it being understood that the Overnight Bank Funding Rate for any such SOFR Reset Date will be for trades made on the related SOFR Determination Date); or

(d) if the Calculation Agent is required to use the Overnight Bank Funding Rate in paragraph (c) above and an OBFR Index Cessation Event and an OBFR Index Cessation Date have both occurred, then for any SOFR Reset Date falling on or after the later of the SOFR Index Cessation Date and the OBFR Index Cessation Date, the short-term interest rate target set by the Federal Open Market Committee, as published on the Federal Reserve's Website and as prevailing on such SOFR Reset Date, or if the Federal Open Market Committee has not set a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee, as published on the Federal Reserve's Website and as prevailing on such SOFR Reset Date (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range);

"**Federal Reserve's Website**" means the website of the Board of Governors of the Federal Reserve System, currently at *www.federalreserve.gov*, or any successor website of the Board of Governors of the Federal Reserve System;

"**New York Federal Reserve's Website**" means the website of the Board Federal Reserve Bank of New York, currently at *www.newyorkfed.org*, or any successor website of the Federal Reserve Bank of New York;

"**New York City Banking Day**" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City;

"**OBFR Index Cessation Event**" means the occurrence of one of more of the following events:

(a) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the Overnight Bank Funding Rate) announcing that it has ceased or will cease to publish or provide the Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide an Overnight Bank Funding Rate; or

(b) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the Overnight Bank Funding Rate) has ceased or will cease to provide the Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Overnight Bank Funding Rate; or

(c) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Overnight Bank Funding Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

"**OBFR Index Cessation Date**" means, in respect of an OBFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the Overnight Bank Funding Rate), ceases to publish the Overnight Bank Funding Rate, or the date as of which the Overnight Bank Funding Rate may no longer be used;

"**SIFMA**" means the Securities Industry and Financial Markets Association or any successor thereto;

"**SOFR Determination Date**" means, with respect to any SOFR Reset Date and with respect to (i) the Secured Overnight Financing Rate and (ii) the Overnight Bank Funding Rate: (A) in the case (i) the first United States Government Securities Business Day immediately preceding such SOFR Reset Date; and (B) in the case of (ii), the first New York City Banking Day immediately preceding such SOFR Reset Date;

"**SOFR Index Cessation Date**" means, in respect of a SOFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the Secured Overnight Financing Rate), ceases to publish the Secured Overnight Financing Rate, or the date as of which the Secured Overnight Financing Rate may no longer be used;

"**SOFR Index Cessation Event**" means the occurrence of one or more of the following events:

(a) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a Secured Overnight Financing Rate; or

(b) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate) has ceased or will cease to provide the Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the Secured Overnight Financing Rate; or

(c) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Secured Overnight Financing Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

"**SOFR Reset Date**" means each United States Government Securities Business Day during the relevant Interest Accrual Period, provided however that if both a SOFR Index Cessation Event and a SOFR Index Cessation Date have occurred, it shall mean: (i) in respect of the period from, and including, the first day of the Interest Accrual Period in which the SOFR Index Cessation Date falls (such Interest Accrual Period, the "**Affected Interest Period**") to, but excluding the SOFR Index Cessation Date (such period, the "**Partial SOFR Period**"), each United States Government Securities Business Day during the Partial SOFR Period; (ii) in respect of the period from, and including, the SOFR Index Cessation Date to, but excluding, the Interest Payment Date in respect of the Affected Interest Period (such period, the "**Partial Fallback Period**"), each New York City Banking Day during the Partial Fallback Period; and (iii) in respect of each Interest Accrual Period subsequent to the Affected Interest Period, each New York City Banking Day during the relevant Interest Accrual Period; and

"**United States Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

8.4 *ISDA Determination:* If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement.

8.5 *Linear Interpolation:* Where Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant 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 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 next shorter or (as the case may be) next longer rate as last determined.

8.6 *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

8.7 *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of the Calculation Amount for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit (as defined in Condition 6.4 (*Calculation of Interest Amount*)) of the Specified Currency (half a sub-unit being rounded upwards). Where the Specified Denomination of a Note is the Calculation Amount, the amount of interest payable in respect of such Note shall be the Interest Amount. Where the Specified Denomination of a Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the Interest Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

8.8 *Calculation of other amounts:* If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

8.9 *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

8.10 *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 by the Calculation Agent will (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents, the Calculation Agent (if applicable) and the Holders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent or, if applicable, the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

9. Reference Rate Replacement

9.1 *Screen Rate Determination – Fallbacks for Reference Rates other than those referencing the USD Benchmark*

Application: This Condition 9.1 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement and Screen Rate Determination and any Reference Rate other than those referencing the USD Benchmark are both specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, in each case, to one or more Interest Periods and if Reference Rate Replacement is also specified in the relevant Pricing Supplement.

If notwithstanding the provisions of Condition 8.3(A) (*Screen Rate Determination – Non-Overnight Rate*), the Issuer determines that a Benchmark Event has occurred when any Rate of Interest (or any component part thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply to the relevant Series of Notes:

(i) the Issuer shall use reasonable endeavors, as soon as reasonably practicable, to appoint and consult with an Independent Adviser with a view to the Issuer determining (without any requirement for the consent or approval of the Holders) (A) a Successor Reference Rate or, failing which, an Alternative Reference Rate, for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes and (B) in either case, an Adjustment Spread;

(ii) if the Issuer is unable to appoint an Independent Adviser prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may still determine (A) a Successor Reference Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this Condition 9. Without prejudice to the definitions thereof, for the purposes of determining any Successor Reference Rate, 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;

(iii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (a) and (b) above, such Successor Reference Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate or the Reset Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 9);

(iv) if the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines that an Adjustment Spread is required to be applied to the relevant 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 the relevant Successor Reference Rate or Alternative Reference Rate (as applicable). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

(v) if the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) and/or an Adjustment Spread in accordance with the above provisions, the Issuer may (without any requirement for the consent or approval of the Holders) also specify changes to these Conditions, the Agency Agreement and/or the Deed of Covenant in order to ensure the proper operation of such Successor Reference Rate or Alternative Reference Rate or any Adjustment Spread (as applicable), including, but not limited to (1) the Applicable Business Center(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Center, Relevant Screen Page and/or Relevant Time (as applicable) applicable to the Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available (such amendments, the "**Reference Replacement Amendments**"). For the avoidance of doubt, the Fiscal Agent and any other agents party to the Agency Agreement shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to the application of this Condition 9. No consent shall be required from the Holders in connection with determining or giving effect to the relevant Successor Reference Rate or Alternative Reference Rate or any Adjustment Spread (as applicable) or such other changes, including for the execution of any documents or other steps to be taken by the Fiscal Agent (if required or useful); and

(vi) the Issuer shall promptly, following the determination of any Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread (as applicable) give notice thereof to the Fiscal Agent and, in accordance with Condition 21 (*Notices*), the Holders. Such notice shall specify the effective date(s) for such Successor Reference Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Agreement, the Deed of Covenant and these Conditions (if any).

An Independent Adviser appointed pursuant to this Condition 9 shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Fiscal Agent or the Holders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 9.

Without prejudice to the obligations of the Issuer under this Condition 9, the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 8.3 (*Screen Rate Determination*) (i) if the Issuer, following consultation with the Independent Adviser (if applicable), is unable to or does not determine a Successor Reference Rate or an Alternative Reference Rate in accordance with this Condition 9, and (ii) where the Issuer determines a Successor Reference Rate or Alternative Reference Rate, unless and until the Fiscal Agent has been notified of such Successor Reference Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Agency Agreement, the Deed of Covenant and these Conditions (if any).

Notwithstanding any other provision of this Condition 9, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 9, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to:

(i) prejudice the qualification of the Notes as MREL/TLAC Eligible Liabilities; and/or

(ii) result in the DFSA treating the next Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

9.2 *Screen Rate Determination – Fallbacks for Reference Rates referencing the USD Benchmark (as recommended by the Alternative Reference Rates Committee)*

Application: This Condition 9.2 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement and Screen Rate Determination and Reference Rate referencing the USD Benchmark are both specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, in each case, to one or more Interest Periods and if Reference Rate Replacement is also specified in the relevant Pricing Supplement.

(i) **Occurrence of a Benchmark Transition Event**

Notwithstanding any other provision to the contrary in the Conditions but without prejudice to Condition 9.1 (*Screen Rate Determination – Fallbacks for Reference Rates other than those referencing the USD Benchmark*) (if applicable), if the Issuer determines on or prior to the relevant Reference Time, that a Benchmark Transition Event and its related Benchmark Replacement Date (each, as defined below) have occurred with respect to the then current USD Benchmark, then the provisions set forth in paragraph (ii) (*Effect of Benchmark Transition Event*) of this Condition 9.2 (the "**Benchmark Transition Provisions**"), will thereafter apply to all terms of the Notes relevant in respect of such USD Benchmark, including without limitation, the determination of any Rate of Interest. In accordance with the Benchmark Transition Provisions, after a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, any such Rate of Interest in respect of an Interest Accrual Period, will be determined by reference to the relevant Benchmark Replacement.

(ii) **Effect of Benchmark Transition Event**

(a) Benchmark Replacement

If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the USD Benchmark on any date, the Benchmark Replacement will replace the then-current USD Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates (including, without limitation, for the purposes of any Rate of Interest determined by reference to the then-current USD Benchmark).

(b) Benchmark Replacement Conforming Changes

In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time.

(c) Decisions and Determinations

Any determination, decision or election that may be made by the Issuer pursuant to the Benchmark Transition Provisions described herein, including without limitation any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, will be made in the Issuer's discretion, and, notwithstanding anything to the contrary in the Conditions, shall become effective without consent from the Noteholders or any other party.

where:

"**Benchmark Replacement**" means the Interpolated Benchmark with respect to the then-current USD Benchmark, plus the Benchmark Replacement Adjustment for such USD Benchmark; provided that if the Issuer cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark

Replacement" means the first alternative set forth in the order below that can be determined by the Issuer, following consultation with the Independent Adviser (if applicable), as of the Benchmark Replacement Date:

(i) the sum of: (x) Term SOFR and (y) the Benchmark Replacement Adjustment;

(ii) the sum of: (x) Compounded SOFR and (y) the Benchmark Replacement Adjustment;

(iii) the sum of: (x) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current USD Benchmark for the applicable Corresponding Tenor and (y) the Benchmark Replacement Adjustment;

(iv) the sum of: (x) the ISDA Fallback Rate and (y) the Benchmark Replacement Adjustment;

(v) the sum of: (x) the alternate rate of interest that has been selected by the Issuer, following consultation with the Independent Adviser (if applicable), as the replacement for the then-current USD Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current USD Benchmark for U.S. dollar-denominated floating rate notes at such time and (y) the Benchmark Replacement Adjustment.

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer, following consultation with the Independent Adviser (if applicable), as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer, following consultation with the Independent Adviser (if applicable), giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current USD Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time.

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Interest Period" and without limitation changes to the determination or valuation dates, timing and frequency of determining rates and making payments, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary).

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current USD Benchmark (including the daily-published component used in calculation thereof):

(i) in the case of paragraph (i) or (ii) of the definition of "Benchmark Transition Event", the later of (x) the date of the public statement or publication of information referenced therein and (y) the date on which the administrator of the USD Benchmark permanently or indefinitely ceases to provide the USD Benchmark (or such component); or

(ii) in the case of paragraph (iii) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current USD Benchmark (including the daily-published component used in calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the USD Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the USD Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the USD Benchmark (or such component);

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the USD Benchmark (or such component), the central bank for the currency of the USD Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the USD Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the USD Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the USD Benchmark, which states that the administrator of the USD Benchmark (or such component) has ceased or will cease to provide the USD Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the USD Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the USD Benchmark announcing that the USD Benchmark is no longer representative.

"**Compounded SOFR**" means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Issuer, following consultation with the Independent Adviser (if applicable), in accordance with the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; provided that, if, and to the extent that, the Issuer determines that Compounded SOFR cannot be determined in accordance with the foregoing then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer, following consultation with the Independent Adviser (if applicable), giving due consideration to any industry-accepted market practice for U.S. dollar- denominated floating rate notes at such time.

For the avoidance of doubt, the calculation of Compounded SOFR shall exclude the Benchmark Replacement Adjustment.

"**Corresponding Tenor**" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current USD Benchmark.

"**Interpolated Benchmark**" with respect to the USD Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the USD Benchmark for the longest period (for which the USD Benchmark is available) that is shorter than the Corresponding Tenor and (2) the USD Benchmark for the shortest period (for which the USD Benchmark is available) that is longer than the Corresponding Tenor.

"**ISDA**" means the International Swaps and Derivatives Association, Inc. or any successor thereto.

