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 prospectus dated May 23, 2018 (the "**Base Prospectus**") following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Base Prospectus. In accessing the Base Prospectus, 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 Prospectus) and the Dealers (as defined in the Base Prospectus) 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 PROSPECTUS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES 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 PROSPECTUS 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 PROSPECTUS.

Confirmation of your representation: In order to be eligible to view the attached Base Prospectus 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 Prospectus is being provided to you at your request, and by accessing the attached Base Prospectus 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 Prospectus 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 Prospectus by electronic transmission.

You are reminded that the attached Base Prospectus has been provided to you on the basis that you are a person into whose possession the Base Prospectus 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 Prospectus 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 Prospectus 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 Prospectus or any of its contents.

PROFESSIONAL INVESTORS ONLY / NO PRIIPS KID – Manufacturer target market (MiFID II (as defined in the Base Prospectus) product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document ("**KID**") has been prepared as the Notes are not available to retail in EEA (as defined in the Base Prospectus).

The attached Base Prospectus 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 Prospectus provided to you in electronic format and a hard copy version that may be available to you on request from the Dealers.

BASE PROSPECTUS

Danske Bank

U.S.$ 15,000,000,000
U.S. Medium-Term Note Program

Under the U.S. Medium-Term Note Program (the "**Program**") described in this base prospectus (the "**Base Prospectus**"), 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.$ 15,000,000,000 (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 Final Terms (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 Final Terms. Any Notes issued under the Program on or after the date of this Base Prospectus are issued subject to the provisions described herein (as such Base Prospectus 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 Prospectus 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.

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive (as defined below). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") and/or which are to be offered to the public in any Member State of the European Economic Area (each, a "**Member State**"). This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and has been prepared for the purpose of giving information with regard to the issue of Notes under the Program during the period of twelve months from the date of its publication.

Application has been made to The Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for Notes issued under the Program to be admitted to the Official List (the "**Official List**") of Euronext Dublin and trading on its regulated market. References in this Base Prospectus to Notes being "listed" (and all related references) on Euronext Dublin shall mean that such Notes have been admitted to the Official List of Euronext Dublin and to trading on its regulated market. The regulated market of Euronext Dublin is a regulated market for the purposes of MiFID II. 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 Final Terms 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 regulated market of Euronext Dublin or are unlisted or are admitted to listing, trading and/or quotation by any other stock exchange, listing authority and/or quotation system.

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*" and "*Important Information—PRIIPs / IMPORTANT – EEA Retail Investors*."

Arranger for the Program

BofA Merrill Lynch

Dealers

BNP PARIBAS	**BofA Merrill Lynch**	**Citigroup**
Credit Suisse	**Danske Bank**	**Goldman Sachs & Co. LLC**
HSBC	**J.P. Morgan**	**Morgan Stanley**
UBS Investment Bank	**Wells Fargo Securities**	

The date of this Base Prospectus is May 23, 2018.

IMPORTANT INFORMATION

The Bank accepts responsibility for the information contained in this Base Prospectus and the Final Terms 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. References herein to this "**Base Prospectus**" are to this document, as supplemented from time to time including the documents incorporated by reference into this Base Prospectus.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus, 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 Prospectus nor any Final Terms 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. This Base Prospectus may only be used for the purposes for which it has been published. Persons into whose possession this Base Prospectus or the Notes may come must inform themselves about, and observe any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus 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 Final Terms. 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 Final Terms. 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 unless the rating is provided by a credit rating agency operating in the EU before June 7, 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. A list of registered credit rating agencies is available on the European Securities and Markets Authority ("**ESMA**") website at *www.esma.europa.eu/page/List-registered-and-certified-CRAs* (list last updated on May 1, 2018).

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 Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms 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) (the "**Stabilizing Manager(s)**") (or any person acting on behalf of any Stabilizing Manager(s)) in the relevant Final Terms 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, there is no assurance that the Stabilizing Manager(s) (or any person acting on behalf of any Stabilizing Manager) will undertake stabilization action. 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 be ended 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 any person acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws, regulations and rules.

MiFID II Product Governance/Target Market – The relevant Final Terms in respect of any Notes will 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.

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 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 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. 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 European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

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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 Prospectus, including the Group's consolidated financial statements incorporated by reference into this Base Prospectus. 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 Prospectus as a whole together with the relevant Final Terms. Certain terms used in this overview are defined elsewhere in this Base Prospectus, including under "Terms and Conditions of the Notes."

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 (defined as deposits, issued bonds, subordinated debt and shareholders' equity) as at September 30, 2017, and one of the largest in the Nordic region measured by total assets as at March 31, 2018. 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 March 31, 2018, the Group's total assets amounted to DKK 3,539 billion and the Group employed 19,709 full-time equivalent employees. As at the same date, the Group had approximately 3.4 million customers and approximately 2.2 million customers used the Group's online services. The Group had 251 branches as at March 31, 2018.

The Bank is the parent company of the Group. Danske Bank is a Nordic universal bank with strong local roots and 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 personal customers and businesses to large institutional clients. It also operates in Northern Ireland, where it serves both personal and business customers. The Group has additional offices in several other European countries including a subsidiary in Luxembourg and branch offices in Poland, Germany and the United Kingdom (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, activities in the Baltic countries serving Nordic companies and global corporates with a significant Nordic footprint and has a subsidiary in Russia serving Nordic corporate banking customers.

Group Strategy

As of May 2, 2018, the Group has a new strategy called "Nordic Integrator." Integration will be key to realizing the Group's vision of being recognized as the most trusted financial partner. The new strategy is not a change of direction, but a natural next step. It builds on the Group's current strongholds and raises the bar for the role the Group wants to play and the values it wants to create.

Being the Nordic Integrator means that the Group will seek to integrate further on three different levels. Firstly, the Group will integrate with its customers moving even closer to them and become an integral part of their lives or business. Secondly, the Group will integrate internally by moving closer together, breaking down the silos to organize around customers and work together as one Danske Bank. Thirdly, the Group will integrate closer with the societies it is a part of by stepping up its commitment to make a positive impact.

Recent Developments

Decision from the DFSA Regarding the Group's Management and Governance in Relation to the AML Matter Concerning its Branch in Estonia

The DFSA has assessed the role of the Group's management and senior employees in the anti-money laundering ("**AML**") matter relating to the now closed-down non-resident portfolio 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 stated that it had uncovered serious weaknesses in the Group's governance in a number of areas, and contains criticism of the Group's governance, internal controls and responses. In its decision document dated May 3, 2018, the DFSA imposed on the Bank eight orders and eight reprimands, as further discussed under "*Description of the Group—Legal and Arbitration Proceedings*." The Group has taken note of the orders and reprimands. In addition to the initiatives already taken in recent years, the Group will now launch further measures to ensure that it complies with all orders. The Board of Directors of the Bank (the "**Board of Directors**" or the "**Board**") and the Bank's executive board (the "**Executive Board**") must submit a written report to the DFSA by June 30, 2018 stating how the Group has ensured compliance with the orders. The DFSA did not assess compliance with rules on measures to prevent money laundering (AML measures) as, pursuant to EU regulation, the Estonian Financial Supervision Authority (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 risk exposure amount ("**REA**") as at December 31, 2017. An add-on of DKK 5 billion would have increased the Group's solvency need from 10.5 percent to 11.2 percent as at March 31, 2018. As at March 31, 2018, the Group's total capital ratio was 21.4 percent.

The Group had earlier concluded that, in the period from 2007 to 2015, it was not sufficiently effective in preventing the branch in Estonia from potentially being used for money laundering and that this was due to critical deficiencies in governance and controls. As a result, comprehensive investigations into conditions at the Estonian branch during the period in question were launched in the autumn of 2017. The investigations focus on two separate things: A thorough review of customers and transactions during the period, and an examination of the course of events, including whether managers and employees lived up to their responsibilities to a sufficient degree from a governance perspective. The investigations are expected to be completed in September 2018 at the latest.

The non-resident portfolio in Estonia, to which the problems relate, has been closed down, and in recent years, the Group has made significant investments in compliance activities. Moreover, after the organizational changes announced on April 6, 2018, the compliance unit reports directly to the CEO.

For additional information, see "*Description of the Group—Legal and Arbitration Proceedings*."

Changes to the Group's Organization

In April 2018, the Bank announced changes to its organization effective as of May 2, 2018 in order to move the Group closer to its customers and strengthen its business development activities. Personal Banking and Business Banking, which had operated as separate business units, were merged into country organizations within two new units: Banking DK and Banking Nordic (Norway, Sweden and Finland). The Corporates & Institutions business unit ("**C&I**") and the Wealth Management business unit maintain their global organizations. In order to strengthen its business development activities, the Group gathered all development and strategy competencies in a new unit called Group Development.

Business Review Baltics

In April 2018, the Group announced that, as of April 1, 2018, it had decided to reposition its business activities in the Baltic countries to focus exclusively on supporting subsidiaries of Nordic customers and global corporates with a significant Nordic footprint. All other local Baltic customers, which are primarily customers of the former Business Banking business unit, will be transferred to the Non-core business unit. As at March 31, 2018, the lending volume to be transferred from Business Banking to Non-core totaled DKK 13 billion.

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 Executive Board 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 Prospectus 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 Prospectus. 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:

- The weak economic recovery or 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 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 four 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 the financial crisis, 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.
- Operational 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 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 faces increased capital and liquidity requirements as a result 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.
- The Group will have to pay additional amounts under deposit guarantee schemes or resolution funds.
- 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, LIBOR or EURIBOR) may adversely affect the value of Floating Rate Notes that are linked to or which reference any such benchmark rate.
- 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.
- 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.
- The Notes may be issued at a substantial discount or premium.
- The Notes may be subject to changes in interest rate, which could affect the value of the Notes.
- Holders of the Issuer's covered bonds will have priority over Holders upon bankruptcy of the Issuer.
- Credit ratings may not reflect all risks.
- 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.

Risks related to the structure of a particular issue of Notes include, but are not limited to the following:

- Following the occurrence of a Permitted Status Legislation Change, the Non-Preferred Senior Notes rank junior to the Issuer's other unsubordinated creditors.
- Substitution and variation of Non-Preferred Senior Notes without Holder consent.
- There are no events of default and limited enforcement events in relation to Non-Preferred Senior Notes.
- The qualification of the Non-Preferred Senior Notes as "eligible liabilities" is subject to uncertainty.
- The Danish implementation of Directive 2017/2399/EU has not yet been passed by the Danish Parliament.
- No right of set-off or counterclaim.

Summary Consolidated Financial Information and Other Data

The consolidated income statement and balance sheet data presented below have been derived from (i) the unaudited consolidated interim financial statements of the Group as at and for the three months ended March 31, 2018, together with comparative figures as at and for the three months ended March 31, 2017 (the "**Interim Financial Statements**"); (ii) the audited consolidated financial statements of the Group as at and for the year ended December 31, 2017, together with comparative figures as at and for the year ended December 31, 2016 (the "**2017 Financial Statements**"); and (iii) the audited consolidated financial statements of the Group as at and for the year ended December 31, 2016, together with comparative figures as at and for the year ended December 31, 2015 (the "**2016 Financial Statements**," and together with the 2017 Financial Statements, the "**Full-year Financial Statements**"). The Interim Financial Statements and the Full-year Financial Statements are together referred to in this Base Prospectus as 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 Prospectus. The consolidated interim financial statements of the Group as at and for the three months ended March 31, 2018 have been reviewed by Deloitte Statsautoriseret Revisionspartnerselskab ("**Deloitte**") and the consolidated financial statements of the Group as at and for the years ended December 31, 2017 and 2016 have been audited by Deloitte. The reports of Deloitte on the respective consolidated financial statements are incorporated by reference into this Base Prospectus.

The following information is based on the financial highlights presentation used by the Group when presenting such information in its annual and interim 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 note 3 to the Interim Financial Statements and notes 1(c) and 3 to the Full-year Financial Statements incorporated by reference into this Base Prospectus 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 Prospectus 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*."

	For the three months ended March 31,		For the year ended December 31,		
	2018	2017 (restated)(1)	2017 (not restated)(1)	2016	2015 (restated)(2)
			(DKK in millions)		
INCOME STATEMENT DATA					
Net interest income*	5,946	5,866	23,430	22,028	21,402
Net fee income*	3,762	3,928	15,304	14,183	15,018
Net trading income*	1,435	2,500	7,823	8,607	6,848
Other income*	309	356	1,591	3,140	2,343
Total income*	11,452	12,649	48,149	47,959	45,611
Operating expenses*	(5,612)	(5,724)	(22,722)	(22,642)	(23,237)
Goodwill impairment charges	–	–	–	–	(4,601)(3)
Profit before loan impairment charges*	5,841	6,925	25,427	25,317	17,773
Loan impairment charges*	330	235	(873)	3	(57)
Profit before tax, core*	6,171	7,160	26,300	25,320	17,716
Profit before tax, Non-core*	32	(19)	(12)	37	46
Profit before tax	6,202	7,140	26,288	25,357	17,762
Tax	(1,329)	(1,610)	(5,388)	(5,500)	(4,639)
Net profit for the period*	4,873	5,530	20,900	19,858	13,123
Net profit for the period before goodwill impairment charges*	4,873	5,530	20,900	19,858	17,724
Attributable to additional tier 1 etc.	194	194	786	663	607

	As at March 31, 2018	As at December 31, 2017	2016	2015 (restated)[2]
		(DKK in millions)		
BALANCE SHEET DATA				
Assets				
Due from credit institutions and central banks*	259,510	277,631	200,544	75,221
Repo loans	267,075	228,538	244,474	216,303
Loans*	1,736,524	1,723,025	1,689,155	1,609,384
Trading portfolio assets	466,739	449,292	509,678	547,019
Investment securities	281,317	324,618	343,337	343,304
Assets under insurance contracts	284,603	296,867	285,398	265,572
Total assets in Non-core*	4,849	4,886	19,039	27,645
Other assets*	237,939	234,672	192,046	208,431
Total assets	3,538,555	3,539,528	3,483,670	3,292,878
Liabilities				
Due to credit institutions and central banks*	157,088	155,528	155,085	137,068
Repo deposits	235,903	220,371	199,724	177,456
Deposits*	939,988	911,852	859,435	816,762
Bonds issued by Realkredit Danmark	753,664	758,375	726,732	694,519
Other issued bonds	388,115	405,080	392,512	363,931
Trading portfolio liabilities	385,635	400,596	478,301	471,131
Liabilities under insurance contracts	314,585	322,726	314,977	285,030
Total liabilities in Non-core*	3,078	3,094	2,816	5,520
Other liabilities*	172,021	164,531	149,641	140,640
Subordinated debt	28,840	29,120	37,831	39,991
Additional tier 1 etc.	14,462	14,339	14,343	11,317
Shareholders' equity	145,175	153,917	152,272	149,513
Total liabilities and equity	3,538,555	3,539,528	3,483,670	3,292,878

	For the three months ended March 31, 2018	2017 (restated)[1]	For the year ended December 31, 2017 (not restated)[1]	2016	2015 (restated)[2]
			(DKK in millions)		
Ratios and Key Figures					
Earnings per share,[4] DKK	5.3	5.8	22.2	20.2	12.8
Return on average shareholders' equity,[5] percent	12.6	14.4	13.6	13.1	8.5
Return before goodwill impairment charges on average shareholders' equity, percent[6]	12.6	14.4	13.6	13.1	11.6
Return on average tangible equity,[7] percent	12.9	15.4	14.6	14.0	12.9
Net interest income as percent per annum of loans and deposits[8]	0.89	0.91	0.89	0.86	0.88
Cost/income ratio,[9] percent	49.0	45.3	47.2	47.2	61.0
Cost/income ratio before goodwill impairment charges,[10] percent	49.0	45.3	47.2	47.2	50.9
Total capital ratio,[11] percent	21.4	20.4	22.6	21.8	21.0
Common equity tier 1 capital ratio,[12] percent	16.4	15.5	17.6	16.3	16.1
Full-time-equivalent staff (end of year)	19,709	19,316	19,768	19,303	19,049

* The tables above are based on the financial highlights presentation used by the Group when presenting such information in its annual and interim 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 note 3 to the Interim Financial Statements and notes 1(c) and 3 to the Full-year Financial Statements incorporated by reference into this Base Prospectus 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—Three Months Ended March 31, 2018*," the Group has restated the comparative financial highlights for the three months ended March 31, 2017 and for the year ended December 31, 2017 in the Group's Interim report – first quarter 2018. The above tables reflect the restated figures for the three months ended March 31, 2017 and the non-restated figures for the year ended December 31, 2017.

(2) 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, 2016*," the Group has restated the comparative

financial highlights and business segment figures as at and for the year ended December 31, 2015 in the Group's Annual Report 2016. The above tables reflect the restated figures.

(3) Goodwill impairment charges for the year ended December 31, 2015 included impairment charges of DKK 4,117 million on goodwill and DKK 484 million on customer relations.

(4) Net profit for the period* (annualized for the three months ended March 31, 2018 and 2017) divided by the average number of shares outstanding during the year. Net profit for the period* is stated after the deduction of interest net of tax on equity-accounted additional tier 1 capital.