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the Relevant ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the USD Benchmark for the applicable tenor.

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the Relevant ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the USD Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"**NY Federal Reserve**" means the Federal Reserve Bank of New York.

"**NY Federal Reserve's Website**" means the website of the NY Federal Reserve at *www.newyorkfed.org*, or any successor source.

"**Reference Time**" with respect to any determination of the USD Benchmark means (1) if the USD Benchmark is Compounded Daily SOFR or Weighted Average SOFR, the SOFR Determination Date and (2) if the USD Benchmark is not Compounded Daily SOFR or Weighted Average SOFR, the time determined by the Issuer in accordance with the Benchmark Replacement Conforming Changes.

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the NY Federal Reserve, or a committee officially endorsed or convened by the Federal Reserve Board and/or the NY Federal Reserve or any successor thereto.

"**Relevant ISDA Definitions**" means the 2006 ISDA Definitions published by ISDA, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives (including the 2021 ISDA Interest Rate Derivatives Definitions) published from time to time.

"**SOFR**" with respect to any day means the secured overnight financing rate published for such day by the NY Federal Reserve, as the administrator of such rate (or a successor administrator), on the NY Federal Reserve's Website.

"**Term SOFR**" means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

"**USD Benchmark**" means, initially, (i) Compounded Daily SOFR or (ii) Weighted Average SOFR (as the case may be); provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded Daily SOFR, Weighted Average SOFR (or the published daily SOFR used in the calculation thereof) or the then-current USD Benchmark, then "USD Benchmark" means the applicable Benchmark Replacement.

9.3 *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 9 by the Issuer will (in the absence of willful default, bad faith or manifest error) be binding on the Paying Agents, the Calculation Agent (if applicable) and the Holders and (subject as aforesaid) no liability to any such Person will attach to the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

10. **Zero Coupon Note Provisions**

10.1 This Condition 10 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.

10.2 *Late Payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of:

(a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder; and

(b) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent non-payment).

11. **Redemption, Purchase, Substitution and Variation**

11.1 *Scheduled Redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 12 (*Payments – Notes*).

11.2 *Early Redemption Following a Tax Event:* If, in relation to any Series of Notes:

(i) as a result of any official change in the laws, regulations or rulings of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of the first Tranche of such Series of Notes or any other date specified in the relevant Pricing Supplement, the Issuer would be required to pay additional amounts as provided in Condition 13 (*Taxation*); and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

any such event, a "**Tax Event**,"

the Issuer (including any successor entity) may, at its option (but subject to Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*) at any time and having given no less than thirty nor more than sixty days' notice (ending, in the case of the Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders in accordance with Condition 21 (*Notices*) (which notice shall be irrevocable, subject to the Permission Withdrawal Early Redemption Restriction), redeem all (but not some only) of the outstanding Notes comprising the relevant Series at their Early Redemption Amount (Tax), together with accrued interest (if any) thereon, provided, however, that no such notice of redemption may be given earlier than ninety days (or, in the case of Notes which bear interest at a floating rate, a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus sixty 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 relevant Notes then due.

11.3 *Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event:* In relation to a Series of Notes, if the MREL/TLAC Disqualification Event Redemption Option is specified in the relevant Pricing Supplement as being applicable, upon the occurrence of a MREL/TLAC Disqualification Event, the Issuer may, at its option (but subject to Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*) at any time and having given no less than thirty nor more than sixty days' notice (ending in the case of such Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of such Notes in accordance with Condition 21 (*Notices*) (which notice shall be irrevocable, subject to the Permission Withdrawal Early Redemption Restriction), redeem all (but not some only) of such outstanding Notes comprising the relevant Series at their Outstanding Principal Amounts, together with accrued interest (if any) thereon.

11.4 *Redemption at the Option of the Issuer:* If a Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer (but subject to Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*)) in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call), together with accrued interest (if any) thereon, upon the Issuer's giving not less than the minimum period nor more than the maximum period of notice specified in the relevant Pricing Supplement to the Holders in accordance with Condition 21 (*Notices*) (which notice shall be irrevocable, subject to the Permission Withdrawal Early Redemption Restriction and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call)).

The notice to Holders referred to in this Condition 11.4 shall specify the serial numbers of the Notes so to be redeemed.

If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

11.5 *Partial Redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 11.4 (*Redemption at the Option of the Issuer*), the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, provided always that the amount redeemed in respect of each Note shall be equal to the Specified 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 system on which the relevant Notes may be listed, traded or quoted.

In the case of the redemption of part only of a Note, a new Note in respect of the unredeemed balance shall be issued in accordance with Condition 4 (*Transfer of Notes*) which shall apply as in the case of a transfer of Notes as if such new Note were in respect of the untransferred balance.

11.6 *Early Redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) 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 Note becomes due and payable.

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 Pricing Supplement for the purposes of this Condition 11.6 or, if none is so specified, a Day Count Fraction of 30E/360.

11.7 *Purchase:* The Issuer or any of its Subsidiaries may (but subject to Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*) purchase Notes whether in the open market, in the context of market making, or otherwise, at any price.

11.8 *Cancellation:* All Notes which are redeemed will forthwith (but subject to Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*) be cancelled. All Notes so cancelled, and any Notes purchased pursuant to Condition 11.7 (*Purchase*) above that are cancelled, shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

11.9 *Substitution and Variation of Notes:* Subject to Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*), and having given no less than thirty nor more than sixty days' notice to the Holders (in accordance with Condition 21 (*Notices*), if the MREL/TLAC Disqualification Event Substitution/Variation Option is specified in the relevant Pricing Supplement as being applicable and a MREL/TLAC Disqualification Event has occurred and is continuing, or to ensure the effectiveness or enforceability of Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Holders, so that they become or remain Qualifying Notes.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Holders can inspect or obtain copies of the new terms and conditions of the Qualifying Notes. Such substitution or variation will be effected without any cost or charge to the Holders.

11.10 *Conditions to Redemption etc. Prior to Maturity Date (if any):* The Notes may only be redeemed, purchased, cancelled, substituted, varied or modified (as applicable) pursuant to Condition 11.2 (*Early Redemption Following a Tax Event*), Condition 11.3 (*Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event*), Condition 11.4 (*Redemption at the Option of the Issuer*), Condition 11.7 (*Purchase*), Condition 11.8 (*Cancellation*) or Condition 11.9 (*Substitution and Variation of Notes*), as the case may be, if:

(i) in the case of any such substitution, variation or modification, the Issuer has notified the DFSA of, and the DFSA has not objected to, such substitution, variation or modification (as applicable) in accordance with the CRD/CRR requirements;

(ii) in the case of any such redemption, purchase or cancellation, the Issuer has notified the DFSA of, and the DFSA has given permission to, such redemption, purchase or cancellation (as applicable) in accordance with the CRD/CRR requirements (which, in the case of Notes, as at September 6, 2021, are set out in Articles 77 and 78a of the CRR (which outline the limited circumstances in which the DFSA may grant its permission to such redemption, purchase or cancellation (as applicable))) and, if so given by the DFSA, such permission has not been withdrawn by the DFSA prior to the date fixed for redemption, purchase or cancellation (as applicable); and

(iii) in the case of a redemption of Notes as a result of a MREL/TLAC Disqualification Event or a redemption event occurring under Condition 11.2 (*Early Redemption Following a Tax Event*), the Issuer has delivered a certificate signed by two of its directors to the Fiscal Agent (and copies thereof will be available at the specified office of the Fiscal Agent during its normal business hours) not less than five Business Days prior to the date set for redemption that such event has occurred or will occur no more than 90 days following the date fixed for redemption, as the case may be.

If applicable, if after a notice of redemption has been given pursuant to Condition 11.2 (*Early Redemption Following a Tax Event*), Condition 11.3 (*Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event*) or Condition 11.4 (*Redemption at the Option of the Issuer*) (as applicable), the DFSA withdraws its permission to the relevant redemption before the relevant redemption date, such notice of redemption shall automatically be revoked and the relevant redemption shall not be made until a new redemption notice is given and all conditions for redemption as described in this Condition 11.10 have been fulfilled. The redemption restriction described in this paragraph is referred to as the "**Permission Withdrawal Early Redemption Restriction**."

Any refusal by the DFSA to grant its permission to any such redemption, purchase or cancellation (as applicable) pursuant to paragraph (ii) of this Condition 11.10 (or, as the case may be, any withdrawal by the DFSA of any such permission) will not constitute a default under the relevant Notes.

12. Payments – Notes

12.1 *Redemption Amount:* Payments of the Redemption Amount (together with accrued interest) due in respect of Notes shall be made in the currency in which such amount is due, and save in the case of partial payment of the Redemption Amount, surrender of the relevant Notes at the corporate trust office of the Fiscal Agent. If the due date for payment of the Redemption Amount of any succeeding Note is not a business day (as defined below), then the Holder will not be entitled to payment until the next business day, and from such day and thereafter will be entitled to payment by check (which may be posted to the address (as recorded in the Note Register) of the Holder thereof (or, in the case of joint Holders, the first-named)) on any Relevant Banking Day, or will be entitled to payment by transfer to a designated account on any day which is a business day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

12.2 *Principal and Interest:* Except as otherwise provided in Condition 12.3 (*Payments on Foreign Currency Notes*) below with respect to Foreign Currency Notes, payments of principal and interest shall be made by check drawn in the currency in which the payment is due to the Holder (or in the case of joint Holders, the first-named) appearing in the Note Register as at the opening of business (as at the local time) on the fifteenth Relevant Banking Day before the due date for payment (the "**Record Date**"), and posted to the address (as recorded in the Note Register) of the Holder (or, in the case of joint Holders, the first-named) on the Relevant Banking Day unless prior to the relevant Record Date such Holder has applied to the Fiscal Agent, and the Fiscal Agent has acknowledged such application, for payment to be made to a designed account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to a designated account, if the due date for any such payment is not a Payment Business Day, then the Holder will not be entitled to payment thereof until the next succeeding business day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in these Conditions.

12.3 *Payments on Foreign Currency Notes:* Unless otherwise specified in the relevant Pricing Supplement, payments of principal of and interest on Foreign Currency Notes will be made in U.S. dollars unless the Holder thereof elects to receive such payments in the Specified Currency as described below.

Any U.S. dollar amount to be received by a Holder of a Foreign Currency Note will be based on the highest bid quotation in the City of New York received by the Fiscal Agent at approximately 11:00 a.m., New York City time, on the second business day preceding the applicable payment date of such Note from three recognized foreign exchange dealers for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Foreign Currency Notes scheduled to receive U.S. dollar payments and at which the applicable dealer commits to execute a contract. If such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the Holder of the Foreign Currency Note by deductions from such payments.

Unless otherwise specified in the relevant Pricing Supplement, a Holder of a Foreign Currency Note may elect to receive payment of the principal of and any interest on such Note in the Specified Currency by transmitting a written request for such payment to the Paying Agent at its office in the City of New York on or prior to the relevant Record Date or at least 15 days prior to maturity, as the case may be. Such request, which must include the wire transfer instructions referred to below, may be in writing (mailed or hand-delivered) or by cable or facsimile transmission. A Holder of a Foreign Currency Note may elect to receive payment in the Specified Currency for all principal and any interest payments and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice to the Paying Agent, but written notice of any such revocation must be received by the Paying Agent on or prior to the relevant Record Date or at least 15 days prior to maturity, as the case may be. Holders of Foreign Currency Notes whose Notes are to be held in the name of a broker or nominee should contact such broker or nominee to determine whether and how an election to receive payments in the Specified Currency may be made.

The payment of principal of or interest on Foreign Currency Notes paid in the Specified Currency other than at maturity will be made by check drawn upon a bank office located outside the United States, and any such payments due at maturity will be made by wire transfer of immediately available funds to an account maintained by the Holder with a bank office located in the country which issued the Specified Currency upon presentation of such Notes to the Paying Agent in time for such wire transfer to be made by the Paying Agent in accordance with its normal procedures.

If a Specified Currency is not available for the payment of principal or interest with respect to a Foreign Currency Note due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to Holders of Foreign Currency Notes by making such payment in U.S. dollars on the basis of the noon buying rate in the City of New York for cable transfers for such Specified Currency as determined by the Federal Reserve Bank of New York (the "**Market Exchange Rate**") on the second business day prior to the date of such payment, or if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate.

12.4 *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.

12.5 In this Condition, "**business day**" means:

(i) Relevant Banking Day; or

(ii) Payment Business Day.

13. **Taxation**

13.1 *Gross up:* All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Denmark or any political subdivision therein or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, in the case of a payment of interest only, the Issuer shall pay such additional amounts as will result in receipt by the Holders after such withholding or deduction of such amounts as would have been receivable by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in relation to any payment in respect of any Note:

(i) to, or to a third party on behalf of, a Holder or beneficial owner which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of it having some connection with Denmark other than:

(a) the mere holding of the Note; or

(b) the receipt of principal, interest or other amount in respect of such Note; or

(ii) to, or to a third party on behalf of, a Holder or beneficial owner who fails to comply with the Issuer's request to make a declaration of non-residence (or similar declaration) if such declaration is required under Danish law as a pre-condition to relief or exemption from such withholding or deduction; or

(iii) presented for payment (where presentation is required) more than thirty days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on or before the expiry of such period of thirty days; or

(iv) where such withholding or deduction is imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, or any law or regulation implementing an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing;

nor will additional amounts be paid with respect to any payment of principal or interest on a Note to any Holder that is a fiduciary or partnership or other than the sole beneficial owner of any such payment to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the Holder of such Note. The obligation to pay taxes, duties, assessments and governmental charges shall not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge or (b) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal or interest on the Notes.

13.2 *Taxing Jurisdiction:* If the Issuer (including any successor entity) becomes subject at any time to any taxing jurisdiction other than Denmark, references in these Conditions to Denmark shall be construed as references to Denmark and/or such other jurisdiction.

14. **Enforcement Events**

14.1 *No Events of Default:* There are no events of default in respect of the Notes. Holders shall not be entitled at any time to file for bankruptcy or liquidation of the Issuer.

14.2 *Enforcement Events:* If an order is made or an effective resolution is passed for the bankruptcy or liquidation of the Issuer (an "**Enforcement Event**"), any Holder may prove or claim in such proceedings in respect of the Notes, such claim being for payment of the Outstanding Principal Amount of the Notes at the time of commencement of such bankruptcy or liquidation of the Issuer together with any interest accrued and unpaid on the Notes from (and including) the Interest Payment Date immediately preceding the occurrence of such Enforcement Event and any other amounts payable on the Notes (including any damages payable in respect thereof). Such claim shall rank as provided in Condition 5 (*Status of the Notes*).

14.3 *Enforcement of Obligations:* Subject to Condition 14.1 (*No Events of Default*) and without prejudice to Condition 14.2 (*Enforcement Events*), any Holder may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, provided that the Issuer shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

15. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Notes are presented for payment within five years of the appropriate Relevant Date.

16. **Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the corporate trust office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

17. **Agents**

17.1 *Obligations of Agents:* In acting under the Agency Agreement and in connection with the Notes, the Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders, and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Agency Agreement or other agreement entered into with respect of its appointment or incidental thereto.

17.2 *Termination of Appointments:* The initial Paying Agents in respect of any Notes shall be specified in the relevant Notes. The Calculation Agent in respect of any Notes shall be specified in the relevant Pricing Supplement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the Calculation Agent and to appoint an additional or successor fiscal agent, paying agent, calculation agent or registrar; provided, however, that:

(i) the Issuer shall at all times maintain a Fiscal Agent;

(ii) the Issuer shall at all times maintain a Note Register;

(iii) the Issuer shall at all times maintain a Paying Agent (which may be the Fiscal Agent) with an office in the City of New York;

(iv) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent with an office located in such place as may be required by these Conditions; and

(v) if and for so long as the Notes are admitted to listing and/or to trading and/or quotation on any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent (which may be the Fiscal Agent) with a specified office in the place required by such listing authority, stock exchange and/or quotation system.

18. **Meetings of Holders; Modification and Waiver**

18.1 *Meetings of Holders:* The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings (including by way of conference call or by use of a videoconference platform) of Holders of Notes of any Series to consider and vote upon matters relating to such Series of Notes, including (without limitation) the modification by the Holders of a majority in principal amount of Notes of any such Series then outstanding or 66 2/3 percent in principal amount of the Notes of any such Series represented and voting at a meeting; or in the case of a written consent without a meeting, the consent of the Holders of at least a majority in aggregate principal amount of the Notes of any such Series outstanding at the time, of any provision of these

Conditions as they apply to such Series; provided that the following modifications in respect of any Notes may only be made with the consent of the Holder of each of the Notes affected thereby: (i) a change in the stated maturity of any Note, or the date for any payment on any Note; (ii) the reduction of the principal amount of, or the rate or amount of interest on, any Note or the reduction of the amount payable thereon in the event of redemption or default, or the reduction of any additional amounts which are otherwise payable under Condition 13 (*Taxation*); or (iii) a change in the currency of payment of principal of, or interest on, any Note or any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) payable with respect thereto; or (iv) a change in the obligation of the Issuer to pay any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) (except as otherwise permitted by such Note); or (v) the impairing of the right to institute suit for the enforcement of any such payment on, or with respect to, any Note; or (vi) a reduction in the percentage of the aggregate principal amount of any Notes outstanding, the consent of whose Holders is required for any such modification or to waive any future compliance or past default or reduce the quorum required at any meeting of Holders or reduce the percentage of aggregate principal amount of Notes outstanding necessary to rescind or annul any declaration of the principal of and accrued interest on any Note to be due and payable. Any modifications, amendments or waivers to the Agency Agreement or to these Conditions will be conclusive and binding on all Holders of the applicable Series, whether or not they have given a consent or were present at such meeting, and on all future Holders of the applicable Series, whether or not notation of such modifications, amendments or waivers is made upon the Notes of the applicable Series. Any instrument given by or on behalf of any Holder in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent Holders of such Note of the applicable Series.

The persons entitled to vote a majority in principal amount of the Notes of any Series at the time outstanding shall constitute a quorum for the purpose of any action to be taken at a meeting of Holders of Notes with respect to the Notes of such Series. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting may be adjourned (or an adjourned meeting may be further adjourned) for a period of not less than 10 days as determined by the chairman of the meeting. At the reconvening of any meeting further adjourned for lack of a quorum, the persons entitled to vote 25 percent in principal amount of the Notes at the time outstanding shall constitute a quorum.

Any modification to these Conditions pursuant to the operation of the provisions described in this Condition 18.1 is subject to Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*).

18.2 *Modification:* The Issuer may make, without the consent of the Holders of Notes of any Series:

(i) any modification to the Notes of any Series or these Conditions to correct a manifest error with respect to the Notes of the relevant Series; or

(ii) subject to Condition 11.10 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*), any modification to the Notes of any Series or these Conditions which is not prejudicial to the interests of the Holders of the relevant Series.

19. Merger, Consolidation and Sale of Assets

The Issuer will not consolidate with, or merge with or into, or sell, or convey all or substantially all its assets in one transaction or a related series of transactions, unless (i) either the Issuer is the surviving corporation, or the surviving, resulting or transferee entity (the "successor entity") irrevocably submits to the jurisdiction of the courts of England, and expressly assumes the due and punctual payment of all obligations on all the Notes and the due and punctual performance of all the covenants and obligations of the Issuer under the Notes, the Agency Agreement and the Deed of Covenant, by a supplemental agreement satisfactory to the Fiscal Agent, and (ii) immediately after such event, the Issuer or such successor entity is not in breach of any covenants or obligations under the Notes, the Agency Agreement or the Deed of Covenant, provided, however, that nothing herein stated shall prevent the Issuer from selling or conveying all or substantially all its assets in one transaction or related series of transactions in connection with any restructuring of the Issuer's assets or operations insofar as such transaction or transactions are required and approved of by the DFSA or other competent regulatory authority or are otherwise required by Danish law or regulations.

20. Further Issues

The Issuer may from time to time, without the consent of the Holders, create and issue further Notes having the same Terms and Conditions as any Series of Notes in all respects (or in all respects except for the issue date, the issue price or the first payment of interest (if any)) so as to form a single Series with such Series of Notes.

21. **Notices**

Notices to Holders will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the Note Register) at their respective addresses as recorded in the register kept by the Fiscal Agent, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day and, if such Notes are listed on the Official List of Euronext Dublin and admitted to trading on the exchange-regulated market of Euronext Dublin (so long as such Notes 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.euronext.com/en/markets/dublin*).

Notwithstanding the foregoing, so long as any Notes are represented by a Global Note which is held by or on behalf of DTC for the benefit of participants in DTC, all notices with respect to such Notes shall be sent only to DTC which will communicate such notices to its participants in accordance with its standard and customary procedures in effect at that time, provided that, if the Notes of a Series are listed on a stock exchange then all notices shall also be made in accordance with the standard and customary procedures then in effect at such stock exchange. Any such notice shall be deemed to have been given to the Holders of the relevant Notes on the first Business Day after the day on which the said notice was given to DTC or as otherwise provided by the applicable rules of a stock exchange.

22. **Currency Indemnity**

The currency in which the Notes are denominated or, if different, payable, as specified in the relevant Pricing Supplement (the "**Contractual Currency**"), is the sole currency of account and payment for all sums payable by the Issuer in respect of the Notes, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount of the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount of the Contractual Currency expressed to be due to any Holder in respect of such Note the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Notes or any judgment or order. Any such loss as aforesaid shall be deemed to constitute a loss suffered by the relevant Holder and no proof or evidence of any actual loss will be required by the Issuer.

23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement):

(i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 percent being rounded up to 0.00001 percent);

(ii) all U.S. dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); and

(iii) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. **Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Note, any right in these Conditions shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

25. **Governing Law, Jurisdiction and Acknowledgement of Danish Statutory Loss Absorption Powers**

25.1 *Governing Law:* The Notes, the Agency Agreement and the Deed of Covenant and any non-contractual obligations arising from or in connection with any of them, shall be governed by, and construed in accordance with, English law, except for Condition 5 (*Status of the Notes*), Condition 11.2 (*Early Redemption Following a Tax Event*), Condition 11.3 (*Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event*), Condition 14 (*Enforcement Events*) and Condition 25.6 (*Acknowledgement of Danish Statutory Loss Absorption Powers*), which shall be governed by, and shall be construed in accordance with, Danish law.

25.2 *English Courts:* The Issuer has irrevocably agreed, for the benefit of the Fiscal Agent and the Holders, that the courts of England are to have jurisdiction to hear and determine any suit, action or proceedings which may arise out of or in connection with the Notes, the Agency Agreement and the Deed of Covenant or any non-contractual obligation arising out of or in connection with them (together referred to as "Proceedings") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

25.3 *Appropriate Forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Proceedings and, accordingly, that it will not argue to the contrary.

25.4 *Rights of the Holders to Take Proceedings outside England:* Condition 25.2 (*English Courts*) is for the benefit of the Holders only. As a result, nothing in this Condition 25 prevents any Holder from taking Proceedings in any other courts with jurisdiction. To the extent allowed by law, any Holder may take concurrent Proceedings in any number of jurisdictions.

25.5 *Service of Process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the Issuer at 75 King William Street, London EC4N 7DT or at any address of the Issuer in Great Britain at which service of process may be served on it in accordance with the Companies Act 2006. Nothing in this Condition 25.5 shall affect the right of any Holder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

25.6 *Acknowledgement of Danish Statutory Loss Absorption Powers:* Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 25.6, includes each holder of a beneficial interest in the Notes), by its acquisition of the Notes, each Holder acknowledges and accepts that any liability arising under the Notes may be subject to the exercise of Danish Statutory Loss Absorption Powers by the FS and acknowledges, accepts, consents to and agrees to be bound by:

(i) the effect of the exercise of any Danish Statutory Loss Absorption Powers by the FS, which exercise (without limitation) may include and result in any of the following, or a combination thereof:

(a) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;

(b) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into Ordinary Shares, other securities or other obligations of the Issuer or another Person, and the issue to or conferral on the Holder of such Ordinary Shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;

(c) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and

(d) the amendment of the Maturity Date, the amendment of the amount of interest payable on the Notes (if any), or the date on which interest becomes payable, including by suspending payment for a temporary period; and

(ii) the variation of the terms of the Notes, as deemed necessary by the FS, to give effect to the exercise of any Danish Statutory Loss Absorption Powers by the FS.

Upon the Issuer being informed and notified by the FS of the actual exercise of any Danish Statutory Loss Absorption Powers with respect to the Notes, the Issuer shall notify the Holders without delay in accordance with Condition 21 (*Notices*). Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Danish Statutory Loss Absorption Powers nor the effects on the Notes described in this Condition 25.6.

26. **Rights of Third Parties**

No person shall have any right to enforce any term or Condition in respect of a Note, the Fiscal Agency Agreement or the Deed of Covenant under the Contracts (Rights of Third Parties) Act 1999.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Program.

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 Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes 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 Notes (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 Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

U.K. MiFIR 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 Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**U.K. MiFIR**"); and (ii) all channels for distribution of the Notes 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 Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes 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 (the "**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 MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS – The Notes 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 United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**U.K. PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the U.K. PRIIPs Regulation.