(5) Net profit for the period* (annualized for the three months ended March 31, 2018 and 2017) divided by quarterly average shareholders' equity. Net profit for the period* 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 194 million (including tax thereon) for the first three months of 2018, DKK 194 million for the first three months of 2017, DKK 786 million for 2017, DKK 663 million for 2016 and DKK 607 million for 2015, 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 14,401 million for the first three months of 2018, DKK 14,366 million for the first three months of 2017, DKK 14,375 million for 2017, DKK 11,758 million for 2016 and DKK 10,677 million for 2015.

(6) Net profit for the period before goodwill impairment charges* (annualized for the three months ended March 31, 2018 and 2017) divided by quarterly average shareholders' equity. Net profit for the period before goodwill impairment charges* 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 194 million (including tax thereon) for the first three months of 2018, DKK 194 million for the first three months of 2017, DKK 786 million for 2017, DKK 663 million for 2016 and DKK 607 million for 2015, 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 14,401 million for the first three months of 2018, DKK 14,366 million for the first three months of 2017, DKK 14,375 million for 2017, DKK 11,758 million for 2016 and DKK 10,677 million for 2015.

(7) Net profit for the period* adjusted for amortization of intangible assets (annualized for the three months ended March 31, 2018 and 2017) divided by quarterly average shareholders' equity reduced by intangible assets. Net profit for the period* 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 194 million (including tax thereon) for the first three months of 2018, DKK 194 million for the first three months of 2017, DKK 786 million for 2017, DKK 663 million for 2016 and DKK 607 million for 2015, 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 14,401 million for the first three months of 2018, DKK 14,366 million for the first three months of 2017, DKK 14,375 million for 2017, DKK 11,758 million for 2016 and DKK 10,677 million for 2015.

(8) Net interest income* divided by the sum of loans* and deposits*.

(9) Operating expenses* and goodwill impairment charges* divided by total income*.

(10) Operating expenses* (excluding goodwill impairment charges*) divided by total income*.

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

(12) 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.

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 Prospectus. Terms not defined in this section are defined elsewhere in this Base Prospectus.

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.$ 15,000,000,000 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....................................	Merrill Lynch, Pierce, Fenner & Smith Incorporated.
Dealers.......................................	BNP Paribas Securities Corp. Citigroup Global Markets Inc. Credit Suisse Securities (USA) LLC Danske Bank A/S Goldman Sachs & Co. LLC HSBC Securities (USA) Inc. J.P. Morgan Securities LLC Merrill Lynch, Pierce, Fenner & Smith Incorporated Morgan Stanley & Co. LLC UBS Securities LLC Wells Fargo 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.................................	Any currency agreed between the Issuer and the relevant Dealer(s), subject to any applicable legal or regulatory restrictions.
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 Final Terms.
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 Prospectus, 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 Final Terms.

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.

Following the occurrence of a Permitted Status Legislation Change, Non-Preferred Senior Notes are intended to constitute MREL/TLAC Eligible Liabilities and Non-Preferred Senior Liabilities.

Unless a Permitted Status Legislation Change has occurred, Non-Preferred Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank:

(a) *pari passu* without any preference among themselves; and

(b) 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 Non-Preferred Senior Notes).

Following the occurrence of a Permitted Status Legislation Change, the Non-Preferred Senior Notes will at all times rank (to the extent permitted by the Non-Preferred Senior Amendment Legislation):

(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, 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**"). 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 basis of calculating interest may change between the issue date and the maturity date of the relevant Series.
Interest Payments.....................	Interest may be paid monthly, quarterly, semi-annually, annually or at such other intervals as are specified in the relevant Final Terms.
Redemption...............................	The Final Terms will specify the scheduled maturity date for the Notes. The Final Terms will indicate whether Notes may be redeemed early (other than for taxation reasons or following an Event of Default) at the option of the Issuer and/or the Holders on a date or dates specified and at a price or prices and on such terms as are specified in the relevant Final Terms.
Redemption upon the occurrence of a MREL/TLAC Disqualification Event............	In the case of Non-Preferred Senior Notes and subject to the provisions of Condition 9.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*), if the MREL/TLAC Disqualification Event Redemption Option is specified in the relevant Final Terms as being applicable, early redemption will be permitted at the option of the Issuer upon the occurrence of a MREL/TLAC Disqualification Event as described in Condition 9.3 (*Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event*).
Substitution and variation of Non-Preferred Senior Notes..	In the case of Non-Preferred Senior Notes and if the MREL/TLAC Disqualification Event Substitution/Variation Option is specified in the relevant Final Terms as being applicable, if a MREL/TLAC Disqualification Event has occurred and is continuing, 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 Non-Preferred Senior Notes. See Condition 9.10 (*Substitution and Variation of Non-Preferred Senior 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.
Taxation	For certain Danish and U.S. tax considerations, see "*Taxation*."
Events of Default in relation to Preferred Senior Notes	The events or circumstances described in Condition 12 (*Events of Default*) of the Terms and Conditions of the Notes (the "**Conditions**") shall be acceleration events in relation to the Notes of any Series of Notes.
Enforcement Events in relation to Non-Preferred Senior Notes..	In relation to Non-Preferred Senior 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.
Negative Pledge.........................	None.

Cross Default	None.
Listing and Admission to Trading	Each Series of Notes may be listed on Euronext Dublin and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer(s) and specified in the relevant Final Terms or 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 9.2 (*Early Redemption Following a Tax Event*), Condition 9.3 (*Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event*) and Condition 13 (*Enforcement Events*), 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 (including 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 has been rated by the following rating agencies: Standard & Poor's Credit Market Services Europe Limited or successors thereto ("**S&P**"), Fitch Ratings Ltd or successors thereto ("**Fitch**") and Moody's Investors Service Limited or successors thereto ("**Moody's**"). 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. Series of Notes issued under the Program may be rated or unrated. Where a Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Program, and will be specified in the relevant Final Terms. 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.

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 Prospectus, 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 Prospectus 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 Prospectus. 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.

Risks Related to the Markets in which the Group Operates

The weak economic recovery or 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. In 2015, the general economic conditions were mixed in the Nordic region. The Swedish economy performed the best with solid growth rates. Denmark also moved in the right direction although the economic recovery in Denmark remained fragile, as Denmark experienced close to no growth in the second and third quarters and negative growth in the fourth quarter of 2015. During the same period, the Finnish economy stopped contracting. The Norwegian mainland economy slowed further due to spillover effects from lower oil prices. GDP growth in Denmark picked up in 2016, particularly driven by exports and investments. GDP growth in Sweden slowed as investment growth declined, and falling oil investment kept growth in Norway low. Across the Nordic countries, growth has been sustained by increasing private consumption. In Denmark, Sweden and Finland, real wages have grown due to low inflation, and employment has increased. Norway has experienced higher inflation following the depreciation of the Norwegian Kroner, but household finances have been supported by increasing house prices. The economic recovery continued across the Nordic countries in 2017. In Denmark, it was driven mainly by strong employment growth, although exports and private consumption were weaker than expected. During 2017, house prices began to decline first in Norway and then in Sweden after several years of rapid growth. In Norway, there were signs of stabilization, primarily due to a better balance between supply and demand. In Sweden, price decreases were more significant and prices have continued to fall in the first quarter of 2018, which could negatively affect private consumption in 2018. In the beginning of 2018, the Danish economy was fairly weak, as both private consumption and exports continued to be weak. A stronger Danish Kroner may be the reason for part of the latter, but the growth in the most important export markets, increasing real incomes and a strong housing market may lead to an improvement during the year. As Nordic countries are small, open economies, they are sensitive to disruptions in the global economy or the free flow of goods and services. Very 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 quantitative easing and 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 general theme in 2016 was tighter spreads, interrupted briefly by heightened volatility surrounding the major political events of the year: the U.K. referendum on June 23, 2016 in which a majority voted to leave the EU ("**Brexit**"), the U.S. presidential election and the Italian referendum on constitutional reform. A similar sequence was evident in each instance: spreads widened prior to the results, followed by a tightening, even though the outcomes on each occasion were the opposite of what had been expected and/or considered positive by the markets prior to the results. The ECB's asset purchase program continued to support low yields and tight spreads in the eurozone through 2017 and into 2018. The ECB has indicated that its bond purchase program will continue at least until the end of September 2018 or beyond if necessary. Nonetheless, yields have been rising slowly, reflecting increasing growth and confidence in inflation gradually moving higher. U.S. yields have generally risen since the start of the fourth quarter of 2017, after having trended lower through the first three quarters of 2017. The U.S. tax reform, fiscal spending and a strong outlook for the U.S. economy have led the Federal Reserve to hike the policy rates, and all of these factors have contributed to higher yields. In the first quarter of 2018, there was heightened volatility in markets following, among others, indications of renewed inflationary pressures. Amid this, in the first quarter of 2018, the main global driver was U.S. President Trump's intention to introduce protectionist initiatives, which later turned into a trade dispute between the United States and China. 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 crisis in Eastern Ukraine and the Middle East, tensions on the Korean peninsula and the effects of the recent increase in global oil prices. The global economy also remains sensitive to developments in China, where increasing debt levels give cause for concern.

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.

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 51.9 percent of the Group's total income for the first three months of 2018, as compared to 46.4 percent for the first three months of 2017. Net interest income represented 48.7 percent of the Group's total income in 2017, as compared to 45.9 percent in 2016 and 46.9 percent in 2015. 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**" or the "**Nordic region**") 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**") increased the certificate of deposit rate to negative 0.65 percent in the beginning of 2016 up from negative 0.75 percent between February 6, 2015 and January 7, 2016, which was the lowest level historically. As at the date of this Base Prospectus, the Danish Central Bank lending rate is positive at 0.05 percent, despite the negative deposit rate. 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 in 2015 through the first quarter of 2018 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, and it is difficult for the Group to assess the impact that increases in interest rates will have on the Group's business, results of operations and financial position.

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 466,739 million as at March 31, 2018, DKK 449,292 million as at December 31, 2017, DKK 509,678 million as at December 31, 2016 and DKK 547,019 million as at December 31, 2015. 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. For example, the Group's results of operations for 2016, 2017 and the first three months of 2018 were affected by the movements in the British pound sterling exchange rate, and uncertainty regarding the British pound sterling continues following the Brexit vote. 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. The certificate of deposit rate remains at negative 0.65 percent as at the date of this Base Prospectus. 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, the Group has lost market share in deposits and 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 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 such 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 four 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 interest-only loans and short-term adjustable rate mortgages in Denmark and the high household debt in Denmark and Sweden.

As this credit risk reflects some concentration, particularly to retail customers through the Group's large mortgage portfolio in Denmark, a major part of which are interest-only mortgages that do not amortize, the Group's financial position will be sensitive to a significant deterioration in credit and general economic conditions in Denmark. The interest-only mortgages will be reset and begin amortizing on the dates specified in the respective mortgage agreements. The Group's risk is particularly related to customers' ability to amortize their mortgages when they reset and when loan-to-value ("**LTV**") ratios are high, which provides less collateral coverage. As at December 31, 2017, interest-only mortgages with high LTV ratios (higher than 80 percent) that will reset before December 31, 2020 amounted to DKK 4 billion. 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 is cooling are starting to show in the growth regions, and house prices in Sweden and Norway decreased in 2017. In the Group's agricultural portfolio, market conditions and earnings for pig and milk farmers improved markedly in 2017, with the main drivers behind the market developments being stronger demand from China and the rest of Asia, reduced supply and higher productivity. As a consequence, the Group recognized a net reversal of impairment charges for 2017; however, there can be no assurance that this positive trend will continue. As at December 31, 2017, the Group's gross exposure to the agricultural industry amounted to DKK 65.1 billion. Of this gross exposure, 6.6 percent was non-performing with 90 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 in 2017, and the Group focused on reducing its customers' interest rate sensitivity. The persistently difficult market conditions in the offshore shipping industry continued to affect the portfolio's credit quality, while the "lower for longer" situation in the oil market led to increased impairment charges – especially against a few large customers with oil-related exposures. As at March 31, 2018, the Group's gross exposure to these oil-related activities (mainly oil services and oil majors, which are included in the energy and utilities portfolio) amounted to DKK 14.3 billion. 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. The conflicts in Eastern Ukraine and the Middle East pose potential risks of destabilization in the EU. Within the Group's operating region, Finland and the Baltic countries are exposed to potential spillover effects from any further potential escalation of the Ukrainian conflict, as well as from instability and political uncertainties. 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 expected credit losses inherent in its loan portfolio in accordance with IFRS 9 *Financial Instruments*. 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 expected credit loss. For exposures in stage 1, the impairment amount equals the expected credit loss over a 12-month horizon. For exposures in stage 2, the impairment amount equals the expected credit loss 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. Due to improving economic conditions and improving credit quality over recent periods, the Group's loan impairment charges have been declining. The Group's loan impairment charges amounted to a reversal of DKK 330 million in the first three months of 2018, a reversal of DKK 873 million in 2017 and a reversal of DKK 3 million in 2016 and DKK 57 million in 2015. Despite the net reversals in the first three months of 2018, the allowance account increased due to the implementation of IFRS 9, which led to a nonrecurring increase of DKK 2.6 billion for the Group (see "*Risk Management—Credit Risk—Risk Classification—Principles for Impairment Charges, Non-performing Loans and Forbearance—Allowance Account*" for more information). There can be no assurance that this low level of loan impairment charges will continue in the future, and 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—The weak economic recovery or 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, 2017, the Group held collateral in core activities (after haircuts) amounting to DKK 1,591 billion, corresponding to 59 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, 2017, the Group's net credit exposure to the residential real estate market in Denmark was DKK 505 billion, corresponding to 9 percent of the Group's net credit exposure, and the Group's net credit exposure to the commercial property sector amounted to DKK 297 billion, corresponding to 11 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 the financial crisis, 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. The Group did not recognize any goodwill impairment charges in the first three months of 2018, in 2017 or in 2016. In 2015, the Group recognized goodwill impairment charges of DKK 4,601 million (including impairment charges of DKK 4,117 million on goodwill in the banking units in Finland and Northern Ireland and DKK 484 million on customer relations in the banking units in Finland) owing to further worsening of the macroeconomic outlook with expectations of even lower interest rate levels than those applied in the impairment test in 2014, and an increase in the capital allocated to the banking units under the Group's new capital allocation framework that was implemented in 2016. As at March 31, 2018, the Group's goodwill amounted to DKK 5.3 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. In 2017 and continuing until the date of this Base Prospectus, political uncertainty in the EU has had repercussions for financial markets. In particular, the ongoing Brexit negotiations and the policies of the U.S. administration have all led to increased uncertainty on the future political direction in the affected countries and resulted in heightened volatility on capital 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 Prospectus, the Bank's senior unsubordinated long-term credit ratings are A, A and A1 from S&P, Fitch and Moody's, respectively. 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 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 and Moody's, 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.

Operational 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 operational risks in the form of possible losses resulting from inappropriate or inadequate internal procedures, human or system errors, or external events. Operational 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 operational 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. Operational 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 operational 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 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 the mobile payment systems may have a direct impact on retail businesses generally as they rely on the payment infrastructure 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 Group exposes the Group to insurance risks.

The Group operates a life insurance and pensions business through the Danica 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 Risk*." The insurance activities are reported in the business unit Wealth Management. The most important factor with respect to the conventional life insurance products of Danica Pension (Danica Traditionel) is the relationship between Danica Pension's investment securities and its life insurance obligations. Danica 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 since 2011, the technical rate of interest has been 0.5 percent per annum. A significant number of policies had a technical rate higher than 0.5 percent as at March 31, 2018.

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. In practice, Danica Pension annually grants to its policyholders a bonus interest rate on the policyholders' savings. The difference between the technical rate and the actual interest rate accrued on policyholders' savings is called a "bonus." The actual interest rate paid to policyholders for 2017 was 1.8 percent per annum before tax. Bonus interest rates above or below investment return rates will, respectively, strengthen or weaken 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 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 1,204 million as at December 31, 2017, DKK 545 million as at December 31, 2016 and DKK 2,107 million as at December 31, 2015.

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 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 predict incorrectly 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 0.8 percent to DKK 1,736,524 million as at March 31, 2018 from DKK 1,723,025 million as at December 31, 2017. The Group's loans increased 2.0 percent to DKK 1,723,025 million as at December 31, 2017 from DKK 1,689,155 million as at December 31, 2016, which, in turn, represented an increase of 5.0 percent from DKK 1,609,384 million as at December 31, 2015. Developments in the Group's loan portfolio in recent years have been characterized by low demand for credit. In addition, 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 continue to 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 this, the Group has in 2018 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*," "*Operating and Financial Review and Prospects—Significant Accounting Selections*" and the notes to the Interim Financial Statements and the 2017 Financial Statements incorporated by reference into this Base Prospectus.

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 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 (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.

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 and liquidity requirements as a result 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.