PRICING SUPPLEMENT DATED [●]

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH THE PROSPECTUS REGULATION (AS DEFINED BELOW) OR REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE "U.K. PROSPECTUS REGULATION") FOR THIS ISSUE OF NOTES.

Series No. [●] **Tranche No. [●]**

DANSKE BANK A/S

U.S.$ 20,000,000,000

U.S. Medium-Term Note Program

Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*]

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes 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 Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Information Memorandum dated September 6, 2021, [and the Supplement No. [●] dated [●]] which [together] constitute[s] a base information memorandum (the "**Base Information Memorandum**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Information Memorandum. The Base Information Memorandum is available for viewing at, and copies may be obtained from, the website of the Irish Stock Exchange plc, trading as Euronext Dublin at *www.euronext.com/en/markets/dublin* for a period of 12 months following the date of the Base Information Memorandum [(dated September 6, 2021)].

[The following alternative language applies if the first Tranche of an issue of Notes which is being increased was issued under a Base [Information Memorandum/Prospectus] with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base [Information Memorandum/Prospectus] dated [*original date*] [*together with any supplements which amend the Conditions*], which are incorporated in the Base Information Memorandum dated [*current date*] [and the Supplement No. [●] dated [●]], which [together] constitute[s] a base information memorandum (the "**Current Base Information Memorandum**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Information Memorandum. The Current Base Information Memorandum is available for viewing at, and copies may be obtained from, the website of the Irish Stock Exchange plc, trading as Euronext Dublin at *www.euronext.com/en/markets/dublin* for a period of 12 months following the date of the [Current] Base Information Memorandum [(dated [*current date*])].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.]

1.	Issuer:		Danske Bank A/S
2.	(i)	Series Number:	[ ]
	(ii)	Tranche Number:	[ ]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[Not Applicable]/[The Notes will be consolidated and form a single Series with [*identify earlier Tranche(s)*] on the Issue Date.]
3.	(i)	Specified Currency or Currencies:	[ ]
	(ii)	Indicate Payment in U.S. dollars or Specified Currency:	[ ]

4.	Aggregate Nominal Amount:		[ ]
	[(i)	Series:	[ ]
	(ii)	Tranche:	[ ]]
5.	Issue Price:		[ ] percent of the Aggregate Nominal Amount [plus [*amount*] accrued interest from [*insert date*]] (*if applicable*)
6.	(i)	Specified Denomination(s):	[ ] (*No Notes may be issued which have a minimum denomination of less than U.S.$ 200,000 (but so that in no event will the minimum denomination be lower than EUR 100,000 or its equivalent at the date of issue of the relevant Notes) and integral multiples of U.S.$ 1,000 (or, in the case of Notes not denominated in U.S. dollars, 1,000 units of such foreign currency).*)
	(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.*)
7.	[(i)	Issue Date [and Interest Commencement Date]:	[ ]]
	[(ii)	Interest Commencement Date (if different from the Issue Date):	[ ]]
8.	Maturity Date:		[*specify date*] [subject to adjustment in accordance with the Business Day Convention specified in paragraph 17 (iii) below] (*Include adjustment wording for Floating Rate Notes*)
9.	Form of Notes:		Registered ([Regulation S]/[Rule 144A] Global Note(s))
10.	Interest Basis:		[[ ] percent Fixed Rate] [Reset Notes] [[Compounded Daily SOFR] [Weighted Average SOFR][[[ ]-month] [*currency*] EURIBOR/NIBOR/STIBOR/CIBOR/SHIBOR/ BBSW/HIBOR/CMT Rate/ Commercial Paper Rate/Treasury Rate/Prime Rate/Eleventh District Cost of Funds Rate/Federal Funds Rate] +/– [ ] percent Floating Rate] [Zero Coupon] (further particulars specified below at paragraph [[15] [and] [16]/[17]/[18]])
11.	Redemption/Payment Basis:		[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100.00 percent of their Aggregate Nominal Amount]
12.	Change of Interest Basis or Redemption/Payment Basis:		[Not Applicable/*cross refer to paragraphs [[15],[16] and/or [17 below]] if details are included there*]

13	Call Option:		[Applicable/Not Applicable] [(see paragraph 19 below)]
14.	[(i)]	Status of the Notes:	[Preferred Senior Notes/Non-Preferred Senior Notes]
	[(ii)	Date [Board of Directors] approval for issuance of Notes obtained:	[ ]] (*N.B. Only relevant where Board of Directors (or similar) authorization is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[ ] percent per annum [payable [annually/semiannually/quarterly/monthly] in arrear]
	(ii)	Interest Payment Dates(s):	[ ] in each year
	(iii)	Fixed Interest Amount(s):	[ ] per Calculation Amount
	(iv)	Broken Amount(s):	[Not Applicable/[ ] per Calculation Amount [for the [short/long] first Interest Period] payable on [ ]] (*Insert particulars of any initial or final broken amounts of interest that do not correspond with the Fixed Interest Amount*)
	(v)	Day Count Fraction:	[30/360 / Actual/Actual ([ICMA]/[ISDA]) / Actual/365 (Fixed)]
	(vi)	Record Date:	[ ]
16.	**Reset Note Provisions**		[Applicable/Not Applicable]
	(i)	Initial Rate of Interest:	[ ] percent per annum payable [annually/ semiannually/quarterly/monthly] in arrear
	(ii)	Reset Margin:	[[Plus/Minus] [ ] percent per annum]
	(iii)	Interest Payment Date(s):	[ ] in each year
	(iv)	Fixed Interest Amount up to (and including) the First Reset Date:	[ ] per Calculation Amount
	(v)	Broken Amount(s):	[Not Applicable/[ ] per Calculation Amount [for the [short/long] first Interest Period] payable on [ ]] (*Insert particulars of any initial broken interest amounts which do not correspond with the Fixed Interest Amount[(s)]*)
	(vi)	First Reset Date:	[ ]
	(vii)	Second Reset Date:	[[ ]/Not Applicable]
	(viii)	Subsequent Reset Date(s):	[[ ] [and [ ]]/Not Applicable]
	(ix)	Reset Determination Date(s):	[ ] (*specify in relation to each Reset Date*)

(x)	Relevant Time:	[ ]
(xi)	Relevant Screen Page:	[ ]
(xii)	Reset Reference Rate:	CMT Rate
(xiii)	Reset Reference Rate Conversion:	[Applicable/Not Applicable]
(xiv)	Original Reset Reference Rate Payment Basis:	[Annually/Semiannually/Quarterly/Monthly/Not Applicable]
(xv)	First Reset Period Fallback Yield:	[ ]/[Not Applicable]
(xvi)	Fallback Relevant Time:	[ ]/[Not Applicable]
(xvii)	Day Count Fraction:	[30/360]/[Actual/Actual (ICMA)]/[Actual/365 (Fixed)]
(xviii)	Calculation Agent:	[ ] [ ]

17.	**Floating Rate Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs 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 Dates:	[[ ]/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 Center(s):	[*insert Applicable Business Center(s)*]/[Not Applicable]
(v)	Manner in which the Rate(s) of Interest and Interest Amount 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 sub-paragraphs of this paragraph*)
	– Overnight Rate:	[Applicable/Not Applicable] (*If not applicable, delete the remaining limbs of this sub-paragraph*)
	● Calculation Method:	[Compounded Daily SOFR/Weighted Average SOFR/ Not Applicable]

	- Observation Method:	[Look-back/Observation Period Shift/Lock-out/Not Applicable]
	- Shift/Look-back Period:	[ ] United States Government Securities Business Days prior to each Interest Payment Date /[Not Applicable]
		(*Insert where the Reference Rate is SOFR and when the Observation Method is Look-back or Observation Period Shift*)
	- ARRC Fallbacks:	[Applicable/Not Applicable]
	● Index Determination:	[Applicable/Not Applicable]
		(*'Index Determination' should only be specified as 'Applicable,' if the 'Calculation Method' is specified as 'Compounded Daily Rate.' If 'Index Determination' is 'Applicable,' insert number of days (expected to be five or greater) as the Relevant Number, and the bullets under 'Calculation Method' should be specified as 'Not Applicable.'*)
		(*If 'Index Determination' is 'Not Applicable,' delete 'Relevant Number' and complete the bullets under 'Calculation Method.'*)
	- Relevant Number	[[5/[ ]] [United States Government Securities Business Days] / [Not Applicable]
	– Reference Rate:	[Compounded Daily SOFR][Weighted Average SOFR][[[ ]-month] [*currency*] EURIBOR/NIBOR/STIBOR/CIBOR/SHIBOR/ BBSW/HIBOR/CMT Rate/Commercial Paper Rate/Treasury Rate/Prime Rate/Eleventh District Cost of Funds Rate/Federal Funds Rate/*specify other*]
	– Interest Determination Date(s):	[ ]/ [ ] United States Government Securities Business Days prior to each Interest Period Date (*include where the Reference Rate is SOFR and the Observation Method is Look-back, Observation Period Shift or Lock-out*)
	– Relevant Screen Page:	[ ]
	– Relevant Time:	[ ] in the Relevant Financial Center
	– Relevant Financial Center:	[ ]
	– Reference Banks:	[ ]
	– Reference Rate Replacement:	[Applicable/Not Applicable]
(viii)	ISDA Determination:	[Applicable/Not Applicable]
		(*If not applicable, delete the remaining sub-paragraphs 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 8.5 (*Linear Interpolation*) (*specify for each short or long interest period*)]
	(x)	Margin(s):	[+/-] [ ] percent per annum
	(xi)	Minimum Rate of Interest:	[Not Applicable/[ ] percent, per annum]
	(xii)	Maximum Rate of Interest:	[Not Applicable/[ ] percent, per annum]
	(xiii)	Day Count Fraction:	[ ]
18.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Accrual Yield:	[ ] percent per annum
	(ii)	Reference Price:	[ ]
	(iii)	Day Count Fraction:	[Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360]

PROVISIONS RELATING TO REDEMPTION

19.	**Call Option**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s) (Call):	[ ]
	(ii)	Optional Redemption Amount (Call):	[ ] per Calculation Amount
	(iii)	If redeemable in part:	[Applicable/Not Applicable] (*If not applicable, delete the remainder of this subparagraph*)
		(a) Minimum Redemption Amount:	[ ]
		(b) Maximum Redemption Amount:	[ ]
	(iv)	Notice period:	Minimum period: [5] days Maximum period: [30] 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 and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent*)
20.	**MREC/TLAC Disqualification Event Redemption Option**		[Applicable/Not Applicable]
21.	**Final Redemption Amount**		[[ ] per Calculation Amount/Not Applicable]

22. **Early Redemption Amount**

Early Redemption Amount payable on redemption for taxation reasons:	[As set out in the Conditions/[ ] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23.	Applicable Financial Center(s):	[Not Applicable/*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 Interest Payment Dates*)
24.	MREL/TLAC Disqualification Event Substitution/Variation Option:	[Applicable/Not Applicable]
25.	Other terms and conditions:	[ ]/[Not Applicable]

[[*Relevant third party information*] has been extracted from [*specify source*]. 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 [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:	By: ....
Duly authorized	*Duly authorized*

CC: U.S. Bank National Association as Fiscal Agent

PART B – OTHER INFORMATION

The following information is not included in, or considered part of, the Conditions.

1. Listing and Admission to Trading

(i)	Listing:	[The Official List of Euronext Dublin/*specify*/None]
(ii)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on [Euronext Dublin's exchange-regulated market][*specify*] with effect on or about [ ]/Not Applicable.] *(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
(iii)	Estimate of total expenses related to admission to trading:	[[ ]/[Not Applicable]]

2. Ratings

[Not Applicable/The Notes to be issued [[have been]/[are expected to be]] rated [ ] by [*insert the legal name of the relevant credit rating agency entity(ies)*].]:

[There is no guarantee that [any of] the above rating[s] will be maintained following the date of this Pricing Supplement. Up-to-date information should always be sought by direct reference to the relevant rating agency.]

(*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating*.)

Each of [*relevant rating agencies*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended.

Each of [*relevant rating agency*] is not established in the [European Union] and is not 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 "*Plan of Distribution*" section of the Base Information Memorandum, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

[4.] Estimated Net Proceeds

[Estimated net proceeds: [ ]]

[5. Fixed Rate Notes and Reset Notes 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.][(1)]

[6.] Operational Information:

ISIN Code:	[ ]
CUSIP:	[ ]
Common Code:	[ ]

(1) Complete section only if applicable. Otherwise delete and re-number sections accordingly.