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result, the Group may become involved in various disputes and legal proceedings in Denmark and other jurisdictions, including litigation and regulatory investigations. The Group's banking and other operations, including its insurance operations, like those of other financial services companies, have been the subject of regulatory scrutiny from time to time. For example, the Group is subject to applicable AML, sanctions, anti-bribery, anti-corruption and terrorist financing laws.

On the basis of suspicions that the Bank's branch in Estonia may have been used for money laundering, the Group launched investigations into the non-resident portfolio at its Estonian branch between 2007 and 2015. The conclusion of a root cause analysis was that several deficiencies in the period from 2007 to 2015 led to the Estonian branch not being sufficiently effective in preventing it from potentially being used for money laundering. As a result, the Group chose to expand its investigation to cover all customers and transactions in the non-resident portfolio at the Estonian branch in that period and will look into similar transactions elsewhere as required. The purpose is to report any previously unreported suspicious activity to the authorities and to get a full understanding of historical activity in the portfolio. Moreover, the Bank believes that it is essential for the Group to get full insight into the matter and use this to prevent something similar from happening in the future. The investigation is expected to be completed in the course of 2018.

The Bank has continuous dialogues with the supervisory authorities in the markets where the Bank is active. As part of the ongoing dialogue with the authorities in various markets, the Bank has also discussed the AML matters at the Estonian branch, and several other authorities have asked questions pertaining to the Bank's alleged involvement in the so-called "Russian Laundromat" and "Azerbaijan Laundromat." In Denmark, supervisory orders and reprimands are publicly available.

In October 2017, the Bank was placed under formal investigation by the French authorities in relation to suspicions of money laundering concerning transactions carried out by customers of Danske Bank Estonia between 2008 and 2011. In January 2018, the French court Tribunal de Grande Instance de Paris changed the status of the Bank in the investigation to that of an assisted witness. This means that the Bank is no longer placed under formal investigation, but still forms part of the investigation as an assisted witness.

In December 2017, the Bank was charged by the Danish Public Prosecutor for Serious Economic and International Crime (SØIK) with having violated the stipulations of Danish AML legislation on the monitoring of transactions to and from correspondent banks. In this connection, the Bank accepted a fine of DKK 12.5 million. The charge and the fine were the result of the inspection made by the DFSA at the Bank in 2015.

The DFSA has assessed the role of the Group's management and senior employees in the matter relating to the now closed-down non-resident portfolio 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 stated that it had uncovered serious weaknesses in the Group's governance in a number of areas, and contains criticism of the Group's governance, internal controls and responses. In its decision document dated May 3, 2018, the DFSA imposed on the Bank eight orders and eight reprimands, as further discussed under "*Description of the Group—Legal and Arbitration Proceedings*." 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. An add-on of DKK 5 billion would have increased the Group's solvency need from 10.5 percent to 11.2 percent as at March 31, 2018. As at March 31, 2018, the Group's total capital ratio was 21.4 percent.

The Group has taken note of the orders and reprimands. In addition to the initiatives already taken in recent years, the Group will now launch further measures to ensure that it complies with all orders. 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. Furthermore, the DFSA noted in its decision document dated May 3, 2018 that the Group's ongoing investigations into the conditions at the Estonian branch could lead to new assessments and supervisory actions by the DFSA. For additional information on the AML matters at the Estonian branch, see "*Description of the Group—Legal and Arbitration Proceedings*."

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 action or adverse judgments in litigation could result in reputational harm, fines 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 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 rules and regulations, whether intentional or unintentional, may lead to the withdrawal of the Group's licenses. Any breach of these or other regulations could adversely affect the Group's reputation or financial condition.

The Group faces increased capital and liquidity requirements as a result of the Basel III Framework.

The Basel III framework is implemented through Regulation No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the "**CRR**") and Directive (2013/36/EU) of the European Parliament and of the Council (the "**CRD IV Directive**"). The CRR entered into force on January 1, 2014, and the CRD IV Directive was implemented in Denmark in March 2014. Each of the CRR and the CRD IV Directive covers a wide range of prudential requirements for banks across Member States, including capital requirements, stricter and aligned definitions of capital, REA, large exposure framework and liquidity and funding requirements. The CRD IV Directive covers the overall supervisory framework for banks (including the individual risk assessment) and other measures such as the combined capital buffer requirements, systemically important financial institution ("**SIFI**") governance and remuneration requirements. As a consequence of the European Banking Authority's (the "**EBA**") outstanding regulatory technical standards, the Group is subject to the risk of possible interpretational changes.

In addition, the CRD IV Directive includes a requirement for credit institutions to calculate, report, monitor and publish their leverage ratios, defined as their tier 1 capital as a percentage of their total exposure measure. Until a minimum leverage ratio requirement is implemented in the EU, the regulators may apply such measures as they consider appropriate. In Denmark, the risk of excessive leverage is addressed under "Pillar II."

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. The EU Banking Reform package includes proposals to amend the CRR and the CRD IV Directive. The proposed amendments include, *inter alia*, changes to the market risk framework by implementing the fundamental review of the trading book ("**FRTB**"), the counterparty credit risk framework, introduction of a formal minimum leverage ratio requirement and a net stable funding ratio ("**NSFR**") requirement, revisions to the Pillar II framework, transition of IFRS 9 and its impact on capital ratios (for additional information on IFRS 9, see "*—Changes in the Group's accounting policies or in accounting standards* *could materially affect how it reports its financial condition and results of operations*" below) and revisions to the framework concerning interest rate risk in the banking book ("**IRRBB**"). An agreement on the transition of IFRS 9 and its effect on prudential capital was reached in November 2017 with effect from January 1, 2018. The implementation of IFRS 9 is expected to have a limited impact on the Group's capital ratios. Measured at January 1, 2018, the transitional impact was 0.1 percentage points (fully phased in: 0.2 percentage points). Finalization of the remaining EU Banking Reform is not expected before well into 2018.

On December 7, 2017, the Basel Committee on Banking Supervision (the "**BCBS**") published revised standards for measuring credit and operational risk, constraints on the use of internal model approaches and the possible implementation of a broad REA floor based on the standardized approaches for measuring credit, market and operational risk. The amendments of the Basel standards may increase the Group's REA, but it is still too early to assess the impact of these potential changes as the political dialogue on how and when to implement the revised standards in the EU has not yet been initiated. The stipulations of EU legislation are not expected to be fully known until 2021 at the earliest.

See "*The Danish Banking System and Regulation*" for a description of the impact on the Group of the new capital and liquidity 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 or replaced from time to time (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 any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest, the relevant resolution authority may use the following resolution tools and powers alone or in combination without the consent of the institution's creditors, including the Holders: (i) sale of business – which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximizing their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in relating to eligible liabilities – which gives resolution authorities the power to write down or convert to equity all or a part of certain claims of unsecured creditors, including the Holders, and to write-down or convert to equity certain unsecured debt claims (including the Notes) (the "**general bail-in tool**"), which equity could also be subject to any future application of the general bail-in tool.

The BRRD also provides for a Member State as a last resort, after having assessed and 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 the minimum requirement for own funds and eligible liabilities ("**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. In March 2018, the DFSA published their decision to set the MREL for the Group. As expected, the requirement was set to be equivalent to two times the capital requirement including capital buffer requirements. 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 MREL-eligible liabilities and own funds must bear losses before other senior unsecured claims in both resolution and insolvency. A legislative proposal that is currently being processed will introduce a new layer in the creditor hierarchy for financial institutions, so-called non-preferred senior debt. 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, Total Loss Absorbing Capacity ("**TLAC**") has been set for global systemically important institutions ("**G-SII**"). The TLAC requirement also takes effect from 2019. The Group is currently not identified as a G-SII.

On March 14, 2018, a bill proposing that, effective from 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 presented to the Danish Parliament. The bill is not expected to significantly impact the Bank, as the sum of the MREL requirement for the Group, excluding Realkredit Danmark, the capital requirement and debt buffer requirement for Realkredit Danmark, is expected to exceed the floor of 8 percent of all liabilities, including own funds. However, as the bill has not been adopted, the exact content of the final rules are presently not known.

The European Commission's EU Banking Reform also includes proposals to implement TLAC into EU legislation. The incorporation of the TLAC standard into the existing MREL framework is expected to provide clarity in the regulatory framework surrounding MREL and TLAC, both in terms of the framework for setting banks' requirements as well as the instruments that can be used to fulfill such requirements. The implementation of a TLAC requirement for G-SII in the EU could influence the implementation of MREL and therefore could impact the required MREL for the Group. Furthermore, the reform of the existing MREL framework in the BRRD may impact the interaction between the MREL requirement and the combined capital buffer requirement to the extent that a breach of MREL may lead to restrictions on the Maximum Distributable Amount (the "**MDA**").

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. The BRRD establishes a preference in the ordinary insolvency hierarchy, firstly, for insured depositors and, secondly, for all other deposits of individuals and micro, small and medium-sized enterprises held in EEA or non-EEA branches of an EEA bank. These preferred deposits rank ahead of all other unsecured senior creditors of the Bank, including the Holders, in the insolvency hierarchy. Furthermore, the insolvency hierarchy could be changed in the future.

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 would rank below the most senior debt and other senior liabilities for the purposes of resolution (a so-called "non-preferred senior debt"). The directive is currently being transposed into national laws in the Member States, including into Danish law. On March 14, 2018, a bill proposing implementation of the directive was presented in the Danish Parliament. According to the bill as published, 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 amendment. However, as the bill has not been adopted, the exact content of the final rules are presently not known. See also "*—Risks Related to the Non-*

Preferred Senior Notes —Following the occurrence of a Permitted Status Legislation Change, the Non-Preferred Senior Notes rank junior to the Issuer's other unsubordinated creditors" below.

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.

The Group will have to pay additional amounts under deposit guarantee schemes or resolution funds.

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 future target level of funds to be accumulated in Deposit Guarantee Schemes and resolution funds across different EU countries may exceed the minimum target levels provided for 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).

Through participation in the Danish Guarantee Fund for Depositors and Investors (the "**Danish Guarantee Fund**"), Danish credit institutions undertake to cover losses incurred on covered deposits held with distressed credit institutions. The Danish Guarantee Fund's capital must amount to at least 0.8 percent 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. If the Danish Guarantee Fund's capital falls below two-thirds of the minimum amount (0.8 percent of covered deposits), the Danish Guarantee Fund must reach the target level again within six years.

The Bank, Realkredit Danmark A/S ("**Realkredit Danmark**") and other Danish financial institutions must make contributions to the Danish resolution fund on the basis of the amount of their respective liabilities (excluding own funds) less covered deposits and risks relative to other financial institutions in Denmark. The assets of the Danish resolution fund must equal at least 1 percent of the covered deposits of all Danish financial institutions by December 31, 2024. The first contributions to the Danish resolution fund were paid in the fourth quarter of 2015. The intention is for losses to be covered by the annual contributions made by the participating financial institutions. Consequently, if the Danish resolution fund does not have sufficient means, extraordinary contributions of up to three times the latest annual contributions may be required.

In addition, the Bank's subsidiaries contribute to national deposit guarantee schemes and resolution funds to the extent required.

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 January 2016, the IASB issued IFRS 16 *Leases*. IFRS 16, which replaces IAS 17 *Leases*, will only imply insignificant changes to the accounting for lessors. For lessees, the accounting will change significantly, as all leases (except short-term leases and small asset leases) will be recognized in the balance as a right-of-use asset. Initially, the lease liability and the right-of-use asset are measured at the present value of future lease payments (defined as economically unavoidable payments). The right-of-use asset is subsequently depreciated in a way similar to depreciation of other assets, such as tangible assets (*i.e.*, typically on a straight-line basis over the lease term). IFRS 16 will be effective from January 1, 2019, at which date the Group will implement the standard. The Group is currently assessing the impact from IFRS 16 on the Group's financial statements. It is not yet possible to give an estimate of the effect on the financial statements of the changes to the accounting treatment when the Group acts as lessee. However, the Group does not expect any significant impact on shareholders' equity.

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*. IFRS 17 replaces IFRS 4 *Insurance Contracts*, 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, which is yet to be adopted by the EU, will be effective from January 1, 2021. The standard may have 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 initiated an analysis to map the effect on the Group's financial statements.

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 Generally

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 recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences 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 was published in the Official Journal of the EU on June 29, 2016 and has applied since January 1, 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be 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).

The Benchmarks Regulation 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. 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 "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 disappearance of the "benchmark." Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any 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 reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark."

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

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

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 LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable.

If the circumstances described in the preceding paragraph occur, Reference Rate Replacement is specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms 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, component thereof) could be set or, as the case may be, determined by reference to a successor rate or an alternative rate (as applicable) determined by an Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to make such determination, the Issuer; and

(B) such successor rate or alternative rate (as applicable) may be adjusted (if required) by the relevant Independent Adviser or the Issuer (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark,

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

In addition, the relevant Independent Adviser or the Issuer (as applicable) may also determine (acting in good faith and in a commercially reasonable manner) that other amendments to the 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 rate or alternative rate (as applicable).

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

In certain circumstances, the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period 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. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such 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 or 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 relevant Independent Adviser or the Issuer (as applicable) will have discretion to adjust the relevant successor rate or alternative rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each 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 Floating Rate Notes.

No right of set-off or counterclaim.

Subject as provided in the Conditions, in respect of Non-Preferred Senior Notes, 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.

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 Prospectus or any applicable supplement to this Base Prospectus;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant 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 defined majorities 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. In the case of Non-Preferred Senior Notes, any modification to the Conditions pursuant to the operation of such provisions is subject to Condition 9.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*).

In addition, the Issuer may, subject to Condition 9.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*) in the case of Non-Preferred Senior Notes, 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.

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 9.2 (*Early Redemption Following a Tax Event*), Condition 9.3 (*Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event*) and Condition 13 (*Enforcement Events*), 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 Prospectus.

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 and 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 Final Terms, the Issuer would be required to pay additional amounts as provided in Condition 11 (*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.

The Notes may be issued at a substantial discount or premium.

The market values 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. Generally, the longer the remaining term of such Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

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.

Holders of the Issuer's covered bonds will have priority over Holders 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 "**CRD**"), 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 may not reflect all risks.

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. 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. 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.

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 a price 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 or 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 principal and interest which are treated as "foreign passthru payments" made on or after January 1, 2019, 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 Prospectus, 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, principal or other amounts 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, principal or other payments 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.

Risks Related to the Non-Preferred Senior Notes

Following the occurrence of a Permitted Status Legislation Change, the Non-Preferred Senior Notes rank junior to the Issuer's other unsubordinated creditors.

The Issuer may issue Non-Preferred Senior Notes. Unless a Permitted Status Legislation Change has occurred, the Non-Preferred Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank 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.

The Non-Preferred Senior Notes are intended to constitute Non-Preferred Senior Liabilities of the Issuer. Non-Preferred Senior Liabilities are obligations under certain unsubordinated and unsecured liabilities of a Regulated Entity which, pursuant to the Non-Preferred Senior Amendment Legislation, may rank below other unsubordinated and unsecured liabilities with higher priority ranking upon the insolvency of such Regulated Entity.

Following the occurrence of a Permitted Status Legislation Change, the Non-Preferred Senior Notes will rank (to the extent permitted by the Non-Preferred Senior Amendment Legislation) 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, 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. By virtue of its subscription and/or purchase and holding of the relevant Series of Non-Preferred Senior Notes, each Holder of Non-Preferred Senior Notes will be deemed to have irrevocably accepted the status of the Non-Preferred Senior Notes arising from a Permitted Status Legislation Change.

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 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 Non-Preferred Senior Notes without Holder consent.

Subject to Condition 9.11 (*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 Final Terms, and a MREL/TLAC Disqualification Event has occurred and is continuing, the Issuer may substitute all (but not some only) of the Non-Preferred Senior Notes or vary the terms of all (but not some only) of the Non-Preferred Senior Notes, without the requirement for the consent or approval of the Holders of the Non-Preferred Senior Notes, so that they become or remain Qualifying Non-Preferred Senior Notes.

Qualifying Non-Preferred Senior 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 Non-Preferred Senior Notes" and (ii) are not otherwise materially less favorable to the Holders of the Non-Preferred Senior Notes than the terms of the Non-Preferred Senior Notes (provided that the Issuer shall have delivered a certificate to that effect signed by two of its directors to the Fiscal Agent). There can be no assurance that, due to the particular circumstances of each Holder, any Qualifying Non-Preferred Senior Notes will be as favorable to each Holder in all respects or that, 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 Non-Preferred Senior Notes are not materially less favorable to Holders than the terms of the Notes.

Such substitution or modification will be effected without any cost or charge to the Holders of the Non-Preferred Senior Notes, 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 9.10 (*Substitution and Variation of Non-Preferred Senior Notes*), the Issuer shall not be obliged to consider the tax position of individual Holders of the Non-Preferred Senior Notes or to the tax consequences of any such substitution, variation, modification, amendment or other action for individual Holders. No Holders of the Non-Preferred Senior Notes 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 9.10 (*Substitution and Variation of Non-Preferred Senior Notes*).

There are no events of default and limited enforcement events in relation to Non-Preferred Senior Notes.

The terms of the Non-Preferred Senior Notes do not provide for any events of default. Holders of the relevant Series of such 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 such 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 of Non-Preferred Senior Notes, pursuant to Condition 13.1 (*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 Non-Preferred Senior 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 Holders are entitled to any recovery with respect to such Notes in any such Danish bankruptcy proceedings, such Holders would be entitled to a recovery in Danish Kroner or, as the case may be, other currencies, which would be based on the relevant conversion rate in effect on the date the Issuer entered into such liquidation or bankruptcy proceedings.

The qualification of the Non-Preferred Senior Notes as "eligible liabilities" is subject to uncertainty.

The Non-Preferred Senior 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. However, there is uncertainty regarding the final substance of the Applicable MREL/TLAC Regulations and how those regulations, once enacted, are to be interpreted and applied and the Issuer cannot provide any assurance that such Notes will be (or thereafter remain) MREL/TLAC Eligible Liabilities.

If, for any reason, the Non-Preferred Senior 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 Final Terms, a MREL/TLAC Disqualification Event may occur. See "—*Substitution and variation of Non-Preferred Senior Notes without Holder consent*" above and "—*The Notes may be subject to optional redemption*" above for the consequences of a MREL/TLAC Disqualification Event (in each case, if applicable).

The Issuer is not currently identified as a 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 Danish implementation of Directive 2017/2399/EU has not yet been passed by the Danish Parliament.

This risk factor is only applicable to Non-Preferred Senior Notes issued prior to the final passage of the bill proposing implementation in Denmark of the changes to the creditor hierarchy as stipulated in Directive 2017/2399/EU. This bill was presented to the Danish Parliament on March 14, 2018. The first and second readings of the bill have taken place, and the third and final reading, including passage of the bill, is expected on May 29, 2018. Assuming that the bill is passed substantially as presented, it will come into force on July 1, 2018. Changes to the bill are possible during this process; thus there can be no assurances that the passed law will not be materially different from that presented to the Danish Parliament on March 14, 2018. Therefore, for any Non-Preferred Senior Notes issued prior to the final passage of the bill, there will be no guarantee that the law as passed will constitute a Permitted Status Legislation Change. In such instance, the Non-Preferred Senior Notes will rank *pari passu* with any Preferred Senior Notes. For the avoidance of doubt, the Issuer would not consider such an event to constitute a MREL/TLAC Disqualification Event.

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 Prospectus 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 Prospectus. Any representation to the contrary is a criminal offense in the United States.

U.K. Restrictions

This Base Prospectus 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.

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 Prospectus as completed by the relevant Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

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

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

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 Prospectus, 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;
- 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;
- 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 small-medium enterprise 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 Prospectus 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 Prospectus 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 Prospectus.

Certain Defined Terms

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

"**2016 Financial Statements**"..........	the audited consolidated financial statements of the Group as at and for the year ended December 31, 2016, together with comparative figures as at and for the year ended December 31, 2015.
"**2017 Financial Statements**"..........	the audited consolidated financial statements of the Group as at and for the year ended December 31, 2017, together with comparative figures as at and for the year ended December 31, 2016.
"**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.
"**Benchmarks Regulation**"	Regulation (EU) 2016/1011.
"**Board of Directors**" or "**Board**"...	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 (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 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.
"**C&I**"	the Corporates & Institutions business unit.
"**Central Bank**"	the Central Bank of Ireland.
"**CET1**"...	common equity tier 1.
"**Clearstream, Luxembourg**".........	Clearstream Banking S.A.

"**Consolidated Financial Statements**"..................................	the Interim Financial Statements and the Full-year Financial Statements.
"**CRD**"...	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.
"**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.
"**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.
"**CVA**"...	credit value adjustment.
"**Danica Group**".............................	Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 and its subsidiaries.
"**Danica Pension**"...........................	Danica Pension, the wholly owned subsidiary of the Bank carrying out the insurance activities of the Group. Danica Pension was a separate business unit until 2016, when it became part of the Wealth Management business unit.
"**Danish Central Bank**"..................	Danmarks Nationalbank.
"**Danish Kroner**" or "**DKK**"...........	the currency of Denmark.
"**Danske Capital**"...........................	Danske Capital, a division of the Bank.
"**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.
"**EBA**"...	the European Banking Authority.
"**ECB**"...	the European Central Bank.
"**EEA**"...	the European Economic Area.
"**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 Board**"..........................	the executive board of the Bank.
"**FICC**"...	Fixed Income, Currencies and Commodities (part of C&I). FICC became Fixed Income and Currency ("**FI&C**") as of May 2, 2018.
"**Fitch**"...	Fitch Ratings Ltd or successors thereto.
"**Full-year Financial Statements**"..	the 2016 Financial Statements and the 2017 Financial Statements.
"**G-SII**"...	global systemically important institution.

"**General Meeting**"........................	the general meeting of shareholders of the Bank.
"**GLRC**"..	the Group Liquidity Risk Committee.
"**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.
"**Interim Financial Statements**".....	the unaudited consolidated interim financial statements of the Group as at and for the three months ended March 31, 2018, together with comparative figures as at and for the three months ended March 31, 2017.
"**IRB**"	internal ratings-based.
"**IRRBB**".......................................	interest rate risk in the banking book.
"**IT**"	information technology.
"**LCR**"...	liquidity coverage ratio.
"**MiFID II**"	Directive 2014/65/EU.
"**Moody's**"	Moody's Investors Service Limited or successors thereto.
"**MREL**"	the minimum requirement for own funds and eligible liabilities.
"**NSFR**"...	net stable funding ratio.
"**Nordic countries**" or "**Nordic region**".........................	Denmark, Sweden, Norway and Finland.
"**NPLs**"...	non-performing loans.
"**OEI**"...	objective evidence of impairment.
"**ORCO**"	the Group's Operational Risk Committee.
"**PD**"...	probability of default.
"**REA**"...	risk exposure amount.
"**Realkredit Danmark**"..................	Realkredit Danmark A/S.
"**Regulated Entity**"	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.
"**Rules of Procedure**".....................	the Group's Rules of Procedure.
"**S&P**"	Standard & Poor's Credit Market Services Europe Limited or successors 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.
"**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.

Available Information

For as long as the Program remains valid with the Central Bank, 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 the Program remains valid with the Central Bank, 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 Prospectus; and

(ii) any supplements to this Base Prospectus, any future base prospectuses relating to the Program and any supplements to any future base prospectuses relating to the Program.

For as long as the Program remains valid with the Central Bank, copies of the following documents will be available on the website of the Bank at www.danskebank.com:

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

(ii) any other documents incorporated by reference into this Base Prospectus 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 Prospectus.

Copies of any Final Terms relating to Notes which are admitted to trading on Euronext Dublin's regulated market will be available at the website of Euronext Dublin at www.ise.ie.

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 U.S. Securities Exchange Act of 1934, as amended (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 Prospectus is not intended to comply with Regulation S-K, Industry Guide 3, Statistical Disclosure by Bank Holding Companies 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus. The consolidated interim financial statements of the Group as at and for the three months ended March 31, 2018 have been reviewed by Deloitte and the consolidated financial statements of the Group as at and for the years ended December 31, 2017 and 2016 have been audited by Deloitte. The reports of Deloitte on the respective consolidated financial statements are incorporated by reference into this Base Prospectus. 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 Prospectus 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 Prospectus 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 Prospectus 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 and interim 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.

Three Months Ended March 31, 2018 and 2017

The presentation in the financial highlights as at and for the three months ended March 31, 2018 and 2017 deviates from the presentation in the consolidated financial statements of the Group and its reporting segments as follows:

- Sale of operating lease assets where the Group act as a lessor

  In the consolidated financial 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. Therefore, the proceeds from the sale of the assets are recognized under other income, whereas the carrying amount of the lease assets is recognized under 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.

- Fixed Income, Currencies and Commodities ("**FICC**") and Capital Markets (both part of C&I) and Group Treasury (part of Other Activities)

  In the consolidated financial statements, income from FICC, Capital Markets and Group Treasury are presented as net interest income, net fee income, net trading income and other income, depending on 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 FICC, excluding FICC's share of margins on customer derivatives, is presented as net trading income.
  - Trading-related income at Capital Markets is presented as net trading income. 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 the internal bank, income on bonds held to collect and bonds held to collect and sell, are presented as net trading income.

- Danica Pension

  In the consolidated financial statements, income and expenses in Danica Pension (part of Wealth Management) are 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.
  - The risk and guarantee result, 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 financial statements, income and expense items from the Non-core segment are included in the various income and expense lines, as the segment does not fulfil the requirements in 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.

- The impact of IFRS 9 expected credit loss impairment model on loans granted by Realkredit Danmark

  On January 1, 2018, the Group implemented IFRS 9. Loans granted by Realkredit Danmark are measured at fair value (both under IAS 39 and under IFRS 9). After the implementation of IFRS 9, the fair value of the credit risk continues to be based on the same approach as that used for impairment on loans at amortized cost (for additional information, see note 39 to the 2017 Financial Statements incorporated by reference into this Base Prospectus). The impact from the expected credit loss impairment model in IFRS 9 for these loans at January 1, 2018 is recognized as a change in an accounting estimate in the Interim Financial Statements in the first quarter of 2018. To recognize the changes in Realkredit Danmark due to 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 will therefore include this adjusting item, and, therefore, profit before tax, tax and net profit for the period will not be the same in the financial highlights and the consolidated financial statements. The net profit (and net profit before goodwill impairment charges) for the three months ended March 31, 2018 in the financial highlights is DKK 312 million higher than the net profit (and net profit before goodwill impairment charges) for the same period in the IFRS financial statements.

See note 3 to the Interim Financial Statements incorporated by reference into this Base Prospectus 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*."

Years Ended December 31, 2017 (not Restated), 2016 and 2015

The presentation in the financial highlights as at and for the years ended December 31, 2017 (not restated), 2016 and 2015 deviates from the presentation in the consolidated financial statements of the Group and its reporting segments as follows:

- For operating leases under which the Group acts as a lessor, the gains or losses on the sale of lease assets at the end of the lease agreement are presented on a net basis under other income in the financial highlights to better reflect the development in the cost base. In the consolidated income statement, gains or losses on the sale of operating lease assets, excluding properties, are recognized on a gross basis (*i.e.*, the revenue from the sale of the assets is recognized under other income and the carrying amount of the lease assets is recognized under expenses).

- In the segment reporting and financial highlights, income contributed by FICC and trading-related income at Capital Markets (both part of C&I) are recognized as net trading income. Income contributed by Equity Finance (also part of C&I, Capital Markets) is presented as net fee income. In the consolidated income statement, such income is presented as net interest income, net fee income, net trading income and other income. Similarly, income at Group Treasury (part of Other Activities) except for income at the internal bank and income on the hold-to-maturity portfolio are presented as net trading income in the financial highlights and segment reporting and as net interest income, net fee income, net trading income and other income in the consolidated income statement. As the distribution of income between the various income line items in the consolidated income statement can vary considerably from year to year, depending on the underlying transactions and market conditions, the presentation in the financial highlights is considered to better reflect income in such areas.

- For the Wealth Management business unit, the presentation of Danica Pension in the financial highlights differs from the presentation in the consolidated income statement. In the financial highlights, 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. The risk and guarantee result, net income from the health and accident business and income from recharge to customers of certain expenses are presented as other income. All costs, except external investment costs at Danica Pension, are presented under operating expenses. In the consolidated income statement, income and expenses at Danica Pension are consolidated on a line-by-line basis.

- The Non-core segment includes certain customer segments that are no longer considered part of the Group's core business. The profit or loss is, therefore, presented as a separate line item in the financial highlights, profit before tax, Non-core, whereas the individual income and expense items are included in the various income statement items in the consolidated income statement.

See notes 1(c) and 3 to the Full-year Financial Statements incorporated by reference into this Base Prospectus for information on reconciling the Group's consolidated income statements and the Group's financial highlights and segment reporting presentation. See also "*Overview of Consolidated Financial Information and Other Data*."

Restatements and Reclassifications of Financial Highlights and Segment Reporting

Three Months Ended March 31, 2018

The financial highlights and segment reporting as at and for the year ended December 31, 2017 and as at and for the three months ended March 31, 2017 were restated in the Group's Interim report – first quarter 2018 to reflect the following changes:

- The Group has integrated international banking into the business units in order to further ensure a seamless and value-creating experience for the Group's international customers. In this process, the Group has transferred its business activities in Germany, Poland and Russia from C&I to Business Banking as of January 1, 2018.

- Income on derivatives with customers has been split between the business segment to which the customer belongs and FICC as payment for performing the trade. Historically, this income has been presented as net trading income in FICC, and as net interest income, net fee income or net trading income, depending on the type of derivative, in all other business segments. Effective from January 1, 2018, the presentation of customer income on derivatives in FICC has been aligned with the presentation in the other business segments to better reflect the type of income and the fact that the income is customer-driven.

For additional information, see note 3 to the Interim Financial Statements incorporated by reference into this Base Prospectus.

<u>Comparability of Financial Information</u>

Financial information that is not restated for the above changes as at and for the year ended December 31, 2017 as reported in the Group's Annual Report 2017 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, 2017 and 2016*" and elsewhere in this Base Prospectus where 2017 financial information is compared to 2016 financial information, as 2016 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, 2017 and financial information as at and for the years ended December 31, 2016 and 2015 presented in this Base Prospectus is not fully comparable to the financial information as at and for the three months ended March 31, 2018 and 2017 presented in this Base Prospectus, including under "*Operating and Financial Review and Prospect—Review of Financial Highlights and Consolidated Financial Information for the Three Months Ended and as at March 31, 2018 and 2017*," as well as to the financial information as at and for the three months ended March 31, 2018 and 2017 and the restated financial information as at and for the year ended December 31, 2017 reported in the Group's Interim report – first quarter 2018. The non-restated financial information as at and for the year ended December 31, 2017 should be read together with the restated financial information as at and for the year ended December 31, 2017 reported in the Group's Interim report – first quarter 2018.

Year Ended December 31, 2016

The financial highlights and segment reporting as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the following changes:

- The Wealth Management business unit has been reported as a separate business unit from the first quarter of 2016. The Wealth Management business unit consists of Danica Pension, Danske Capital and Private Banking. However, assets allocated to Danica Pension's shareholders' equity, tier 2 capital issued by Danica Pension and the related amounts in the income statement are together with special allotments included in Group Treasury (Other activities). Danica Pension and Danske Capital were previously presented as separate business units, whereas Private Banking was included in Personal Banking. As a result of the establishment of the Wealth Management business unit, Danica Pension's earnings are no longer recognized as net income from insurance business in the financial highlights. The risk allowance for the conventional life insurance business and other income from the unit-link business are now presented under fee income. Net trading income in the Wealth Management business unit consists of the return on assets related to the health and accident business, whereas the special allotments and the return on shareholders' investment in Danica Pension are recognized as net trading income in Group Treasury. The risk and guarantee result and net income from the health and accident business are recognized under other income, together with income from the recharge of certain operating expenses to customers, whereas all costs, except external investment costs, are included under operating expenses.

- The Group's business in Northern Ireland has been reported as a separate business unit since January 1, 2016. The Northern Ireland business unit comprises the Group's business in Northern Ireland. These activities were previously included in Personal Banking, Business Banking and Other Activities (Group Treasury) in the segment reporting.

- In the financial highlights, the presentation of income from equity finance (part of C&I) is recognized as net fee income. Previously, this income was recognized as net trading income.

For additional information, see note 2(a) to the 2016 Financial Statements incorporated by reference into this Base Prospectus.

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

Three Months Ended March 31, 2018

On January 1, 2018, the Group implemented IFRS 9 and IFRS 15 *Revenue from Contracts with Customers*. The Group's Annual Report 2017 provides a full description of the significant accounting policies, including the description in note 39 to the 2017 Financial Statements of changes to the significant accounting policies due to IFRS 9 and IFRS 15. The implementation of IFRS 15 had no impact on shareholders' equity, assets or liabilities.

The key impacts of the implementation of IFRS 9 are:

- It resulted in an increase in the allowance account of DKK 2,572 million as a result of the introduction of the new expected credit loss impairment model. Of this, DKK 2,172 million relates to financial instruments at amortized cost and DKK 400 million to loans at fair value (loans granted by Realkredit Danmark).

- The business model assessment resulted in loans, including reverse transactions, in FICC and Capital Markets being measured at fair value through profit or loss instead of as previously at amortized cost. If only the financial assets are measured at fair value through profit or loss an accounting mismatch exists. Therefore, deposits, including repo transactions, and issued bonds in these business units are designated at fair value through profit or loss instead of at amortized cost as previously. The remeasurement reduced financial assets by DKK 68 million and financial liabilities by DKK 171 million as at January 1, 2018.