CFI:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
FISN:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
Any clearing system(s) other than DTC and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
[Original issue discount:	
(i) Total amount of OID:	[ ]
(ii) Yield to maturity:	[ ]
(iii) Interest accrual period:	[ ]]
Delivery:	Delivery [against/free of] payment
[Names and addresses of additional Paying Agent(s) (if any):	[ ]]

[7.] Distribution

Method of Distribution:	[Syndicated/Non-syndicated]
If syndicated, names of Dealers:	[*Name(s)*]
Stabilizing Manager (if any):	[Not Applicable/*give name*]
If Non-syndicated, name of relevant Dealer:	[*Name*]

CLEARING AND SETTLEMENT

The following description of the operations and procedures of DTC, Euroclear and Clearstream, Luxembourg is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them from time to time. The Issuer and the Dealers take no responsibility for these operations and procedures and urge investors to contact the system of their participants directly to discuss these matters.

General

DTC has advised the Issuer that DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "banking organization" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provision of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organizations (collectively, the "**Participants**") and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in the accounts of its Participants. The Participants include securities brokers and dealers (including the Agents, banks, trust companies, clearing corporations and certain other organizations). Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Participant either directly or indirectly (collectively, the "**Indirect Participants**"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participant or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participant and Indirect Participants.

DTC has also advised the Issuer that, pursuant to procedures established by it, (i) upon deposit of Global Notes, DTC will credit the accounts of Participants with portions of the principal amount of the Global Notes and (ii) ownership of such interest in the Global Notes will be shown on, and the transfer of ownership thereof will be affected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interest therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including Euroclear and Clearstream, Luxembourg) which are Participants in such system. Euroclear and Clearstream, Luxembourg will hold interests in the Regulation S Global Note on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. All interests in a Global Note, including those held through Euroclear or Clearstream, Luxembourg, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream, Luxembourg may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants and certain banks, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate evidencing such interest.

Except as described below, owners of interests in the Global Notes registered in the name of DTC or its nominee will not be considered the registered owners or Holders thereof under the Agency Agreement for any purpose.

Payments in respect of the principal and interest (if any) on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered Holder under the Agency Agreement. Under the terms of the Agency Agreement, the Issuer will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither the Issuer, the Fiscal Agent nor any agent of, the Issuer or the Fiscal Agent has or will have any responsibility or liability for (i) any aspect of DTC's records or any Participants' or Indirect Participants' records relating to or payments made on account of beneficial ownership interests in the Global Notes, or for maintaining, supervising or reviewing any of DTC's records or any Participants' or Indirect Participants' records relating to or payments made on account of beneficial ownership interests in the Global Notes or (ii) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants. DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the interest payment date, in amounts proportionate to their respective holdings in the principal amount of the beneficial interests in the relevant security as shown on the records of DTC unless DTC has reason to believe it will not receive payment on such interest payment date. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC or the Issuer. Neither the Issuer nor the Paying Agents will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the Notes, and the Issuer and the Paying Agents may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Except for trades involving only Euroclear and Clearstream, Luxembourg participants, interests in the Global Notes are expected to be eligible to trade in DTC's Same Day Funds Settlement System, and secondary market trading activity in such interests will, therefore, settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants. See "*—Same Day Settlement and Payment*" below.

Subject to the transfer restrictions set forth under "*Transfer and Transfer Restrictions*," transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same day funds, and transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlements on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream, Luxembourg participants may not deliver instructions directly to the depositories for Euroclear or Clearstream, Luxembourg.

DTC has advised the Issuer that it will take any action permitted to be taken by a Holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interest in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures to facilitate transfers of interest in the Global Notes among Participants in DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, the Fiscal Agent nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Definitive Notes

A Global Note is exchangeable for a Note in registered definitive form (a "**Definitive Note**") if (i) DTC notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Notes or has ceased to be a clearing agency registered under the Exchange Act and, in either case, the Issuer thereupon fails to appoint a successor depositary within 120 days after the date of such notice or (ii) the Issuer, at its option, notifies the Fiscal Agent and the Paying Agents in writing that it has elected to cause the issuance of the Definitive Notes. In all cases, Definitive Notes delivered in exchange for any Global Notes or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary in accordance with its customary procedures and will bear the restrictive legend referred to in "*Transfer and Transfer Restrictions*," unless the Issuer determines otherwise in compliance with applicable law.

Exchange of Definitive Notes for Global Notes

Definitive Notes that are "restricted securities" within the meaning of Rule 144 under the Securities Act may not be transferred for beneficial interests in any Global Note unless the transferor first delivers to the Fiscal Agent a written certificate to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes.

Exchange or Transfer of Definitive Notes

Definitive Notes may be exchanged or transferred by a Holder by presenting or surrendering such Definitive Notes at the office of the Fiscal Agent with a written instruction of transfer in form satisfactory to the Fiscal Agent, duly executed by such Holder or his attorney, duly authorized in writing. If the Notes being exchanged or transferred are Restricted Securities, such Holder shall also provide a written certificate to the effect that such transfer will comply with the appropriate transfer restriction applicable to such Notes.

Exchange Among Regulation S Global Note and Rule 144A Global Note

On or prior to a date that is 40 days after the issue date of such Note, interests in a Regulation S Global Note may be transferred to a person who wishes to hold an interest in a Rule 144A Global Note only upon receipt by the Fiscal Agent of a written certification from the transferor (in the form set out in the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A purchasing for its own account or for the account of a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Interests in a Rule 144A Global Note may also be transferred to a person who wishes to hold an interest through a Regulation S Global Note, but only upon receipt by the Fiscal Agent of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or with Rule 144 (if available) under the Securities Act.

Any interest in either a Rule 144A Global Note or a Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in such other Global Note.

Same Day Settlement and Payment

The Notes represented by the Global Notes will be eligible to trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any Definitive Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream, Luxembourg) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interest in a Global Note by or through a Euroclear or Clearstream, Luxembourg participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

SPECIAL PROVISIONS RELATING TO FOREIGN CURRENCY NOTES

General

Unless otherwise specified in the relevant Pricing Supplement, the Notes will be denominated in U.S. dollars and payments of principal of and any premium and interest on the Notes will be made in U.S. dollars in the manner specified in this Base Information Memorandum and the relevant Pricing Supplement. If any of the Notes are to be denominated in a Specified Currency other than U.S. dollars (a "**Foreign Currency Note**"), payments of the principal and any premium or interest on such Notes will be made in accordance with Condition 12.3 (*Payments on Foreign Currency Notes*).

THIS BASE INFORMATION MEMORANDUM DOES NOT DESCRIBE ALL RISKS OF AN INVESTMENT IN FOREIGN CURRENCY NOTES THAT RESULT FROM SUCH NOTES BEING DENOMINATED IN, OR THE PAYMENTS WITH RESPECT TO SUCH NOTES BEING RELATED TO THE VALUE OF, A FOREIGN CURRENCY EITHER AS SUCH RISKS EXIST AT THE DATE OF THIS BASE INFORMATION MEMORANDUM OR AS SUCH RISKS MAY CHANGE FROM TIME TO TIME. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN FINANCIAL AND LEGAL ADVISERS AS TO THE RISKS ENTAILED IN AN INVESTMENT IN FOREIGN CURRENCY NOTES AND AS TO ANY MATTERS THAT MAY AFFECT THE PURCHASE OR HOLDING OF A FOREIGN CURRENCY NOTE OR THE RECEIPT OF PAYMENTS OF PRINCIPAL OF AND ANY PREMIUM AND INTEREST ON A FOREIGN CURRENCY NOTE IN A SPECIFIED CURRENCY. FOREIGN CURRENCY NOTES ARE NOT AN APPROPRIATE INVESTMENT FOR INVESTORS WHO ARE UNSOPHISTICATED WITH RESPECT TO FOREIGN CURRENCY TRANSACTIONS.

The information set forth in this Base Information Memorandum is directed to prospective purchasers who are United States residents, and the Issuer disclaims any responsibility to advise prospective purchasers including those who are residents of countries other than the United States with respect to any matters that may affect the purchase, holding or receipt of payments of principal of and any premium and interest on Foreign Currency Notes. Such persons should consult their own legal advisers with regard to such matters.

Foreign Currency Notes are issuable only in fully registered form, without coupons. The authorized denominations of Foreign Currency Notes will be specified in the relevant Pricing Supplement.

Purchase

Unless otherwise indicated in the relevant Pricing Supplement, purchasers are required to pay for Foreign Currency Notes in the Specific Currency. At the present time there are limited facilities in the United States for the conversion of U.S. dollars into foreign currencies or currency units and vice versa, and banks do not generally offer non-U.S. dollar checking or savings account facilities in the United States. If requested on or prior to the fifth business day preceding the date of delivery of the Notes, or by such other day as determined by the Issuer, the Issuer or its agent may offer to arrange for the conversion of U.S. dollars into the Specified Currency to enable the purchaser to pay for such Notes. Each such conversion will be made by the Issuer or its agent on such terms and subject to such conditions, limitations and charges as the Issuer or its agent may from time to time establish in accordance with its regular foreign exchange practices. All costs of exchange will be borne by the purchasers of the Foreign Currency Notes.

Judgments

In the event an action based on Foreign Currency Notes is commenced in a court of the United States, it is likely that such court would grant judgment relating to such Notes only in U.S. dollars. It is not clear, however, whether, in granting such a judgment, the rate of conversion into U.S. dollars would be determined with reference to the date of default, the date that judgment is rendered or some other date. Holders of Foreign Currency Notes would bear the risk of exchange rate fluctuations between the time the judgment is calculated and the time the Specified Currency is converted to U.S. dollars for payment of the judgment.

TRANSFER AND TRANSFER RESTRICTIONS

General

The following procedures and restrictions with respect to the registration of any transfer of any Note shall apply:

(i) The Fiscal Agent shall register the transfer of any Note, if the requested transfer (x) is to the Issuer, (y) such transfer is, in the case of Rule 144A Global Notes, at least one year (or such other period as shall constitute the required holding period pursuant to Rule 144 under the Securities Act) after the later of (i) the issue date of such Note (or any predecessor of such Note) and (ii) the sale of such Note (or any predecessor of such Note) by the Issuer or an Affiliate of the Issuer (computed in accordance with paragraph (d) of Rule 144 under the Securities Act) and the Holder of such Note is not at the proposed date of such transfer and was not during the three months preceding such proposed date of transfer an Affiliate of the Issuer, or (z) such transfer is, in the case of Regulation S Global Notes, at least 40 days after the issue date of such Note (or any predecessor of such Note). No further documents, certifications or other evidence need be supplied in respect of any such transfer.

(ii) The Fiscal Agent shall register the transfer of any Note if the Holder of such Note has properly completed the Certificate of Transfer, or a transfer instrument substantially in the form of such Certificate of Transfer, and has delivered such Certificate to the Fiscal Agent.

(iii) The Fiscal Agent shall register the transfer of a Note to or from DTC or any other institutional trading system designated by the Issuer in a written notice to the Fiscal Agent. In connection with any such transfer to DTC for deposit or for deposit in such other institutional trading system, no further documents, certifications or other evidence need be supplied to the Fiscal Agent in respect thereof. In connection with any such transfer out of such other institutional trading system, the Fiscal Agent shall receive such documents, certifications or other evidence from the transferor or transferee as are specified in such written notice.

(iv) If so directed by the Issuer, the Fiscal Agent shall register the transfer of the Notes, from or through any dealer, placement agent or other person specified by the Issuer which has agreed in writing to offer, sell and effect transfers of Notes only (i) to a prospective purchaser who such dealer, placement agent or other person has reasonable grounds to believe and does believe is a QIB; or (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S. No further documents, certifications or other evidence need be supplied in respect of any such transfer.

(v) With respect to any requested transfer of a Note not provided for in (i) through (iv) above, the Fiscal Agent shall not register such transfer except upon the order of the Issuer signed by or on behalf of the Issuer by an authorized officer or a duly appointed attorney-in-fact of the Issuer and then only pursuant to any additional procedures as the Issuer may establish and against surrender of such Note. Such additional procedures may include, without limitation, (x) delivery by the transferor or the proposed transferee of an opinion of counsel reasonably satisfactory to the Issuer to the effect that such transfer may be effected without registration under the Securities Act and (y) the delivery by the proposed transferee of representation letters in form and substance reasonably satisfactory to the Issuer to ensure compliance with the provisions of the Securities Act. It is understood that the issuance of such order by the Issuer shall be in the sole and absolute discretion of the Issuer.

(vi) Upon receipt of the duly completed Note and any required instruments of transfer, transfer notices or other written statements or documents as described above, the Fiscal Agent shall cancel such Note and register the transfer and complete, authenticate and deliver in the name of the designated transferee or transferees, one or more new Notes of authorized denominations in the principal amount specified on such Note.