- The effect of DKK 1,967 million, net of tax, reduced shareholders' equity as at January 1, 2018. The impact from expected credit loss impairment on loans at amortized cost and remeasurement due to reclassifications, net of tax, of DKK 1,655 million is recognized as a reduction in shareholders' equity as at January 1, 2018, while the impact on the fair value of the credit risk on loans at fair value, net of tax, of DKK 312 million is recognized as a change in an accounting estimate in the Interim Financial Statements in the first three months of 2018. However, in the segment reporting and financial highlights, the total impact from IFRS 9, including the impact on loans at fair value, is recognized as a reduction in shareholders' equity as at January 1, 2018.
- The implementation of the expected credit loss ("**ECL**") impairment model (for loans at amortized cost) will be phased-in in the Group's capital statement from 2018 to 2022 in accordance with EU capital requirements regulation adopted in 2017. This phasing in of IFRS 9 reduced the CET1 capital ratio as at January 1, 2018 by 0.1 percentage points. The fully phased-in impact will be a reduction of the CET1 capital ratio of 0.2 percentage points.

Comparative figures have not been restated. For additional information, see note 2 to the Interim Financial Statements incorporated by reference into this Base Prospectus.

Year Ended December 31, 2016

On January 1, 2016, the Group implemented the changes made by the DFSA to the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds. The objective of the changes was to harmonize the measurement of insurance liabilities in the financial statements with measurement under 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 ("**Solvency II**"). A risk margin has been added to the insurance liabilities for all insurance contracts, and the value of customers' expected frequency of surrenders and conversions into paid-up policies is now explicitly included in the measurement of the liabilities. As a result, insurance liabilities increased DKK 263 million, tax assets increased DKK 58 million and shareholders' equity decreased DKK 205 million at January 1, 2016. Comparative figures have not been restated, as this is impracticable due to the interaction with the contribution principle. The change in accounting policy did not have any further impact on insurance liabilities or net profit for 2016.

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 and interim 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 2017, which is incorporated by reference into this Base Prospectus.

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 note 3 to the Interim Financial Statements and notes 1(c) and 3 to the Full-year Financial Statements incorporated by reference into this Base Prospectus.

In addition to information on the Group's results of operations that is based on the financial highlights and segment reporting presentation, this Base Prospectus includes certain other non-IFRS measures. These include the following information which has also been prepared on a financial highlights basis: return on average shareholders' equity, return before goodwill impairment charges on average shareholders' equity, return on average tangible equity, net interest income as percent per annum of loans and deposits, cost/income ratio and cost/income ratio before goodwill impairment charges. 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 2017, which is incorporated by reference into this Base Prospectus.

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 Prospectus 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 Prospectus incorporates by reference important information about the Group, which means that:

(i) the incorporated information is considered part of this Base Prospectus; 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 the Central Bank, shall be deemed to be incorporated into, and form part of, this Base Prospectus:

Information	Source
Definition of alternative performance measures	Interim report – first quarter 2018 page 26
Income Statement for the Group for the three months ended March 31, 2018	Interim report – first quarter 2018 page 28
Statement of Comprehensive Income for the Group for the three months ended March 31, 2018	Interim report – first quarter 2018 page 29
Balance Sheet for the Group as at March 31, 2018	Interim report – first quarter 2018 page 30
Statement of Capital for the Group for the three months ended March 31, 2018	Interim report – first quarter 2018 pages 31–33
Cash Flow Statement for the Group for the three months ended March 31, 2018	Interim report – first quarter 2018 page 34
Notes to the financial statements for the Group as at and the for three months ended March 31, 2018	Interim report – first quarter 2018 pages 35–69
Statement by the Management as at and for the three months ended March 31, 2018	Interim report – first quarter 2018 page 70
Independent Auditors' Report for the Group as at and for the three months ended March 31, 2018	Interim report – first quarter 2018 pages 71
Definition of alternative performance measures	Annual Report 2017 page 45
Income Statement for the Group for the year ended December 31, 2017	Annual Report 2017 page 48
Statement of Comprehensive Income for the Group for the year ended December 31, 2017	Annual Report 2017 page 49
Balance Sheet for the Group as at December 31, 2017	Annual Report 2017 page 50
Statement of Capital for the Group for the year ended December 31, 2017	Annual Report 2017 pages 51–54
Cash Flow Statement for the Group for the year ended December 31, 2017	Annual Report 2017 page 55
Notes to the financial statements for the Group as at and for the year ended December 31, 2017	Annual Report 2017 pages 56–165
Statement by the Management as at and for the year ended December 31, 2017	Annual Report 2017 page 188
Independent Auditor's Report for the Group as at and for the year ended December 31, 2017	Annual Report 2017 pages 189–193
Definition of alternative performance measures	Annual Report 2016 page 44
Income Statement for the Group for the year ended December 31, 2016	Annual Report 2016 page 46

Information	Source
Statement of Comprehensive Income for the Group for the year ended December 31, 2016	Annual Report 2016 page 47
Balance Sheet for the Group as at December 31, 2016	Annual Report 2016 page 48
Statement of Capital for the Group for the year ended December 31, 2016	Annual Report 2016 pages 49–52
Cash Flow Statement for the Group for the year ended December 31, 2016	Annual Report 2016 page 53
Notes to the financial statements for the Group as at and for the year ended December 31, 2016	Annual Report 2016 pages 54–157
Statement by the Management as at and for the year ended December 31, 2016	Annual Report 2016 page 180
Independent Auditor's Report for the Group as at and for the year ended December 31, 2016	Annual Report 2016 pages 181–185
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 Interim report – first quarter 2018, which includes information incorporated by reference into this Base Prospectus relating to the three months ended and as at March 31, 2018 as described in the above cross reference list, can be viewed online at *www.danskebank.com/-/media/danske-bank-com/file-cloud/2018/4/interim-report---first-quarter-2018.pdf*.

The Annual Report 2017, which includes information incorporated by reference into this Base Prospectus relating to the year ended and as at December 31, 2017 as described in the above cross reference list, can be viewed online at *www.danskebank.com/-/media/danske-bank-com/file-cloud/2018/2/annual-report-2017.pdf*.

The Annual Report 2016, which includes information incorporated by reference into this Base Prospectus relating to the year ended and as at December 31, 2016 as described in the above cross reference list, can be viewed online at *www.danskebank.com/en-uk/ir/Documents/2016/Q4/Annualreport2016.pdf*.

The Base Prospectus dated February 22, 2017 relating to the Program, which includes information incorporated by reference into this Base Prospectus 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-.-la=en.pdf*.

The Base Prospectus dated February 26, 2016 relating to the Program, which includes information incorporated by reference into this Base Prospectus 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/da-dk/ir/gaeld/US-MTN-program/Documents/Danske%20Bank%20US%20MTN%20Base%20Prospectus_February%202016.pdf*.

The Base Prospectus dated September 4, 2015 relating to the Program, which includes information incorporated by reference into this Base Prospectus 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/da-dk/ir/gaeld/Documents/Prospekter/Danske_Bank_US_MTN_Program_2015_Update_Base_Prospectus.pdf.*

Where only certain parts of a document are incorporated by reference into this Base Prospectus, the non-incorporated parts are either not relevant to investors or are covered elsewhere in this Base Prospectus. Any information not listed in the above cross-reference list but included in the documents incorporated by reference is given for information purpose only.

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

Any statement contained or incorporated by reference into this Base Prospectus, including any relevant Final Terms, will be deemed to be modified or superseded for purpose of this Base Prospectus, including any relevant Final Terms, to the extent that a statement contained in a document that is incorporated by reference into this Base Prospectus through a supplement to the Base Prospectus 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 Prospectus or any relevant Final Terms, 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 Prospectus in this section, "*Incorporation by Reference*," mean this Base Prospectus 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 Prospectus.

	Reference rates of Danish Kroner per euro			
	Average	**High**	**Low**	**Period-end**
2013	7.458	7.464	7.452	7.460
2014	7.455	7.467	7.437	7.444
2015	7.459	7.472	7.435	7.463
2016	7.445	7.465	7.434	7.434
2017	7.439	7.446	7.433	7.445
2018 (until May 18)	7.447	7.451	7.442	7.448

Source: Danish Central Bank.

	Reference rates of Danish Kroner per U.S. dollar			
	Average	**High**	**Low**	**Period-end**
2013	5.616	5.837	5.400	5.413
2014	5.619	6.121	5.349	6.121
2015	6.727	7.081	6.181	6.830
2016	6.733	7.173	6.433	7.053
2017	6.595	7.159	6.068	6.208
2018 (until May 18)	6.084	6.322	5.958	6.322

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, as at March 31, 2018, the Bank's consolidated capitalization and indebtedness:

	As at March 31, 2018 (DKK in millions)
Due to credit institutions and central banks	157,088
Deposits	1,175,891
Bonds issued by Realkredit Danmark	753,664
Other issued bonds(1)	388,115
Total senior funding	2,474,758
Hereof secured funding(2)	1,172,334
Subordinated capital	28,840
Total debt and subordinated capital	2,503,598
Share capital	9,368
Foreign currency translation reserve	(706)
Reserve for bonds at fair value through other comprehensive income	126
Retained earnings	136,387
Proposed dividends	–
Shareholders of Danske Bank A/S	145,175
Additional tier 1 capital holders	14,462
Total equity	159,637
Total senior funding, subordinated capital and equity	2,663,235

(1) Other issued bonds consists of covered bonds of DKK 182,767 million, senior unsecured debt of DKK 108,592 million and commercial paper and certificates of deposits of DKK 96,756 million.

(2) Hereof secured funding consists of bonds issued by Realkredit Danmark of DKK 753,664 million, covered bonds of DKK 182,767 million and repo transactions of DKK 235,903 million.

The table above should be read in conjunction with the financial statements incorporated by reference into this Base Prospectus.

Except as set forth below, there have been no material changes affecting the Bank's consolidated capitalization and indebtedness between March 31, 2018 and the date of this Base Prospectus.

On March 15, 2018, the annual general meeting of shareholders of the Bank (the "**General Meeting**") adopted the proposal to reduce the Bank's share capital by DKK 408,741,010 nominally by cancelling 40,874,101 shares from the Bank's holding of own shares. The reduction of the share capital has been carried out and registered on April 18, 2018. After the reduction, the Bank's share capital amounts to DKK 8,959,536,210 nominally, corresponding to 895,953,621 shares of DKK 10 each.

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 Prospectus. The consolidated interim financial statements of the Group as at and for the three months ended March 31, 2018 have been reviewed by Deloitte and the consolidated financial statements of the Group as at and for the years ended December 31, 2017 and 2016 have been audited by Deloitte. The reports of Deloitte on the respective consolidated financial statements are incorporated by reference into this Base Prospectus.

The following information is based on the financial highlights presentation used by the Group when presenting such information in its annual and interim 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 note 3 to the Interim Financial Statements and notes 1(c) and 3 to the Full-year Financial Statements incorporated by reference into this Base Prospectus 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 Prospectus 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*."

	For the three months ended March 31,		For the year ended December 31,		
	2018	2017 (restated)(1)	2017 (not restated)(1)	2016	2015 (restated)(2)
			(DKK in millions)		
INCOME STATEMENT DATA					
Net interest income*	5,946	5,866	23,430	22,028	21,402
Net fee income*	3,762	3,928	15,304	14,183	15,018
Net trading income*	1,435	2,500	7,823	8,607	6,848
Other income*	309	356	1,591	3,140	2,343
Total income*	11,452	12,649	48,149	47,959	45,611
Operating expenses*	(5,612)	(5,724)	(22,722)	(22,642)	(23,237)
Goodwill impairment charges	–	–	–	–	(4,601)(3)
Profit before loan impairment charges*	5,841	6,925	25,427	25,317	17,773
Loan impairment charges*	330	235	(873)	3	(57)
Profit before tax, core*	6,171	7,160	26,300	25,320	17,716
Profit before tax, Non-core*	32	(19)	(12)	37	46
Profit before tax	6,202	7,140	26,288	25,357	17,762
Tax	(1,329)	(1,610)	(5,388)	(5,500)	(4,639)
Net profit for the period*	4,873	5,530	20,900	19,858	13,123
Net profit for the period before goodwill impairment charges*	4,873	5,530	20,900	19,858	17,724
Attributable to additional tier 1 etc.	194	194	786	663	607

	As at March 31, 2018	As at December 31, 2017	2016	2015 (restated)[2]
		(DKK in millions)		
BALANCE SHEET DATA				
Assets				
Due from credit institutions and central banks*	259,510	277,631	200,544	75,221
Repo loans	267,075	228,538	244,474	216,303
Loans*	1,736,524	1,723,025	1,689,155	1,609,384
Trading portfolio assets	466,739	449,292	509,678	547,019
Investment securities	281,317	324,618	343,337	343,304
Assets under insurance contracts	284,603	296,867	285,398	265,572
Total assets in Non-core*	4,849	4,886	19,039	27,645
Other assets*	237,939	234,672	192,046	208,431
Total assets	3,538,555	3,539,528	3,483,670	3,292,878
Liabilities				
Due to credit institutions and central banks*	157,088	155,528	155,085	137,068
Repo deposits	235,903	220,371	199,724	177,456
Deposits*	939,988	911,852	859,435	816,762
Bonds issued by Realkredit Danmark	753,664	758,375	726,732	694,519
Other issued bonds	388,115	405,080	392,512	363,931
Trading portfolio liabilities	385,635	400,596	478,301	471,131
Liabilities under insurance contracts	314,585	322,726	314,977	285,030
Total liabilities in Non-core*	3,078	3,094	2,816	5,520
Other liabilities*	172,021	164,531	149,641	140,640
Subordinated debt	28,840	29,120	37,831	39,991
Additional tier 1 etc.	14,462	14,339	14,343	11,317
Shareholders' equity	145,175	153,917	152,272	149,513
Total liabilities and equity	3,538,555	3,539,528	3,483,670	3,292,878

	For the three months ended March 31, 2018	2017 (restated)[1]	For the year ended December 31, 2017 (not restated)[1]	2016	2015 (restated)[2]
			(DKK in millions)		
Ratios and Key Figures					
Earnings per share,[4] DKK	5.3	5.8	22.2	20.2	12.8
Return on average shareholders' equity,[5] percent	12.6	14.4	13.6	13.1	8.5
Return before goodwill impairment charges on average shareholders' equity, percent[6]	12.6	14.4	13.6	13.1	11.6
Return on average tangible equity,[7] percent	12.9	15.4	14.6	14.0	12.9
Net interest income as percent per annum of loans and deposits[8]	0.89	0.91	0.89	0.86	0.88
Cost/income ratio,[9] percent	49.0	45.3	47.2	47.2	61.0
Cost/income ratio before goodwill impairment charges,[10] percent	49.0	45.3	47.2	47.2	50.9
Total capital ratio,[11] percent	21.4	20.4	22.6	21.8	21.0
Common equity tier 1 capital ratio,[12] percent	16.4	15.5	17.6	16.3	16.1
Full-time-equivalent staff (end of year)	19,709	19,316	19,768	19,303	19,049

* The tables above are based on the financial highlights presentation used by the Group when presenting such information in its annual and interim 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 note 3 to the Interim Financial Statements and notes 1(c) and 3 to the Full-year Financial Statements incorporated by reference into this Base Prospectus 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—Three Months Ended March 31, 2018*," the Group has restated the comparative financial highlights for the three months ended March 31, 2017 and for the year ended December 31, 2017 in the Group's Interim report – first quarter 2018. The above tables reflect the restated figures for the three months ended March 31, 2017 and the non-restated figures for the year ended December 31, 2017.

(2) 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, 2016*," the Group has restated the comparative

financial highlights and business segment figures as at and for the year ended December 31, 2015 in the Group's Annual Report 2016. The above tables reflect the restated figures.

(3) Goodwill impairment charges for the year ended December 31, 2015 included impairment charges of DKK 4,117 million on goodwill and DKK 484 million on customer relations.

(4) Net profit for the period* (annualized for the three months ended March 31, 2018 and 2017) divided by the average number of shares outstanding during the year. Net profit for the period* is stated after the deduction of interest net of tax on equity-accounted additional tier 1 capital.

(5) Net profit for the period* (annualized for the three months ended March 31, 2018 and 2017) divided by quarterly average shareholders' equity. Net profit for the period* 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 194 million (including tax thereon) for the first three months of 2018, DKK 194 million for the first three months of 2017, DKK 786 million for 2017, DKK 663 million for 2016 and DKK 607 million for 2015, 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 14,401 million for the first three months of 2018, DKK 14,366 million for the first three months of 2017, DKK 14,375 million for 2017, DKK 11,758 million for 2016 and DKK 10,677 million for 2015.

(6) Net profit for the period before goodwill impairment charges* (annualized for the three months ended March 31, 2018 and 2017) divided by quarterly average shareholders' equity. Net profit for the period before goodwill impairment charges* 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 194 million (including tax thereon) for the first three months of 2018, DKK 194 million for the first three months of 2017, DKK 786 million for 2017, DKK 663 million for 2016 and DKK 607 million for 2015, 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 14,401 million for the first three months of 2018, DKK 14,366 million for the first three months of 2017, DKK 14,375 million for 2017, DKK 11,758 million for 2016 and DKK 10,677 million for 2015.

(7) Net profit for the period* adjusted for amortization of intangible assets (annualized for the three months ended March 31, 2018 and 2017) divided by quarterly average shareholders' equity reduced by intangible assets. Net profit for the period* 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 194 million (including tax thereon) for the first three months of 2018, DKK 194 million for the first three months of 2017, DKK 786 million for 2017, DKK 663 million for 2016 and DKK 607 million for 2015, 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 14,401 million for the first three months of 2018, DKK 14,366 million for the first three months of 2017, DKK 14,375 million for 2017, DKK 11,758 million for 2016 and DKK 10,677 million for 2015.

(8) Net interest income* divided by the sum of loans* and deposits*.

(9) Operating expenses* and goodwill impairment charges* divided by total income*.

(10) Operating expenses* (excluding goodwill impairment charges*) divided by total income*.

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

(12) 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 Prospectus. 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."

Overview

The Group is the leading financial service provider in Denmark (source: the DFSA) measured by total working capital (defined as deposits, issued bonds, subordinated debt and shareholders' equity) as at September 30, 2017, and one of the largest in the Nordic region measured by total assets as at March 31, 2018. 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 March 31, 2018, the Group's total assets amounted to DKK 3,539 billion and the Group employed 19,709 full-time equivalent employees. As at the same date, the Group had approximately 3.4 million customers and approximately 2.2 million customers used the Group's online services. The Group had 251 branches as at March 31, 2018.

The Bank is the parent company of the Group. Danske Bank is a Nordic universal bank with strong local roots and 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 personal customers and businesses to large institutional clients. It also operates in Northern Ireland, where it serves both personal and business 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, activities in the Baltic countries serving Nordic companies and global corporates with a significant Nordic footprint and has a subsidiary in Russia serving Nordic corporate banking customers.

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 2015, the global economy improved, although growth decreased a little due to lower growth in the emerging economies. The stock markets finished a bit lower in the United States but higher in Europe supported by the ECB's quantitative easing program, albeit with large fluctuations during the year, especially due to the financial turmoil of August through September. The ECB's quantitative easing program started in the first quarter of 2015. Along with extremely low inflation, this caused bond yields in mainland Europe to decrease to new historical lows.

The Danish economy experienced some ups and downs in relation to growth throughout 2015 with negative growth rates in the fourth quarter of 2015. Overall, however, the growth rate was 1.6 percent driven by both exports and private consumption. Employment rose strongly throughout the year and house prices continued the positive trend of the previous years but with a quicker pace. Domestic growth and the housing market in particular were supported by very low interest rates, especially in the first four months of 2015. In Sweden, growth picked up further in 2015 due to both exports and domestic demand driven by record-low interest rates, which also stimulated the housing market further, and house prices reaching a record-high level. The Norwegian economy remained fairly strong in 2015, although the significant drop in oil prices in the second half of 2014 caused a slowdown in investments. The slowdown was partly offset by exports supported by the weaker Norwegian Kroner and resilient private consumption. The Finnish economy grew slightly in 2015, driven to a large extent by private consumption, which was supported by very low interest rates and negative inflation. Irish GDP figures do not say much about the development in economic activity in 2015, as they were revised to a 26.3 percent growth rate. Employment and house prices have continued to increase. GDP in Northern Ireland grew by 1.5 percent in 2015 (source: Statistics Denmark, Statistics Sweden, Statistics Norway, Statistics Finland and Danske Bank Research).

In 2016, the economic recovery in Europe continued. The key driver of the recovery was private consumption supported by low oil prices and very low interest rates but growth in investments has also been a contributing factor. Economic activity has been quite resilient to the political uncertainty across countries. The economic upturn in the United States slowed down in the first half of 2016 but the growth rate rebounded in the third and fourth quarters. Private consumption has been the main growth driver. A combination of a tightening U.S. labor market, higher GDP growth, higher wage growth and an increase in core inflation caused the U.S. Federal Reserve to increase the federal funds target rate for the second time since the financial crisis at the Federal Open Market Committee's December 2016 meeting. The Chinese economy recovered in 2016. The construction sector rebounded due to robust home sales and a marked reduction in the inventory of houses. The government boosted infrastructure spending and added to the lift from the construction sector. Although European stock prices fell a lot in the beginning of the year, European stocks ended higher in 2016 after a very strong finish. Stock market volatility increased for a few days around the Brexit vote, but markets quickly stabilized. However, a very large depreciation of the British pound sterling was experienced in the wake of Brexit. The U.S. presidential election did not in itself cause significant volatility in the markets.

2016 was the fourth consecutive year of recovery in the Danish economy. The recovery has been characterized by relatively moderate economic growth and robust employment growth. The economy is supported by low interest rates and low oil prices. The continued increasing housing prices in recent years also seems to be supportive, as housing investments have increased significantly in 2016. The current account surplus decreased in 2016 after a record high in 2015 due largely to the significant decrease in shipping rates. This negative impact to the shipping sector has, however, been lessened by the strengthening of the U.S. dollar as shipping income is typically denominated in U.S. dollars. In Sweden, demand growth has remained solid in 2016, although growth has slowed slightly following a strong 2015. The slowdown is mainly due to lower growth in private consumption and exports. House and apartment prices have increased in 2016 compared to 2015, but prices seem to be stabilizing. In Norway, economic growth seems to be slowly increasing after the large decrease in oil prices negatively affected the economy. High homebuilding activity and expansionary fiscal policy are supporting growth, while private demand remains weak along with mainland exports. The latter effect is largely a result of a significant decrease in exports from oil-related mainland firms. Growth in the Finnish economy has increased significantly in 2016, mainly due to strong private demand and progress in the construction sector. Exports, on the other hand, are still weak. The economic recovery in Ireland and Northern Ireland continued.

In 2017, the economic expansion in Europe continued. The key drivers of the expansion were consumption and net exports. The investment environment continued to be favorable supported by the low interest rates. Economic activity continued to be resilient to the political uncertainty across countries. The economic upturn in the United States continued and increased markedly in the second and third quarters of 2017 but the growth rate was slightly lower in the fourth quarter. Private consumption was the main growth driver. A combination of a tightening U.S. labor market, strong GDP growth and slightly higher wage growth caused the U.S. Federal Reserve to increase the federal funds target rate three times, leaving the upper range of the Federal Open Market Committee's target band at 1.5 percent at the end of 2017. The Chinese economy experienced solid growth of approximately 6.8 percent during 2016 and 2017 driven by a recovery in housing and robust export growth alongside decent growth in private consumption and infrastructure investment. Investments in technology have also been increasing during this time. Financial market volatility was generally lower in 2017 compared to previous years. European stock markets started rising markedly in late 2016, a trend which continued into 2017, although some setbacks led to decreases during parts of the second and third quarters of 2017.

The economic recovery continued across the Nordic countries in 2017. In Denmark, it was driven mainly by strong employment growth, whereas exports and private consumption were weaker than expected. Sweden continued to thrive off solid private consumption and strong exports and investments, particularly in housing. In Norway, growth picked up through 2017 as headwinds from oil investments reversed and private consumption remained strong. In Finland, the government pursued a policy of internal devaluation that culminated in the so-called competitiveness pact, formed together with labor organizations. As a result, the Finnish economy performed well in 2017. Private consumption was strong, but the main drivers of growth were private investment and exports as export industries benefited from growth in the euro zone and improved domestic price competitiveness. During 2017, house prices began to decline first in Norway and then in Sweden after several years of rapid growth. Especially in Sweden, the price decreases were sharp and this could affect private consumption negatively in 2018. In the latter part of the first quarter of 2018, U.S. economic data softened after a very strong fourth quarter of 2017. The U.S. tax reform, fiscal spending and a strong outlook for the U.S. economy have led the Federal Reserve to hike the policy rates, and these factors have contributed to higher market yields. In the first quarter of 2018, a main global driver was U.S. President Trump's intention to introduce protectionist initiatives, which later turned into a trade dispute between the United States and China. There is concern regarding a potential trade conflict involving the United States and China – and possibly other nations. In the beginning of 2017, there was an increase in European yields, which should be seen in relation to the increased inflation in December 2016.

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,		
	2017	**2016**	**2015**
		(percent)	
Denmark	(0.3)	(0.2)	(0.1)
Sweden	(0.5)	(0.5)	(0.2)
Norway	0.9	1.1	1.3
Finland (eurozone)	(0.3)	(0.3)	(0.0)

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 51.9 percent of the Group's total income in the first three months of 2018, as compared to 46.4 percent for the first three months of 2017. Net interest income represented 48.7 percent of the Group's total income in 2017, as compared to 45.9 percent in 2016 and 46.9 percent in 2015. 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 5,946 million in the first three months of 2018, as compared to DKK 5,866 million in the first three months of 2018. The Group's net interest income totaled DKK 23,430 million in 2017, DKK 22,028 million in 2016 and DKK 21,476 million in 2015. The increase in net interest income in the first three months of 2018 as compared to the first three months of 2017 was driven by lending and deposit volume growth and lower funding costs, which was partly offset by lower margins on deposits and foreign exchange movements. In 2016, net interest income increased driven by lending growth and lower funding costs despite the competitive pressure on margins and continued negative interest rates. The negative short-term interest rates continued to put pressure on deposit margins and net interest income in 2015. Lending volume growth and lower funding costs partly offset this pressure.

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 reversal of DKK 330 million in the first three months of 2018, a reversal of DKK 235 million in the first three months of 2017, a reversal of DKK 873 million in 2017, a reversal of DKK 3 million in 2016 and DKK 57 million in 2015.

Loan impairment charges remained low in the first three months of 2018 due to credit quality remaining solid, supported by stable macroeconomic conditions. The reversal of loan impairment charges increased in 2017 as compared to 2016 due to solid credit quality driven by higher property prices in most geographical areas, and stable macroeconomic conditions. Loan impairment charges remained low with a minor decrease in 2016 as compared to 2015, reflecting the strengthened credit quality and stable macroeconomic conditions. Strengthened credit quality and stable macroeconomic conditions meant that loan impairments, especially at Personal Banking, continued to diminish. In the oil sector at C&I, however, impairments increased, reflecting the continuation of weak market conditions.

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 identifiable intangible assets, such as customer relations, and 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.

The Group did not recognize any goodwill impairment charges in the first three months of 2018, 2017 or 2016. In 2015, the Group recognized a goodwill impairment charge of DKK 4,117 million. The goodwill impairment charge included impairments of the remaining goodwill of the Personal Banking (DKK 2,814 million) and Business Banking (DKK 1,153 million) units in Finland and the remaining goodwill of the Personal Banking unit in Northern Ireland (DKK 150 million), due to further worsening of the macroeconomic outlook with expectations of even lower interest rate levels than those applied in the impairment test in 2014, and an increase in the capital allocated to the banking units under the Group's new capital allocation framework that was implemented in 2016. In addition, the Group recognized an impairment change of DKK 484 million on customer relations in the Personal Banking and Business Banking units in Finland in 2015 for the same reasons. As at March 31, 2018, the Group's total goodwill amounted to DKK 5.3 billion, or 0.1 percent, of the Group's total assets.

Reporting Segments

As of May 2, 2018, the Group has five business units (Banking DK, Banking Nordic, C&I, Wealth Management and Northern Ireland), a Non-core unit and Other Activities, and these constitute the Group's reportable segments. The Wealth Management business unit includes Danica Pension, Danske Capital and parts of the private banking operations. Other Activities encompasses Group Development, Group Treasury, Group support functions and eliminations, including the elimination of returns on own shares. The Group's interim report for the first six months of 2018 will show pro forma figures, whereas the Group's interim report for the first nine months of 2018 will reflect the new structure.

From January 1, 2016 until May 2, 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. See note 3 to the 2016 Financial Statements incorporated by reference into this Base Prospectus.

During 2015, the business operations of the Group were organized around the following business units: Personal Banking, Business Banking, C&I, Danske Capital, Danica Pension, Non-core and Other Activities, which corresponded to its reporting segments. Other Activities included Group Treasury, Group Support Functions and the elimination of returns on own shares.

The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the new organization and changes in the presentation of income from equity finance. See "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2016*."

Recent Developments

Decision from the DFSA Regarding the Group's Management and Governance in Relation to the AML Matter Concerning its Branch in Estonia

The DFSA has assessed the role of the Group's management and senior employees in the AML matter relating to the now closed-down non-resident portfolio 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 stated that it had uncovered serious weaknesses in the Group's governance in a number of areas, and contains criticism of the Group's governance, internal controls and responses. In its decision document dated May 3, 2018, the DFSA imposed on the Bank eight orders and eight reprimands, as further discussed under "*Description of the Group—Legal and Arbitration Proceedings*." The Group has taken note of the orders and reprimands. In addition to the initiatives already taken in recent years, the Group will now launch further measures to ensure that it complies with all orders. The Board of Directors and the Executive Board must submit a written report to the DFSA by June 30, 2018 stating how the Group has ensured compliance with the orders. 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. An add-on of DKK 5 billion would have increased the Group's solvency need from 10.5 percent to 11.2 percent as at March 31, 2018. As at March 31, 2018, the Group's total capital ratio was 21.4 percent.

The Group had earlier concluded that, in the period from 2007 to 2015, it was not sufficiently effective in preventing the branch in Estonia from potentially being used for money laundering and that this was due to critical deficiencies in governance and controls. As a result, comprehensive investigations into conditions at the Estonian branch during the period in question were launched in the autumn of 2017. The investigations focus on two separate things: A thorough review of customers and transactions during the period, and an examination of the course of events, including whether managers and employees lived up to their responsibilities to a sufficient degree from a governance perspective. The investigations are expected to be completed in September 2018 at the latest.

The non-resident portfolio in Estonia, to which the problems relate, has been closed down, and in recent years, the Group has made significant investments in compliance activities. Moreover, after the organizational changes announced on April 6, 2018, the compliance unit reports directly to the CEO.

For additional information, see "*Description of the Group—Legal and Arbitration Proceedings*."

Share Buy-back Program 2018

In February 2018, the Bank announced that the Board of Directors has approved a new share buy-back program for DKK 10 billion, with a maximum of 85 million shares. The program will be conducted from February 5, 2018 until February 1, 2019 at the latest. The Bank has announced that the Board of Directors intends to propose to the annual General Meeting in 2019 that the shares purchased under the share buy-back program be cancelled.

Changes to the Group's Organization

In April 2018, the Bank announced changes to its organization effective as of May 2, 2018 in order to move the Group closer to its customers and strengthen its business development activities. Personal Banking and Business Banking, which had operated as separate business units, were merged into country organizations within two new units: Banking DK and Banking Nordic. The C&I and Wealth Management business units maintain their global organizations. In order to strengthen its business development activities, the Group gathered all development and strategy competencies in a new unit called Group Development. See also "*—Reporting Segments*" above.

In connection with the new organization, the Bank announced various changes to its Executive Board, including the expansion of the Executive Board with four new members. For additional information on the Bank's Executive Board, see "*Organization and Management—Bank's Executive Board*."

As of May 3, 2018, the Group has a new strategy called "Nordic Integrator." For more information on the new strategy, see "*Description of the Group—Group Strategy*."

Business Review Baltics

In April 2018, the Group announced that, as of April 1, 2018, it had decided to reposition its business activities in the Baltic countries to focus exclusively on supporting subsidiaries of Nordic customers and global corporates with a significant Nordic footprint. All other local Baltic customers, which are primarily customers of the former Business Banking business unit, will be transferred to the Non-core business unit. As at March 31, 2018, the lending volume to be transferred from Business Banking to Non-core totaled DKK 13 billion.

Credit Ratings

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

	S&P	Fitch	Moody's
Senior unsubordinated long-term debt/long-term issuer default rating	A	A	A1
Senior unsubordinated short-term debt/short-term issuer default rating	A-1	F1	P-1

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 Prospectus, 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 Prospectus. This list is available on the ESMA website at www.esma.europa.eu/page/List-registered-and-certified-CRAs (list last updated on May 1, 2018).

Significant Accounting Estimates

General

The Group prepares its consolidated financial statements in accordance with IFRS and Danish disclosure requirements for listed financial companies. Management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the Group's consolidated financial statements. The estimates and assumptions that are deemed critical to the consolidated financial statements are:

- the fair value measurement of financial instruments;
- the measurement of expected credit losses on loans, financial guarantees and loan commitments and debt instruments measured at amortized cost;
- the measurement of goodwill;
- the measurement of liabilities under insurance contracts; and
- the recognition of deferred tax assets and liabilities.

The estimates and assumptions 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. 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 2017 Financial Statements, including note 39 on the implementation of IFRS 9, incorporated by reference into this Base Prospectus.