(vii) The Fiscal Agent shall have no liability whatsoever to any party so long as it registers the transfer in accordance with the instructions described herein.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

The Notes have not been registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold in the United States only to QIBs in reliance on Rule 144A under the Securities Act and outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

On or prior to the 40th day after the Closing Date, a beneficial interest in a Regulation S Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through a Rule 144A Global Note only upon receipt by the Fiscal Agent of a written certification (in the form set out in the schedule to the Agency Agreement) from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Note, as set out below.

A beneficial interest in a Rule 144A Global Note may also be transferred to a person who wishes to take delivery of such beneficial interest through a Regulation S Global Note only upon receipt by the Fiscal Agent of a written certification (in the form set out in the schedule to the Agency Agreement) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144A (if available) under the Securities Act.

Any beneficial interest in either a Rule 144A Global Note or a Regulation S Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note will, upon transfer, cease to be a beneficial interest in such Global Note and become a beneficial interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for so long as such person retains such an interest.

Each purchaser of the Notes who is in the United States or who is a U.S. Person or purchasing for the account of a U.S. Person will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S are used herein as defined therein):

(i) It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (A) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A or (B) a non-U.S. person that is outside the United States (or a non-U.S. person that is a dealer or other fiduciary as referred to above) in accordance with Rule 903 or Rule 904 of Regulation S.

(ii) The Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

(iii) It understands and agrees that Notes initially offered in the United States to QIBs will be represented by a Rule 144A Global Note and that Notes offered outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S will be represented by a Regulation S Global Note.

(iv) It shall not resell or otherwise transfer any of such Notes except (A) to the Issuer or by, through or in a transaction approved by a Dealer, (B) within the United States to a QIB in a transaction complying with Rule 144A, (C) outside the United States to a non-U.S. person in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (E) pursuant to an effective registration statement under the Securities Act.

(v) It agrees that it will deliver to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(vi) All Rule 144A Global Notes and any Definitive Notes issued in exchange therefor, if any will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY OTHER SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF DANSKE BANK A/S (THE "ISSUER") THAT THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER OR BY, THROUGH OR IN A TRANSACTION APPROVED BY A DEALER, (2) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A"), TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY

PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

BY ITS ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN, THE PURCHASER AND HOLDER HEREOF AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY SUCH PURCHASER AND HOLDER HOLDS THIS NOTE OR INTEREST HEREIN, THAT EITHER (A) IT IS NOT (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) SUBJECT TO TITLE I OF ERISA, (II) A PLAN (AS DEFINED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE")) TO WHICH SECTION 4975 OF THE CODE APPLIES, (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH PLAN'S OR EMPLOYEE BENEFIT PLAN'S INVESTMENT IN THE ENTITY (THE FOREGOING SHALL BE COLLECTIVELY REFERRED TO AS "PLANS") OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN ("NON-ERISA ARRANGEMENT") THAT IS SUBJECT TO SIMILAR PROVISIONS UNDER APPLICABLE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER REGULATIONS, RULES OR LAWS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") AND IT IS NOT PURCHASING OR HOLDING THE NOTE ON BEHALF OF OR WITH THE ASSETS OF ANY PLAN OR NON-ERISA ARRANGEMENT, OR (B) ITS PURCHASE, HOLDING AND SUBSEQUENT DISPOSITION OF THIS NOTE SHALL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR VIOLATE ANY APPLICABLE PROVISION OF SIMILAR LAW."

(vii) It acknowledges that the Fiscal Agent for the Notes will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Fiscal Agent that the restrictions set forth herein have been complied with.

(viii) It acknowledges that the Issuer, the Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Dealers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(ix) It has received the information, if any, requested by it pursuant to Rule 144A, has had full opportunity to review such information and has received all additional information necessary to verify such information.

(x) Each Plan who purchases the Notes, or any interest therein, including any fiduciary purchasing or holding the Notes (or any interest therein) on behalf of a Plan ("**Plan Fiduciary**"), will be deemed to have represented and agreed that (i) none of the Issuer, the Arranger, the Dealers, the Listing Agent and Fiscal Agent, nor any of their affiliates, has provided, and none of them will provide, any investment advice to it or to any fiduciary or other person investing the assets of the Plan in connection with its decision to invest in the Notes, and none of them is otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or the Plan Fiduciary in connection with the Plan's acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes.

PLAN OF DISTRIBUTION

The Notes are being offered on a continuous basis for sale by the Issuer to or through BNP Paribas Securities Corp., BofA Securities, Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Danske Bank A/S, Goldman Sachs International, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and UBS Securities LLC, together with such other Dealers as may be appointed by the Issuer with respect to a particular Tranche of Notes, pursuant to an amended and restated program agreement entered into on September 6, 2021, (as supplemented, amended and/or restated from time to time, the "**Program Agreement**"). One or more Dealers may purchase Notes, as principal or agent, from the Issuer from time to time for resale to investors and other purchasers at varying prices relating to prevailing market prices at the time of resale as determined by any Dealer, or, if so specified in the relevant Pricing Supplement, for resale at a fixed offering price. If the Issuer and a Dealer agree, a Dealer may also utilize its reasonable efforts on an agency basis to solicit offers to purchase the Notes.

Unless otherwise specified in the relevant Pricing Supplement, any Notes sold to one or more Dealers as principal will be purchased by such Dealers at a price equal to 100.00 percent of the principal amount thereof less a percentage of the principal amount equal to a commission as agreed upon by the Issuer and the relevant Dealers. Notwithstanding this, a Dealer may sell Notes it has purchased from the Issuer as principal to certain dealers less a concession equal to all or any portion of the discount received in connection with such purchase. Such Dealer may allow, and such dealers may reallow, a discount to certain other dealers. After the initial offering of Notes, the offering price (in the case of Notes to be resold at a fixed offering price), the concession and the reallowance may be changed.

The Issuer may withdraw, cancel or modify the offering contemplated hereby without notice and may reject offers to purchase Notes in whole or in part. Each Dealer shall have the right, in its discretion reasonably exercised, without notice to the Issuer, to reject in whole or in part any offer to purchase Notes received by it on an agency basis.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in the relevant Pricing Supplement may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant stabilizing manager(s) (or persons acting on behalf of any stabilizing manager(s)) in accordance with all applicable laws and rules.

The stabilizing manager(s) may purchase and sell Notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the stabilizing manager(s) of a greater number of Notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

The stabilizing manager(s) may also impose a penalty bid. This occurs when a particular stabilizing manager repays to the Dealers a portion of the underwriting discount received by it because the stabilizing manager or its affiliates have repurchased Notes sold by or for the account of such Stabilizing Manager in stabilizing or short covering transactions.

Neither the Issuer nor any of the Dealers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraph may have on the price of Notes. In addition, neither the Issuer nor the Dealers makes any representation that the Dealers will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

The Issuer has agreed to indemnify the Dealers against certain liabilities (including liabilities under the Securities Act) or to contribute to payments the Dealers may be required to make in respect thereof. The Issuer has also agreed to reimburse the Dealers for certain other expenses.

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. They have received, or may in the future receive, customary fees and commissions for these transactions. 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. The Dealers and/or their affiliates may receive allocations of Notes (subject to customary closing conditions), which could affect future trading of the Notes. 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 CDSs or the creation of short positions in the Issuer's securities, including potentially the Notes issued under the Program. Any such short positions could adversely affect future trading prices of Notes issued under the Program. 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.

No action has been or will be taken in any jurisdiction by the Issuer or any Dealers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Base Information Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Information Memorandum comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Base Information Memorandum or any other offering material relating to the Notes, in all cases at their own expense.

The Notes have not been and will not be registered under the Securities Act and the Notes 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, or in a transaction not subject to the registration requirements of, the Securities Act.

Each Dealer has agreed that, except as permitted by the Program Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the "distribution compliance period") within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells Notes (other than a sale pursuant to Rule 144A) during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons substantially to the following effect:

"The Notes covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S or Rule 144A under the Securities Act. Terms used above have the meanings given to them by Regulation S."

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The Program Agreement also provides that the Dealers may arrange for the placing of a portion of the Notes to persons reasonably believed to be QIBs pursuant to Rule 144A.

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Selling Restrictions

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Program 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 Notes which are the subject of the offering contemplated by this Base Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the EEA. 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 Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

U.K.

Prohibition of Sales to U.K. Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Program 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 Notes which are the subject of the offering contemplated by this Base Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the U.K. 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

  (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other Regulatory Restrictions

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

- *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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorized person, apply to the Issuer; and

- *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 Notes in, from or otherwise involving the U.K.

Japan

The Notes 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 represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will not offer or sell any Notes, 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 Control Law (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.

Denmark

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any Notes directly or indirectly in Denmark by way of a public offering, unless, as applicable, in compliance with the Prospectus Regulation, the Danish Consolidated Act No. 1767 of November 27, 2020, on Capital Markets, as amended, supplemented or replaced from time to time and any Executive Orders issued thereunder and in compliance with the Executive Order No. 2092 of December 14, 2020, as amended, supplemented or replaced from time to time, issued pursuant to the Danish Financial Business Act.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45–106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Information Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* ("**NI 33-105**"), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Program will be required to acknowledge, that this Base Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified and amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person pursuant (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Solely for the purposes of its obligations pursuant to section 309B(1) of the SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A(1) of the SFA) that the Notes are "**prescribed capital markets products**" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

None of the Issuer, the Fiscal Agent and the Dealers represent that the Notes 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.

With regard to each Tranche of Notes, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree.

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Information Memorandum.

No action has been or will be taken in any jurisdiction that would, or is intended to, permit a public offering of any of the Notes, or possession or distribution of the Base Information Memorandum or any other offering material or any set of Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Information Memorandum, any other offering material or any set of Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

TAXATION

The following summary is based on the tax laws of Denmark and the United States as of the date of this Base Information Memorandum, and is subject to changes in Danish or United States law, including changes that could have a retroactive effect. The following summary is not exhaustive and does not take into account or discuss the tax laws of any country other than Denmark or the United States. Prospective investors are advised to consult their own professional tax advisors as to the Danish or United States or other tax consequences of the offering and the purchase, ownership and disposition of Notes.

Prospective investors who may be affected by the tax laws of other jurisdictions should consult their tax advisors with respect to the tax consequences applicable to their particular circumstances.

Danish Tax Considerations

The following summary refers solely to the tax system applicable to Holders that are not subject to full tax liability in Denmark, that are not companies included in a Danish joint taxation scheme, and that do not carry on business in Denmark through a permanent establishment.

Payments in respect of the Notes will not be subject to taxation in Denmark, no withholding tax will be required on such payments to any Holder of a Note and gains derived from the sale of Notes will not be subject to Danish personal or corporate income tax.

United States Federal Income Taxation

General

The following is a summary of the principal U.S. federal income tax consequences of the acquisition, ownership, disposition and retirement of Notes by a Holder thereof. This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Program, and the relevant Pricing Supplement or a supplement to this Base Information Memorandum will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary applies only to Notes held as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to Holders that are subject to special tax rules, such as certain financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax exempt organizations, dealers or traders in securities or currencies, or to Holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States or investors that have a functional currency other than the U.S. dollar. Moreover, this summary does not address the rules requiring persons that use the accrual method of accounting to include certain amounts in income no later than the time such amounts are reflected on certain financial statements, the U.S. federal estate and gift tax, the Medicare surtax on "net investment income" or alternative minimum tax consequences of the acquisition, ownership or retirement of Notes and does not address the U.S. federal income tax treatment of Holders that do not acquire Notes as part of the initial distribution at their initial "issue price," as defined under "*—U.S. Holders—Original Issue Discount*" below.

This summary is based on the Code, as amended, existing and proposed treasury regulations, administrative pronouncements and judicial decisions, each as of the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. Any special U.S. federal income tax considerations relevant to a particular issue of the Notes will be provided in the relevant Pricing Supplement or in a supplement to this Base Information Memorandum.

For purposes of this description, a "**U.S. Holder**" is a beneficial owner of the Notes who for U.S. federal income tax purposes is (i) a citizen or resident of the United States; (ii) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any State thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to the consequences of acquiring, owning or disposing of Notes.

A Non-U.S. Holder is a beneficial owner of the Notes other than a U.S. Holder or a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) or a disregarded entity for U.S. federal income tax purposes.

Prospective investors should consult their own tax advisor with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning or disposing of Notes.

Characterization of the Notes

Whether a particular Note is treated as debt (and not equity) for U.S. federal income tax purposes is an inherently factual question and no single factor is determinative. The Issuer intends to treat the Notes as indebtedness for U.S. federal income tax purposes unless provided otherwise in the Pricing Supplement or in a supplement to this Base Information Memorandum, although no assurances can be given with respect to such treatment. The following discussion assumes that such treatment will be respected. If the treatment of the Notes as indebtedness is not upheld, it may affect the timing, amount and character of income inclusion to a U.S. Holder.