Fair Value Measurement of Financial Instruments

Measurements of financial instruments that are only to a limited extent based on observable market data, such as the measurement of unlisted shares and certain bonds for which there is no active market, are subject to significant estimates. The majority of unlisted shares are allocated to insurance contract policyholders, and the policyholders assume most of the risk on the shares. Changes in the fair value of those shares will only to a limited extent affect the Group's net profit. For remaining portfolio of unlisted shares, a 10 percent increase or decrease in the fair value as at March 31, 2018 would amount to DKK 124 million (December 31, 2017: DKK 152 million). The estimated fair value of illiquid bonds significantly depends on the credit spread estimate. A credit spread widening of 50 basis points as at March 31, 2018 would have caused the fair value of the bonds to decrease DKK 100 million (December 31, 2017: DKK 80 million). The Group makes fair value adjustments to cover changes in counterparty risk (credit value adjustment ("**CVA**") and debt value adjustment ("**DVA**")) and to cover expected funding costs (funding value adjustment ("**FVA**")) 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 March 31, 2018, the adjustments totaled DKK 0.9 billion (December 31, 2017: DKK 0.9 billion), including the adjustment for credit risk on derivatives with customers subject to objective evidence of impairment ("**OEI**"). The decrease in 2017 as compared to 2016 relates mainly to the narrowing of credit spreads and slightly reduced exposures.

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

On January 1, 2018, the Group implemented the three-stage ECL impairment model in IFRS 9. ECL impairment 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 ECL 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 expected credit losses (stages 2 and 3).

The ECL is calculated for all individual facilities as a function of PD, exposure at default ("**EAD**") and loss given default ("**LGD**") and incorporates forward-looking information. The forward-looking elements reflect the expectations of the Group's senior management and involves the creation of scenarios (base case, upside and downside), including an assessment of the probability for each scenario. Based on these assessments, the allowance account at March 31, 2018 amounted to DKK 22.3 billion. Forward-looking information is a key judgment. The allowance account would increase DKK 0.5 billion if the downside scenario was assigned a probability of 100 percent. If instead the upside scenario was assigned a probability of 100 percent, the allowance account would decrease DKK 0.4 billion.

For additional information about expected credit losses, see note 39 and the risk management notes to the 2017 Financial Statements and note 2 to the Interim Financial Statements incorporated by reference into this Base Prospectus. As at March 31, 2018, loans accounted for approximately 55 percent of total assets (December 31, 2017: 54 percent).

Measurement of Goodwill

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 March 31, 2018, goodwill amounted to DKK 5.3 billion (December 31, 2017: DKK 5.3 billion). No goodwill at the banking units remains. For Wealth Management (Danske Capital) the carrying amount of goodwill as at March 31, 2018 was DKK 1.8 billion (December 31, 2017: DKK 1.8 billion) and relates to the activities in Finland. The excess value (the amount by which the cash-generating unit's recoverable amount exceeds the carrying amount) in the impairment test for Wealth Management (Danske Capital) amounted to DKK 0.3 billion (December 31, 2017: DKK 0.3 billion). It has been assessed that no indication of impairment exists as at March 31, 2018. See note 18 to the 2017 Financial Statements incorporated by reference into this Base Prospectus for additional information about impairment testing and sensitivity to changes in assumptions. The remaining goodwill of DKK 3.5 billion as at March 31, 2018 (December 31, 2017: DKK 3.5 billion) relates to C&I and the excess value is DKK 26.8 billion (December 31, 2017: DKK 26.8 billion).

Measurement of Liabilities under Insurance Contracts

Measurement of liabilities under insurance contracts is based on actuarial computations that rely on assumptions about a number of variables, including mortality and disability rates, and on the discount rate. Assumptions about future mortality rates are based on the DFSA's benchmark, while other assumptions are based on data from the Group's own portfolio of insurance contracts. For more information on the measurement of insurance liabilities, see note 17 and the risk management notes to the 2017 Financial Statements incorporated by reference into this Base Prospectus. The risk management notes contain a sensitivity analysis for life insurance.

Recognition of Deferred Tax Assets and Liabilities

Recognition of deferred tax requires management to assess the probability and amount of future profit. Deferred tax assets arising from unused tax losses are recognized to the extent that such losses can be offset against tax on future profit over the next five years. As at March 31, 2018, deferred tax assets from recognized tax loss carry-forwards amounted to DKK 0.3 billion (December 31, 2017: DKK 0.3 billion). The tax base of unrecognized tax loss carry-forwards, relating primarily to the Group's banking operations in Ireland, amounted to DKK 2.9 billion as at March 31, 2018 (December 31, 2017: DKK 2.9 billion). The full deferred tax liability arising from international joint taxation was recognized and amounted to DKK 5.8 billion as at March 31, 2018 (December 31, 2017 DKK 5.8 billion). For more information about deferred tax, see note 20 to the 2017 Financial Statements incorporated by reference into this Base Prospectus.

Significant Accounting Selections

Financial Instruments and Insurance Contracts

Financial instruments accounted for more than 98 percent of the Group's total assets and liabilities as at December 31, 2017. A portion of financial assets relates to investments made under insurance contracts.

Financial Instruments – General

Purchases and sales of financial instruments are measured at fair value at the settlement date. Fair value adjustments of unsettled financial instruments are recognized from the trade date to the settlement date.

On January 1, 2018, the Group implemented IFRS 9. In accordance with the transition requirements of IFRS 9, comparative figures are not restated as retrospective application of the impairment requirements is not possible without the use of hindsight. For further information of the impact from the implementation of IFRS 9, see note 39 to the 2017 Financial Statements and note 2 to the Interim Financial Statements incorporated by reference into this Base Prospectus.

The sections below explain the classification and measurement of the Group's financial instruments under IFRS 9 (the basis for financial statements for 2018 and onwards) and under IAS 39 (the basis for financial statements for 2017 and prior periods).

<u>Loans and Financial Liabilities</u>

Loans and non-derivative financial liabilities are generally measured at amortized cost. However, loans granted under Danish mortgage finance laws and the issued mortgage bonds funding these loans are measured at fair value option through profit or loss.

Loans granted under Danish mortgage finance laws are funded by issuing listed mortgage bonds with matching terms. Borrowers may repay such loans by delivering the underlying bonds. Within the Group, such loans and bonds are granted and issued by Realkredit Danmark only.

The Group buys and sells own bonds issued by Realkredit Danmark on an ongoing basis because the bonds play an important role in the Danish money market. If the loans and bonds were measured at amortized cost, the purchase and sale of own mortgage bonds would create timing differences in the recognition of gains and losses.

Consequently, the Group measures loans and bonds at fair value in accordance with the fair value option offered by IAS 39 to ensure that neither gain nor loss will occur on the purchase of own bonds.

Under IFRS 9, these loans and issued bonds continue to be measured at fair value through profit or loss. Although the loans are held within the hold-to-collect business model, prepayment options included in the contractual terms of the loans do not comply with the Solely Payments of Principal and Interest, or SPPI, test in IFRS 9. Hence, the loans are mandatorily recognized at fair value through profit or loss. The bonds issued by Realkredit Danmark continue to be designated at fair value through profit or loss to reduce the accounting mismatch that would otherwise exist if the loans are measured at fair value and the funding bonds at amortized cost.

The fair value of bonds issued by Realkredit Danmark is normally equal to their market value. A small number of the bonds are illiquid, however, and the fair value of these bonds is calculated on the basis of a discounted cash flow valuation technique.

The fair value of the loans is based on the fair value of the underlying bonds adjusted for changes in the fair value of the credit risk on borrowers. Changes in the fair value of bonds cause corresponding changes to be made to the fair value of the loans. Consequently, changes to the fair value of bonds, including as a result of changes to own credit risk, do not affect net profit or loss. Changes to the fair value of loans as a result of changes to the credit risk on borrowers are reflected in loan impairment charges in the income statement.

The business model assessment in IFRS 9 results in loans, including reverse transactions, in FI&C and Capital Markets being measured at fair value through profit or loss from January 1, 2018. If only the financial assets are measured at fair value through profit or loss, an accounting mismatch exists. Therefore, deposits and issued bonds in these business units are designated at fair value through profit or loss. Under IAS 39, the loans, deposits and issued bonds were recognized at amortized cost.

Trading Portfolio Assets and Liabilities

The trading portfolio includes financial assets acquired for sale in the near term. The trading portfolio also contains collectively managed financial assets for which a pattern of short-term profit taking exists. Trading portfolio liabilities consist of derivatives and obligations to repurchase securities. All derivatives, including bifurcated embedded derivatives and derivatives used for hedging, are measured at fair value and recognized under the trading portfolio.

Other Securities at Fair Value through Profit or Loss

Other financial assets designated at fair value through profit or loss under IAS 39 and mandatorily recognized at fair value through profit or loss due to the business model in IFRS 9 being neither "held to collect" nor "held to collect and sell" include securities that are managed on a fair value basis with no short-term profit taking. This category consists mainly of securities purchased as part of the investment of insurance customer funds and recognized in the balance sheet under assets under insurance contracts as well as part of the liquidity portfolio managed by Group Treasury. Other securities portfolios managed on a fair value basis are recognized in the balance sheet under investment securities.

For both trading portfolio assets and other securities at fair value through profit or loss, realized and unrealized capital gains and losses and dividends are recognized in the income statement under net trading income.

Securities at Amortized Cost

This category consists of bonds not managed on a fair value basis and held for the purpose of generating a return until maturity. The bonds are measured at amortized cost ("hold to maturity" under IAS 39 and the "held to collect" business model under IFRS 9).

Securities at Fair Value through Other Comprehensive Income

This category consists of bonds recognized at fair value with unrealized fair value adjustments recognized under other comprehensive income. Such bond portfolios are held in an IFRS 9 business model being "held to collect and sell" ("available for sale" under IAS 39). After the implementation of IFRS 9 from January 1, 2018, the bonds are subject to the expected credit loss impairment model, and impairment charges are recognized in the income statement. Under IAS 39, the cumulative fair value loss recognized in other comprehensive income was reclassified from equity to the income statement, if there was objective evidence that a bond was impaired.

Hedge Accounting

The Group uses derivatives to hedge the interest rate risk on most fixed-rate assets and fixed-rate liabilities measured at amortized cost and on some bonds measured at fair value through other comprehensive income. Hedged risks that meet the criteria for fair value hedge accounting are treated accordingly. The Group has decided to use the option in IFRS 9 to continue to apply the hedge accounting requirements of IAS 39. The interest rate risk on the hedged assets and liabilities is measured at fair value through profit or loss. As at December 31, 2017, hedging derivatives measured at fair value accounted for approximately 0.2 percent of total assets and approximately 0.03 percent of total liabilities (December 31, 2016: 0.3 percent and 0.1 percent, respectively).

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 *Insurance Contracts* 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 and Multi-Employer Occupational Pension Funds. 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.

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 as are changes to additional provisions for benefit guarantees. For more information, see note 5 to the 2017 Financial Statements incorporated by reference into this Base Prospectus.

The sources of the Group's net income from insurance business comprise the return on assets funded by the Danica Group'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). The contribution principle was changed on January 1, 2016. If the contribution rules do not allow recognition of the full risk allowance, the amount that cannot be recognized can no longer be recovered in subsequent periods through the use of the shadow account.

The risk allowance included in the shadow account at December 31, 2015 may be recovered over the five years following 2015.

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.

According to the DFSA's Executive Order on the Contribution Principle, policyholders' funds in Danica Traditionel must be ring-fenced in groups with generally the same technical rate of interest, insurance risk and expenses. Danica Pension has four interest rate groups: new business, low, medium and high. Danica Pension has individual investment and hedging strategies for each group. Furthermore, the collective bonus potential and the risk allowance, among others, are also determined for each group individually.

Recent Accounting Pronouncements

The IASB has issued a number of new IFRSs and some amendments to IFRSs that have not yet come into force. Similarly, the IFRS Interpretations Committee has issued a new interpretation that has not yet come into force. The Group has not early adopted any of these changes. The changes that are likely to affect the Group's future financial reporting are discussed below. For more information, see note 2(b) to the 2017 Financial Statements incorporated by reference into this Base Prospectus.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 *Leases*, which replaces IAS 17 *Leases*. IFRS 16 will only imply insignificant changes to the accounting for lessors. For lessees, the accounting will change significantly, as all leases (except short-term leases and small asset leases) will be recognized in the balance sheet as a right-of-use asset. Initially, the lease liability and the right-of-use asset will be measured at the present value of future lease payments (defined as economically unavoidable payments). The right-of-use asset is subsequently depreciated in a way similar to depreciation of other assets, such as tangible assets (*i.e.*, typically on a straight-line basis over the lease term).

IFRS 16 will be effective from January 1, 2019, at which date the Group will implement the standard. The Group is currently assessing the impact from IFRS 16 on the Group's financial statements. It is not yet possible to give an estimate of the effect on the financial statements of the changes to the accounting treatment when the Group acts as a lessee. However, the Bank does not expect any significant impact on the Group's shareholders' equity.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*. IFRS 17 replaces IFRS 4 *Insurance Contracts*, 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.

IFRS 17, which is yet to be adopted by the EU, will be effective from January 1, 2021. The standard may have 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 initiated an analysis to map the effect on the Group's financial statements.

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 and interim 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 Prospectus. 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 Three Months Ended and as at March 31, 2018 and 2017

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 periods indicated:

	For the three months ended March 31,	
	2018	2017 (restated)[(1)]
	(DKK in millions)	
Net interest income*	5,946	5,866
Net fee income*	3,762	3,928
Net trading income*	1,435	2,500
Other income*	309	356
Total income*	11,452	12,649
Operating expenses*	(5,612)	(5,724)
Profit before loan impairment charges*	5,841	6,925
Loan impairment charges*	330	235
Profit before tax, core*	6,171	7,160
Profit/(loss) before tax, Non-core*	32	(19)
Profit before tax*	6,202	7,140
Tax*	(1,329)	(1,610)
Net profit for the period*	4,873	5,530
Attributable to additional tier 1 etc.	194	194

* The table above is based on the financial highlights presentation used by the Group when presenting such information in its annual and interim reports. The line items marked with an asterisk in the table above 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 note 3 to the Interim Financial Statements incorporated by reference into this Base Prospectus 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—Three Months Ended March 31, 2018*," the Group has restated the comparative financial highlights for the three months ended March 31, 2017 and for the year ended December 31, 2017 in the Group's Interim report – first quarter 2018. The above tables reflect the restated figures for the three months ended March 31, 2017.

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 periods indicated:

	For the three months ended March 31,	
	2018	2017 (restated)[(1)]
	(DKK in millions)	
Personal Banking	1,485	1,230
Business Banking	2,211	2,101
C&I	1,429	2,207
Wealth Management	878	1,070
Northern Ireland	125	237
Non-core	32	(19)
Other Activities[(2)]	42	314
Total Group	6,202	7,140

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Three Months Ended March 31, 2018*," the Group has restated the comparative financial highlights for the three months ended March 31, 2017 and for the year ended December 31, 2017 in the Group's Interim report – first quarter 2018. The above tables reflect the restated figures for the three months ended March 31, 2017.

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

Total Income

The Group's total income for the three months ended March 31, 2018 amounted to DKK 11,452 million, a decrease of DKK 1,197 million, or 9.5 percent, as compared to DKK 12,649 million for the three months ended March 31, 2017.

The Group's net interest income for the three months ended March 31, 2018 amounted to DKK 5,946 million, an increase of DKK 80 million, or 1.4 percent, as compared to DKK 5,866 million for the three months ended March 31, 2017. The increase was mainly due to lending and deposit volume growth and lower funding costs, partially offset by lower margins on deposits and foreign exchange movements.

The Group's loans as at March 31, 2018 amounted to DKK 1,736,524 million, an increase of DKK 31,041 million, or 1.8 percent, as compared to DKK 1,705,483 million as at March 31, 2017. The increase was due to increased lending in almost all markets and across almost all geographies.

The Group's deposits as at March 31, 2018 amounted to DKK 939,988 million, an increase of DKK 56,450 million, or 6.4 percent, as compared to DKK 883,538 million as at March 31, 2017. The increase was driven by increases in deposits in almost all markets and across all geographies.

The Group's net fee income for the three months ended March 31, 2018 amounted to DKK 3,762 million, a decrease of DKK 166 million, or 4.2 percent, as compared to DKK 3,928 million for the three months ended March 31, 2017. The decrease was mainly due to lower customer activity at Wealth Management and C&I.

The Group's net trading income for the three months ended March 31, 2018 amounted to DKK 1,435 million, a decrease of DKK 1,065 million, or 42.6 percent, as compared to DKK 2,500 million for the three months ended March 31, 2017. The decrease was mainly due to lower trading income in FICC and Capital Markets, where customer activity was high in the same period in 2017, and a lower investment result from the health and accident business at Wealth Management.

The Group's other income for the three months ended March 31, 2018 amounted to DKK 309 million, a decrease of DKK 47 million, or 13.2 percent, as compared to DKK 356 million for the three months ended March 31, 2017. The decrease was mainly due to lower income from real estate brokerage after the sale of the Bank's shares in Eiendomsmegler Krogsveen AS.

Expenses

The Group's operating expenses for the three months ended March 31, 2018 amounted to DKK 5,612 million, a decrease of DKK 112 million, or 2.0 percent, as compared to DKK 5,724 million for the three months ended March 31, 2017. The decrease was mainly due to lower activity-related costs and efficiency measures, partially offset by higher costs related primarily to investments in compliance and the Group's continued initiatives to meet its high digital transformation ambitions.