U.S. Holders

Foreign Currency Notes

Notes that are denominated in a currency other than the U.S. dollar are subject to special rules under Section 988 of the Code and the Treasury regulations thereunder (the "**988 Regulations**"). The proper application of the 988 Regulations to Foreign Currency Notes currently is unclear. Pursuant to Condition 12.3 (*Payments on Foreign Currency Notes*) of the Terms and Conditions of the Notes, unless otherwise specified in the relevant Pricing Supplement, payments of principal and interest on Foreign Currency Notes will be made in U.S. dollars based on the exchange rate methodology described in such Condition (the "**Bid Rate**") unless the Holder elects to receive such payments in the Specified Currency. For purposes of applying the 988 Regulations to Foreign Currency Notes, we believe that it is reasonable to treat the Bid Rate as the relevant exchange rate for determining income, gain or loss with respect to payments on, or the proceeds from the disposition of, Foreign Currency Notes, and the remainder of this discussion assumes that such treatment is correct. It is possible, however, that the IRS could require a U.S. Holder to calculate income, gain or loss on the notes using spot rates in effect on the relevant payment date. If such rates were to apply, it is possible that the character, amount, source and timing of income, gain or loss on the notes could differ from what is described below. U.S. Holders should consult their tax advisors regarding the proper application of the 988 Regulations to the Foreign Currency Notes.

Interest

Except as set forth below, interest (including "qualified stated interest" as defined under "*—Original Issue Discount*" below) paid on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a "**foreign currency**"), including the amount of any applicable withholding tax thereon, will be includible in a U.S. Holder's gross income as ordinary interest income in accordance with the U.S. Holder's usual method of tax accounting. In addition, interest on the Notes will generally be treated as foreign-source income for U.S. federal income tax purposes, which may be relevant in calculating a U.S. Holder's foreign tax credit limitation.

Foreign Currency Denominated Interest

Any interest paid in a foreign currency will be included in the gross income of a U.S. Holder in an amount equal to the U.S. dollar value of the foreign currency, including the amount of any applicable withholding tax thereon, regardless of whether the foreign currency is converted into U.S. dollars. Generally, a U.S. Holder that uses the cash method of tax accounting will determine such U.S. dollar value using the spot rate of exchange on the date of receipt. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. dollar value of accrued interest income using the average rate of exchange for the accrual period (or, in the case of an accrual period that spans two taxable years of the U.S. Holder, the part of the period within each taxable year) or, at the U.S. Holder's election, at the spot rate of exchange on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within each taxable year) or the spot rate on the date of receipt, if that date is within five days of the last day of the accrual period. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date payment is received (or in the case of interest paid in U.S. dollars under Condition 12.3 (*Payments on Foreign Currency Notes*), the Bid Rate) differs from the rate applicable to an accrual of that interest. Any such gain or loss will generally be U.S. source ordinary income or loss.

Original Issue Discount

U.S. Holders of Notes issued with OID will be subject to special tax accounting rules, as described in greater detail below. U.S. Holders of Notes issued with OID (including cash basis taxpayers) should be aware that, as described in greater detail below, they generally must include OID in income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income. However, U.S. Holders of such Notes generally will not be required to include separately in income cash payments received on the Notes, even if denominated as interest, to the extent such payments do not constitute qualified stated interest (as defined below). Notes issued with OID will be referred to as "**Original Issue Discount Notes**." Solely for the purposes of determining for U.S. federal income tax purposes whether a Note has OID and the yield and maturity of a Note, the Issuer will be deemed to exercise any unconditional call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any unconditional put option that has the effect of increasing the yield on the Note. Notice will be given in the relevant Pricing Supplement when the Issuer determines that a particular Note will be an Original Issue Discount Note.

The following discussion does not address the U.S. federal income tax consequences of an investment in "contingent payment debt instruments." In the event the Issuer issues contingent payment debt instruments, the relevant Pricing Supplement or a supplement to this Base Information Memorandum will describe the material U.S. federal income tax consequences thereof. Persons considering the purchase of Original Issue Discount Notes with such features should consult their own tax advisors with respect to such features.

Additional rules applicable to Original Discount Notes that are denominated in or determined by reference to a currency other than the U.S. dollar are described under "*—Foreign Currency Original Issue Discount Notes*" below.

For U.S. federal income tax purposes, a Note, other than a Note with a term of one year or less, will be treated as issued with OID if the excess of the Note's "stated redemption price at maturity" over its issue price equals or exceeds a *de minimis* amount (0.25 percent of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of a Note that provides for payments other than qualified stated interest before maturity, its "weighted average maturity")). The "stated redemption price at maturity" of a Note is the sum of all payments required to be made on such Note other than "qualified stated interest" payments. The "issue price" of each Note in a particular offering will be the first price at which a substantial amount of that particular offering is sold (other than to an underwriter, broker, agent or wholesaler). The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the Issuer) at least annually at a single fixed rate or, subject to certain conditions, based on one or more interest indices. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments.

In the case of a Note issued with *de minimis* OID, the U.S. Holder generally must include such *de minimis* OID in income as stated principal payments are made on the Notes in proportion to the stated principal amount paid on the Note. Any amount of *de minimis* OID that has been included in income will be treated as capital gain.

Certain of the Notes may be redeemed prior to their maturity. Original Issue Discount Notes containing such features may be subject to rules that differ from the general rules discussed herein. Persons considering the purchase of Original Issue Discount Notes with such features should carefully examine the relevant Pricing Supplement and any supplement to this Base Information Memorandum and should consult their own tax advisors with respect to such features since the tax consequences with respect to OID will depend, in part, on the particular terms and features of the Notes.

U.S. Holders of Original Issue Discount Notes with a maturity upon issuance of more than one year must, in general, include OID in income in advance of the receipt of some or all of the related cash payments. The amount of OID includible in income by the U.S. Holder of an Original Issue Discount Note is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion of the taxable year in which such U.S. Holder held such Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. The "accrual period" for an Original Issue Discount Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of (a) the product of the Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "adjusted issue price" of a Note at the beginning of any accrual period is generally equal to its issue price increased by the accrued OID for each prior accrual period and reduced by any payments made on such Note (other than qualified stated interest) on or before the first day of the accrual period. Under these rules, a U.S. Holder will have to include in income increasingly greater amounts of OID in successive accrual periods.

In the case of an Original Issue Discount Note that is a Floating Rate Note, both the "yield to maturity" and "qualified stated interest" will be determined solely for purposes of calculating the accrual of OID as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. Persons considering the purchase of Floating Rate Notes should carefully examine the relevant Pricing Supplement and any supplement to this Base Information Memorandum and should consult their own tax advisors regarding the U.S. federal income tax consequences of the holding and disposition of such Notes.

U.S. Holders may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. U.S. Holders should consult their own tax advisors about this election.

Fungible Issue

The Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms (except that the issue date, the issue price or the first payment of interest (if any) may be different in respect of different Tranches of the same Series). These additional Notes, even if they are treated for non-tax purposes as part of the same Series of Notes, in some cases may be treated as a separate Series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if such outstanding Notes had no OID, or the additional Notes may have a greater amount of OID than such outstanding Notes. These differences may affect the market value of such outstanding Notes of the relevant series if the additional Notes are not otherwise distinguishable from such outstanding Notes.

Short-Term Notes

In the case of Notes having a term of one year or less (taking into account the last possible date that the Notes could be outstanding in accordance with its terms, including any rights to extend or rollover) ("**Short-Term Notes**"), all payments (including all stated interest) will be included in the stated redemption price at maturity and, thus, U.S. Holders generally will be taxable on the discount in lieu of stated interest. The discount generally will be equal to the excess of the stated redemption price at maturity over the issue price of a Short-Term Note. In general, individuals and certain other cash method U.S. Holders of a Short-Term Note are not required to include accrued discount in their income currently unless they elect to do so (but will be required to include any stated interest in income as it is received). U.S. Holders that report income for United States federal income tax purposes on the accrual method and certain other U.S. Holders are required to accrue discount on such Short-Term Notes (as ordinary income) on a straight line basis, unless an election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder that is not required, and does not elect, to include discount in income currently, any gain realized on the sale, exchange or retirement of the Short-Term Note will generally be ordinary income to the extent of the discount accrued through the date of sale, exchange or retirement. In addition, a U.S. Holder that does not elect to include currently accrued discount in income may be required to defer deductions for a portion of the U.S. Holder's interest expense with respect to any indebtedness incurred or continued to purchase or carry such Notes.

Foreign Currency Original Issue Discount Notes

OID for any accrual period on an Original Issue Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined for any accrual period in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described under "—*Foreign Currency Denominated Interest*" above. Upon receipt of an amount attributable to OID previously included in income (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder may recognize foreign currency gain or loss in an amount determined in the same manner as interest income received by a U.S. Holder on the accrual basis, as described under "—*Foreign Currency Denominated Interest*" above.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of the sum of all amounts payable on the Note after the purchase date other than qualified stated interest will be considered to have purchased the Note at a "premium." A U.S. Holder generally may elect to amortize the premium over the remaining term of the Note on a constant yield method as an offset to interest when includible in income under the U.S. Holder's regular accounting method. Special rules may limit the amount of premium that can be amortized during certain accrual periods in the case of a Note that is subject to optional redemption. In the case of a Note that is denominated in, or determined by reference to, a foreign currency, note premium will be computed in units of foreign currency, and amortizable note premium will reduce interest income in units of the foreign currency. At the time amortized note premium offsets interest income, exchange gain or loss (taxable as ordinary income or loss) is realized measured by the difference between exchange rates at that time and at the time of the acquisition of the Notes. Any election to amortize note premium shall apply to all notes (other than notes the interest on which is excludable from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. Premium on a Note held by a U.S. Holder that does not make such an election will decrease the gain or increase the loss otherwise recognized on disposition of the Note.

Sale, Exchange or Retirement

A U.S. Holder's tax basis in a Note generally will be its U.S. dollar cost (as defined herein) increased by the amount of any OID included in the U.S. Holder's income with respect to the Note and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortizable premium applied to reduce interest on the Note. The U.S. dollar cost of a Note purchased with a foreign currency generally will be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder generally will recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement (less any accrued but unpaid interest, which will be taxable as such) and the tax basis of the Note. The amount realized on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of such amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Gain or loss recognized on the sale or retirement of a Note (other than gain or loss that is attributable to changes in exchange rates, which will be treated as ordinary income or loss) will be capital gain or loss and will be long-term capital gain or loss if the Note was held for more than one year. Capital gains of non-corporate U.S. Holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by a U.S. Holder on the sale or retirement of a Note that is attributable to changes in exchange rates will be treated as ordinary income or loss. However, exchange gain or loss (including with respect to amounts received attributable to accrued interest) is taken into account only to the extent of total gain or loss realized on the transaction. Gain or loss realized by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source income or loss.

Sale or Exchange of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time such interest is received or at the time of such sale or retirement (or in the case of Notes traded on an established securities market sold by a cash basis U.S. Holder or an electing accrual basis U.S. Holder, at the time of the settlement of such sale or retirement). Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S.-source ordinary income or loss.

Substitution and Variation of the Notes

Condition 11.9 (*Substitution and Variation of Notes*) provides that, in certain circumstances, the Issuer may substitute all (but not some only) of the Notes or vary the terms of the Notes without any requirement for the consent or approval of the Holders. Depending on their terms, certain substitutions or variations may be treated for U.S. federal income tax purposes as a deemed disposition of such Notes by a U.S. Holder in exchange for new notes issued by the Issuer. As a result of this deemed disposition, among other things, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new notes (as determined for U.S. federal income tax purposes) and the U.S. Holder's tax basis in such Notes, and the deemed new notes may be treated as issued with OID. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a substitution or variation of the terms of the Notes.

Other Notes

A description of the principal U.S. federal income tax considerations relevant to U.S. Holders of any other type of Note that the Issuer may issue under the Program will be set forth, if required, in the relevant Pricing Supplement or a supplement to this Base Information Memorandum.

Reportable Transaction Reporting

Under certain U.S. Treasury Regulations, U.S. Holders that participate in "reportable transactions" (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. A reportable transaction includes transactions involving foreign currency losses exceeding a statutory amount. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any non-U.S. currency received as interest or as proceeds from the sale or other disposition of the Notes.

Foreign Financial Asset Reporting

Individuals and certain domestic entities closely held by individuals that hold an interest in a "specified foreign financial asset" are required to attach certain information regarding such assets to their income tax return for any year in which the aggregate value of all such assets exceeds the relevant threshold. A "specified foreign financial asset" includes any depository or custodial accounts at an FFI, and to the extent not held in an account at a financial institution, (i) stocks or securities issued by non-U.S. persons; (ii) any financial instrument or contract held for investment that has an issuer or counterparty which is not a U.S. person; and (iii) any interest in a non-U.S. entity. Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets. U.S. Holders are advised to consult their tax advisors regarding the potential reporting requirements that may be imposed on them by this legislation with respect to their ownership of the Notes.

Occurrence of a Benchmark Event

If the Issuer determines that a Benchmark Event has occurred when any Rate of Interest (or any component part thereof) on any Notes remains to be determined by reference to certain interbank offered floating rates (including EURIBOR and any other interbank offered rate), the Rate of Interest on any such Notes will be determined on the basis of a Successor Reference Rate or Alternative Reference Rate. It is possible that such replacement of an Original Reference Rate with a Replacement Reference Rate could be treated as a significant modification of such Notes for U.S. federal income tax purposes. In such event, for U.S. federal income tax purposes, such Notes would be treated as having been exchanged for new Notes (a "**deemed exchange**") and a U.S. Holder could be required to recognize taxable gain or loss with respect to such Notes as a result of the deemed exchange. In addition, such deemed exchange may affect the calculation of OID with respect to such Notes. U.S. Holders should consult their own tax advisers in this regard.

Recently released proposed Treasury regulations describe circumstances under which the replacement of a Reference Rate based on an interbank offered rate would not be treated as a deemed exchange, provided certain conditions are met. Moreover, the IRS has issued guidance that sets forth certain safe harbors pursuant to which replacing a Reference Rate based on an interbank offered rate with a Replacement Reference Rate would not result in a deemed exchange. It cannot be determined at this time whether the Treasury regulations on this issue will contain the same standards as the proposed Treasury regulations or the IRS guidance, and whether a replacement of a Reference Rate will result in a deemed exchange of the Notes for U.S. federal income tax purposes.

Non-U.S. Holders

Under U.S. federal income tax law currently in effect, subject to the discussion under "*—U.S. Backup Withholding and Information Reporting*" below and the discussion under "*Risk Factors—Risks Related to the Notes Generally—Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act*," payments of interest (including OID) on a Note to a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless the income is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and, if an income tax treaty applies, unless the income is attributable to a Non-U.S. Holder's permanent establishment in the United States).

Subject to the discussion under "*—U.S. Backup Withholding and Information Reporting*" below, any gain realized by a Non-U.S. Holder upon the sale, exchange or retirement of a Note generally will not be subject to U.S. federal income tax, unless (i) the gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and, if an income tax treaty applies, unless the income is attributable to a Non-U.S. Holder's permanent establishment in the United States) or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

U.S. Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments of principal of, and interest on, Notes and to proceeds of the sale or redemption of Notes made within the United States or through certain U.S. or U.S.-related brokers, to certain Holders of Notes. The payor will be required to backup withhold on such payments to a Holder of a Note that is a U.S. person, other than an "exempt recipient," if the Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments of principal and interest to a Holder of a Note that is not a U.S. person will not be subject to backup withholding and information reporting requirements if an appropriate certification is provided by the Holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect. The backup withholding rate is currently 24 percent. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holders U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

The Proposed EU Financial Transaction Tax ("FTT")

On February 14, 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**"). Estonia has since officially announced its withdrawal from the negotiations. The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

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 Notes 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.

In December 2019, the German Federal Minister of Finance presented his European counterparts with a first draft bill on the FTT. This draft bill initially provides for a tax on share purchases in ten Member States.

In the program for its presidency of the Council of the European Union, for the six months commencing July 1, 2020, the German government stated its commitment to introducing a "European level" FTT. In addition, the European Parliament held discussions in September 2020 regarding the inclusion of the FTT as a new revenue stream in its long-term budget.

In seeking to move an EU-wide FTT forward, in February 2021, the Portuguese presidency of the Council of the European Union proposed an inclusive discussion amongst Member States to consult on tax design issues of the FTT.

The FTT proposal remains subject to negotiation between the participating Member States, and may therefore be altered prior to implementation; the timing of which remains unclear. Therefore, the scope of any such tax is uncertain. Additional Member States may decide to participate and/or certain of the participating Member States may withdraw. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

CERTAIN ERISA CONSIDERATIONS

ERISA and Section 4975 of Code, impose certain requirements on (a) employee benefit plans subject to Title I of ERISA, (b) individual retirement accounts, Keogh plans or other arrangements subject to Section 4975 of the Code, (c) entities whose underlying assets include "plan assets" by reason of any such plan's or arrangement's investment therein (the foregoing shall be collectively referred to as "**Plans**") and (d) persons who are fiduciaries with respect to Plans. In addition, certain governmental, church and non-U.S. plans ("**Non-ERISA Arrangements**") are not subject to Section 406 of ERISA or Section 4975 of the Code, but may be subject to similar provisions under applicable federal, state, local, foreign or other regulations, rules or laws ("**Similar Laws**").

In addition to ERISA's general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, that is, "parties in interest" as defined in ERISA or "disqualified persons" as defined in Section 4975 of the Code (collectively, the foregoing shall be referred to as "**parties in interest**") unless exemptive relief is available under an exemption issued by the U.S. Department of Labor. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. The Bank and its current and future affiliates may be parties in interest with respect to many Plans. Thus, a Plan fiduciary considering an investment in the Notes should also consider whether such an investment might constitute or give rise to a prohibited transaction under ERISA or Section 4975 of the Code. For example, the Notes may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between the Bank and an investing Plan which would be prohibited if the Bank was a party in interest with respect to the Plan unless exemptive relief were available under an applicable exemption.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase Notes, should consider the exemptive relief available under the following prohibited transaction class exemptions, or PTCEs: (A) the in-house asset manager exemption (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption (PTCE 84-14). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than adequate consideration in connection with the transaction (the so-called "**service provider exemption**"). There can be no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the Notes.

Unless otherwise specified in the applicable Pricing Supplement, each purchaser or holder of a security, and each fiduciary who causes any entity to purchase or hold a Note, shall be deemed to have represented and warranted, on each day such purchaser or holder holds such Notes, that either (i) it is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing or holding Notes on behalf of or with the assets of any Plan or Non-ERISA arrangement; or (ii) its purchase, holding and subsequent disposition of such Notes shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any applicable provision of Similar Law.

Each Plan who purchases the Notes, or any interest therein, including any fiduciary purchasing or holding the Notes (or any interest therein) on behalf of a Plan ("**Plan Fiduciary**"), will be deemed to have represented and agreed that (i) none of the Issuer, the Arranger, the Dealers, the Listing Agent and Fiscal Agent, nor any of their affiliates, has provided, and none of them will provide, any investment advice to it or to any fiduciary or other person investing the assets of the Plan in connection with its decision to invest in the Notes, and none of them is otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or the Plan Fiduciary in connection with the Plan's acquisition of the Notes; and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Notes.

The Bank intends to treat the Notes as indebtedness without any substantial equity features for purposes of applying ERISA or Section 4975 of the Code. If a Plan owns an equity interest in an entity or indebtedness having substantial equity features issued by an entity, the "plan assets" of such Plan may include an undivided portion of the entity's underlying assets to which such equity interest or indebtedness relates, in addition to such equity interest or indebtedness, unless an exception to such "look through" treatment under ERISA applies. There is an exception for an "operating company," which includes a company primarily engaged directly or through majority-owned subsidiaries in the production or sale of products or services (other than the investment of capital). There is little guidance as to what activities constitute the "investment of capital" so as to cause a company to be ineligible to be treated as an "operating company." The Bank considers itself to qualify, and intends to operate itself so as to continue to qualify, as an "operating company" under ERISA, although no assurances are provided that such determination will be respected or the Bank's qualification might not change based on its then-current activities. In the unlikely event that the "look through" treatment under ERISA were to apply to the Bank, the application of ERISA or Section 4975 of the Code to the Bank's underlying assets and activities could materially and adversely affect its operations. In addition, under such circumstances, Plan Fiduciaries who decide to acquire the Notes could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Notes or as co-fiduciaries for actions taken by or on behalf of the Bank.

The Notes are contractual financial instruments. The financial exposure provided by the Notes is not and is not intended to be a substitute or proxy for individualized investment management or advice for the benefit of any purchaser or holder of any Notes. The Notes have not been designed and will not be administered in a manner intended to reflect the individualized needs or objectives of any purchaser or holder of any Notes.

Each purchaser or holder of any Notes acknowledges and agrees that:

(i) the purchaser, holder or purchaser or holder's fiduciary has made and will make all investment decisions for the purchaser or holder, and the purchaser or holder has not and will not rely in any way upon the Issuer or its affiliates to act as a fiduciary or advisor of the purchaser or holder with respect to (A) the design and terms of the Notes, (B) the purchaser or holder's investment in the Notes, or (C) the exercise, or failure to exercise, any rights that the Issuer or its affiliates or the purchaser or holder may have under or with respect to the Notes;

(ii) the Issuer and its affiliates have acted and will act solely for their own account in connection with (A) all transactions relating to the Notes and (B) all hedging transactions in connection with their obligations under the Notes;

(iii) any and all assets and positions relating to hedging transactions by the Issuer or its affiliates are assets and positions of those entities and are not assets and positions held for the benefit of any purchaser or holder;

(iv) the interests of the Issuer and its affiliates may be adverse to the interests of any purchaser or holder; and

(v) neither the Issuer nor any of its affiliates are fiduciaries or advisors of the purchaser or holder in connection with any such assets, positions or transactions, and any information that the Issuer or any of its affiliates may provide is not intended to be impartial investment advice.

Each purchaser of a Note will have exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of such Note does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any applicable Similar Laws. Nothing herein shall be construed as a representation that an investment in the Notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

Fiduciaries of any Plans and Non-ERISA Arrangements should consult their own legal counsel before purchasing the Notes. Neither this discussion nor anything in this Base Information Memorandum is or is intended to be investment advice directed at any potential purchaser that is a Plan or Non-ERISA Arrangement, or at such purchasers generally.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Notes will be passed upon for the Bank by White & Case LLP as to English law and United States federal law. Certain legal matters in connection with the offering of the Notes will be passed upon for the Arranger and the Dealers by Davis Polk & Wardwell London LLP as to English law and United States federal law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Group as at and for the years ended December 31, 2020 and 2019, have been audited by Deloitte, as stated in their reports incorporated by reference into this Base Information Memorandum.

ADDITIONAL INFORMATION

Name, Registered Office and Date of Registration

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

Telephone: +45 33 44 00 00

The Issuer is a commercial bank with limited liability, duly registered on October 5, 1871, in Denmark. The Legal Entity Identifier (LEI) for the Issuer is MAES062Z21O4RZ2U7M96.

Registration

The Issuer is registered with the Danish Business Authority under Danish corporate registration number 61126228.

Objectives

According to Article 2.1 of the Articles of Association, the objectives of the Issuer are to conduct banking business of every nature, as well as other kinds of business permitted under Danish law.

Financial Year and Financial Reporting

The financial year of the Issuer runs from January 1 to December 31.

The Issuer publishes quarterly interim financial statements.

Auditors

The Group's current auditors elected at the most recent annual General Meeting of the Issuer held on March 16, 2021, are, and the Consolidated Financial Statements have been audited by:

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S
Denmark.

Admission to Listing and Trading

Application has been made for this Base Information Memorandum to be approved by Euronext Dublin and for the Notes to be issued under the Program to be admitted to the Official List and to trading on the Global Exchange Market.

However, Notes may be issued pursuant to the Program which will not be admitted to listing on the Official List of Euronext Dublin and admitted to trading and/or quotation by the Global Exchange Market 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.

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 Notes and is not itself seeking admission of the Notes to trading on the Global Exchange Market.

Authorizations

The establishment of the Program was authorized by a resolution of the Board of Directors of the Issuer passed on September 11, 2008. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorizations in connection with the issue and performance of the Notes.

Material Adverse Change and Significant Change

(i) Save for as described in "*Risk Factors—Risks Related to the Markets in which the Group Operates—COVID-19 outbreak could continue to have a material adverse effect on the Group's business, results of operations and financial position*," there has been no significant change in the financial or trading position of the Issuer or of the Issuer and its subsidiaries taken as a whole since June 30, 2021, the last day of the financial period in respect of which the most recent financial statements of the Issuer have been prepared; and

(ii) save for as described in "*Risk Factors—Risks Related to the Markets in which the Group Operates—COVID-19 outbreak could continue to have a material adverse effect on the Group's business, results of operations and financial position*" and the investigations regarding the terminated non-resident customer portfolio at the Bank's Estonian branch described under "*Description of the Group—Legal and Arbitration Proceedings*," there has been no material adverse change in the prospects of the Issuer since December 31, 2020, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer have been prepared.

Registered Office of the Issuer

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Citigroup Global Markets Inc.
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Credit Suisse Securities (USA) LLC
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