Loan Impairment Charges

The Group's loan impairment charges for the three months ended March 31, 2018 amounted to a reversal of DKK 330 million, an increase in reversals of DKK 95 million, or 40.4 percent, as compared to a reversal of DKK 235 million for the three months ended March 31, 2017. The increase was mainly due to credit quality remaining solid, supported by stable macroeconomic conditions. At Personal Banking and Business Banking, reversals in the three months ended March 31, 2018 related primarily to facilities in Denmark, which benefitted from improved credit quality. At C&I and Wealth Management, there were no new significant impairment charges in the three months ended March 31, 2018, and in Northern Ireland the impairment charges related to a few cases.

Profit/(Loss) Before Tax, Non-core

The Group's profit before tax, Non-core for the three months ended March 31, 2018 amounted to DKK 32 million, a change of DKK 51 million as compared to a loss before tax, Non-core of DKK 19 million for the three months ended March 31, 2017. The increase was mainly due to credit quality remaining solid, supported by stable macroeconomic conditions.

Profit Before Tax

The Group's profit before tax for the three months ended March 31, 2018 amounted to DKK 6,202 million, a decrease of DKK 938 million, or 13.1 percent, as compared to DKK 7,140 million for the three months ended March 31, 2017.

Tax

The Group's total tax charge for the three months ended March 31, 2018 amounted to DKK 1,329 million, a decrease of DKK 281 million, or 17.5 percent, as compared to DKK 1,610 million for the three months ended March 31, 2017. The decrease was mainly due to lower income.

Net Profit for the Period

The Group's net profit for the three months ended March 31, 2018 amounted to DKK 4,873 million, a decrease of DKK 657 million, or 11.9 percent, as compared to DKK 5,530 million for the three months ended March 31, 2017.

Personal Banking

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

	For the three months ended March 31,	
	2018	**2017**
	(DKK in millions)	
Net interest income	1,960	1,963
Net fee income	859	841
Net trading income	195	200
Other income	129	178
Total income	3,142	3,182
Operating expenses	(1,757)	(1,896)
Profit before loan impairment charges	1,385	1,286
Loan impairment charges	100	(56)
Profit before tax	1,485	1,230

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

	As at March 31, 2018		As at December 31, 2017	
	Average LTV	**Net credit exposure[(1)]**	**Average LTV**	**Net credit exposure[(1)]**
	(percent)	**(DKK in billions)**	**(percent)**	**(DKK in billions)**
Denmark	63.6	465	64.2	465
Finland	61.3	85	61.2	85
Sweden	62.0	79	60.6	80
Norway	62.8	97	62.8	93
Total	63.1	725	63.3	723

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

Total Income

Personal Banking's total income for the three months ended March 31, 2018 amounted to DKK 3,142 million, a decrease of DKK 40 million, or 1.3 percent, as compared to DKK 3,182 million for the three months ended March 31, 2017.

Personal Banking's net interest income for the three months ended March 31, 2018 amounted to DKK 1,960 million, a decrease of DKK 3 million, or 0.2 percent, as compared to DKK 1,963 million for the three months ended March 31, 2017. Growing lending volumes and good business momentum during the three months ended March 31, 2018 were offset by pressure on deposit margins from persistently low interest rates as well as adverse exchange rate effects.

Personal Banking's loans, excluding reverse transactions before impairments, as at March 31, 2018 amounted to DKK 758,915 million, an increase of DKK 13,012 million, or 1.7 percent, as compared to DKK 745,903 million as at March 31, 2017. The increase was mainly due to the existing strategic partnerships with Akademikerne in Norway and with SACO in Sweden and the new partnership that the Group started with Confederation of Professional Employees (TCO) in Sweden in April 2017.

Personal Banking's deposits, excluding repo deposits, as at March 31, 2018 amounted to DKK 276,728 million, an increase of DKK 9,462 million, or 3.5 percent, as compared to DKK 267,266 million as at March 31, 2017. The increase was mainly due to increased deposit volumes in all markets, which was partly offset by lower currency exchange rates.

Personal Banking's net fee income for the three months ended March 31, 2018 amounted to DKK 859 million, an increase of DKK 18 million, or 2.1 percent, as compared to DKK 841 million for the three months ended March 31, 2017. The increase was mainly due to higher payment service fees.

Personal Banking's net trading income for the three months ended March 31, 2018 amounted to DKK 195 million, a decrease of DKK 5 million, or 2.5 percent, as compared to DKK 200 million for the three months ended March 31, 2017. The decrease was mainly due to lower income in Norway and Finland, which was partly offset by higher income in Denmark.

Personal Banking's other income for the three months ended March 31, 2018 amounted to DKK 129 million, a decrease of DKK 49 million, or 27.5 percent, as compared to DKK 178 million for the three months ended March 31, 2017.

Expenses

Personal Banking's operating expenses for the three months ended March 31, 2018 amounted to DKK 1,757 million, a decrease of DKK 139 million, or 7.3 percent, as compared to DKK 1,896 million for the three months ended March 31, 2017. Operating expenses decreased for the three months ended March 31, 2018 despite increasing costs for regulatory compliance. The sale of Krogsveen, a Norwegian real-estate agency chain, and cost efficiencies contributed to the decrease in the three months ended March 31, 2018.

Loan Impairment Charges

Personal Banking's loan impairment charges for the three months ended March 31, 2018 amounted to a reversal of DKK 100 million, a change of DKK 156 million as compared to loan impairment charges of DKK 56 million for the three months ended March 31, 2017. The change was mainly due to strong and stable portfolio credit quality and increased collateral values.

Profit Before Tax

Personal Banking's profit before tax for the three months ended March 31, 2018 amounted to DKK 1,485 million, an increase of DKK 255 million, or 20.7 percent, as compared to DKK 1,230 million for the three months ended March 31, 2017.

Business Banking

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

	For the three months ended March 31,	
	2018	**2017**
		(restated)[(1)]
	(DKK in millions)	
Net interest income	2,336	2,171
Net fee income	494	475
Net trading income	176	173
Other income[(2)]	146	141
Total income	3,152	2,961
Operating expenses	(1,213)	(1,145)
Profit before loan impairment charges	1,939	1,816
Loan impairment charges	272	286
Profit before tax	2,211	2,101

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Three Months Ended March 31, 2018*," the Group has restated the comparative financial highlights for the three months ended March 31, 2017 and for the year ended December 31, 2017 in the Group's Interim report – first quarter 2018. The above tables reflect the restated figures for the three months ended March 31, 2017.

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

Total Income

Business Banking's total income for the three months ended March 31, 2018 amounted to DKK 3,152 million, an increase of DKK 191 million, or 6.5 percent, as compared to DKK 2,961 million for the three months ended March 31, 2017.

Business Banking's net interest income for the three months ended March 31, 2018 amounted to DKK 2,336 million, an increase of DKK 165 million, or 7.6 percent, as compared to DKK 2,171 million for the three months ended March 31, 2017. The increase was mainly due to good business momentum, improved margins and increased lending volumes. Deposit margins were stable but continued to be under pressure due to the persistently low level of interest rates.

Business Banking's loans, excluding reverse transactions before impairments, as at March 31, 2018 amounted to DKK 701,676 million, an increase of DKK 19,983 million, or 2.9 percent, as compared to DKK 681,693 million as at March 31, 2017. The increase was mainly due to increased loan volumes in all markets, which was partly offset by lower currency exchange rates.

Business Banking's deposits, excluding repo deposits, as at March 31, 2018 amounted to DKK 247,631 million, an increase of DKK 9,709 million, or 4.1 percent, as compared to DKK 237,922 million as at March 31, 2017. The increase was mainly due to higher deposit volumes in Finland and Norway.

Business Banking's net fee income for the three months ended March 31, 2018 amounted to DKK 494 million, an increase of DKK 19 million, or 4.0 percent, as compared to DKK 475 million for the three months ended March 31, 2017. The increase was mainly due to increased lending volumes and high activity in general.

Business Banking's net trading income for the three months ended March 31, 2018 amounted to DKK 176 million, an increase of DKK 3 million, or 1.7 percent, as compared to DKK 173 million for the three months ended March 31, 2017. The increase was mainly due to mortgage refinancing activity.

Business Banking's other income for the three months ended March 31, 2018 amounted to DKK 146 million, an increase of DKK 5 million, or 3.5 percent, as compared to DKK 141 million for the three months ended March 31, 2017.

Expenses

Business Banking's operating expenses for the three months ended March 31, 2018 amounted to DKK 1,213 million, an increase of DKK 68 million, or 5.9 percent, as compared to DKK 1,145 million for the three months ended March 31, 2017. The increase was mainly driven by rising regulatory costs and IT investments that were made to improve the customer experience and meet regulatory requirements.

Loan Impairment Charges

Business Banking's loan impairment charges for the three months ended March 31, 2018 amounted to a reversal of DKK 272 million, a decrease in reversals of DKK 14 million, or 4.9 percent, as compared to a reversal of DKK 286 million for the three months ended March 31, 2017. Net reversals for the three months ended March 31, 2018 were primarily attributable to facilities in Denmark, but facilities in Sweden, Finland and the Baltics also contributed. The positive development in Denmark was driven mainly by positive collateral value adjustments and improved market conditions.

Profit Before Tax

Business Banking's profit before tax for the three months ended March 31, 2018 amounted to DKK 2,211 million, an increase of DKK 110 million, or 5.2 percent, as compared to DKK 2,101 million for the three months ended March 31, 2017.

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 periods indicated:

	For the three months ended March 31,	
	2018	2017 (restated)[(1)]
	(DKK in millions)	
Net interest income	893	849
Net fee income	690	780
Net trading income	999	1,843
Other income	3	–
Total income	2,585	3,472
Operating expenses	(1,154)	(1,184)
Profit before loan impairment charges	1,431	2,287
Loan impairment charges	(3)	(81)
Profit before tax	1,429	2,207

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Three Months Ended March 31, 2018*," the Group has restated the comparative financial highlights for the three months ended March 31, 2017 and for the year ended December 31, 2017 in the Group's Interim report – first quarter 2018. The above tables reflect the restated figures for the three months ended March 31, 2017.

Profit Before Tax

C&I's profit before tax for the three months ended March 31, 2018 amounted to DKK 1,429 million, a decrease of DKK 778 million, or 35.3 percent, as compared to DKK 2,207 million for the three months ended March 31, 2017.

Total Income

C&I's total income for the three months ended March 31, 2018 amounted to DKK 2,585 million, a decrease of DKK 887 million, or 25.5 percent, as compared to DKK 3,472 million for the three months ended March 31, 2017.

C&I's net interest income for the three months ended March 31, 2018 amounted to DKK 893 million, an increase of DKK 44 million, or 5.2 percent, as compared to DKK 849 million for the three months ended March 31, 2017. The increase was mainly due to refinancing activities and deposit volumes.

C&I's loans, excluding reverse transactions before impairments, as at March 31, 2018 amounted to DKK 174,724 million, a decrease of DKK 14,405 million, or 7.6 percent, as compared to DKK 189,129 million as at March 31, 2017. The decrease was mainly due to changes in collateral management agreements. Excluding reverse transactions before impairments and collateral management agreements, lending volumes remained stable for the three months ended March 31, 2018.

C&I's deposits, excluding repo deposits, as at March 31, 2018 amounted to DKK 290,171 million, an increase of DKK 39,051 million, or 15.6 percent, as compared to DKK 251,120 million as at March 31, 2017. The increase was mainly due to collateral management agreements and new deposits, in particular from customers in Sweden and Finland.

C&I's net fee income for the three months ended March 31, 2018 amounted to DKK 690 million, a decrease of DKK 90 million, or 11.5 percent, as compared to DKK 780 million for the three months ended March 31, 2017. The decrease was mainly due to a decline in event-driven activity, mainly in Corporate Finance and Debt Capital Markets, from the high level in the same period in 2017.

C&I's net trading income for the three months ended March 31, 2018 amounted to DKK 999 million, a decrease of DKK 844 million, or 45.8 percent, as compared to DKK 1,843 million for the three months ended March 31, 2017. The decrease was mainly due to lower customer activity in Debt Capital Markets and FICC compared to the same period in 2017 when activity was at a very high level.

C&I's other income for the three months ended March 31, 2018 amounted to DKK 3 million, an increase of DKK 3 million as compared to nil for the three months ended March 31, 2017.

Expenses

C&I's operating expenses for the three months ended March 31, 2018 amounted to DKK 1,154 million, a decrease of DKK 30 million, or 2.5 percent, as compared to DKK 1,184 million for the three months ended March 31, 2017. The decrease was mainly due to a continuous focus on cost efficiency gains and lower performance-based compensation.

Loan Impairment Charges

C&I's loan impairment charges for the three months ended March 31, 2018 amounted to DKK 3 million, a decrease of DKK 78 million, or 96.3 percent, as compared to DKK 81 million for the three months ended March 31, 2017. The decrease reflected a more stable situation for offshore companies active on the Norwegian continental shelf.

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 periods indicated:

	For the three months ended March 31,	
	2018	**2017**
	(DKK in millions)	
Net interest income	179	182
Net fee income	1,701	1,749
Net trading income	(19)	103
Other income	16	28
Total income	1,877	2,062
Operating expenses	(1,015)	(1,016)
Profit before loan impairment charges	863	1,046
Loan impairment charges	16	25
Profit before tax	878	1,070

Profit Before Tax

Wealth Management's profit before tax for the three months ended March 31, 2018 amounted to DKK 878 million, a decrease of DKK 192 million, or 17.9 percent, as compared to DKK 1,070 million for the three months ended March 31, 2017. The decrease was mainly due to uncertainty in the financial markets causing a lower investment result from the health and accident business and slightly lower assets under management.

Total Income

Wealth Management's total income for the three months ended March 31, 2018 amounted to DKK 1,877 million, a decrease of DKK 185 million, or 9.0 percent, as compared to DKK 2,062 million for the three months ended March 31, 2017.

Wealth Management's net interest income for the three months ended March 31, 2018 amounted to DKK 179 million, a decrease of DKK 3 million, or 1.6 percent, as compared to DKK 182 million for the three months ended March 31, 2017.

Wealth Management's loans, excluding reverse transactions before impairments, as at March 31, 2018 amounted to DKK 75,798 million, an increase of DKK 2,399 million, or 3.3 percent, as compared to DKK 73,399 million as at March 31, 2017. The increase was due to growth in all markets except for Finland.

Wealth Management's deposits, excluding repo deposits, as at March 31, 2018 amounted to DKK 67,696 million, an increase of DKK 5,785 million, or 9.3 percent, as compared to DKK 61,911 million as at March 31, 2017. The increase was due to growth in all markets except for Finland.

Wealth Management's net fee income for the three months ended March 31, 2018 amounted to DKK 1,701 million, a decrease of DKK 48 million, or 2.7 percent, as compared to DKK 1,749 million for the three months ended March 31, 2017. The decrease was mainly due to net fee income for the three months ended March 31, 2017 having been supported by new product launches. Net fee income for the three months ended March 31, 2018 benefited from an increase in assets under management from the level in the same period in 2017.

Wealth Management's net trading income for the three months ended March 31, 2018 amounted to an expense of DKK 19 million, a change of DKK 122 million as compared to net trading income of DKK 103 million for the three months ended March 31, 2017. The change was mainly due to uncertainty in the financial markets causing a lower investment result from the health and accident business.

Wealth Management's other income for the three months ended March 31, 2018 amounted to DKK 16 million, a decrease of DKK 12 million, or 42.9 percent, as compared to DKK 28 million for the three months ended March 31, 2017.

Expenses

Wealth Management's operating expenses for the three months ended March 31, 2018 amounted to DKK 1,015 million, a decrease of DKK 1 million, or 0.1 percent, as compared to DKK 1,016 million for the three months ended March 31, 2017. Wealth Management's operating expenses for the three months ended March 31, 2018 remained largely unchanged despite increased regulatory costs.

Loan Impairment Charges

Wealth Management's loan impairment charges for the three months ended March 31, 2018 amounted to a reversal of DKK 16 million, a decrease in reversals of DKK 9 million, or 36.0 percent, as compared to a reversal of DKK 25 million for the three months ended March 31, 2017. The decrease was mainly due to loan impairment charges in Denmark, which changed from a reversal for the three months ended March 31, 2017 to a minor expense for the three months ended March 31, 2018.

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 periods indicated:

	For the three months ended March 31,	
	2018	**2017**
	(DKK in millions)	
Net interest income	364	342
Net fee income	95	115
Net trading income	15	24
Other income	3	3
Total income	477	484
Operating expenses	(290)	(309)
Profit before loan impairment charges	187	176
Loan impairment charges	(62)	61
Profit before tax	125	237

Profit Before Tax

Northern Ireland's profit before tax for the three months ended March 31, 2018 amounted to DKK 125 million, a decrease of DKK 112 million, or 47.3 percent, as compared to DKK 237 million for the three months ended March 31, 2017.

Total Income

Northern Ireland's total income for the three months ended March 31, 2018 amounted to DKK 477 million, a decrease of DKK 7 million, or 1.4 percent, as compared to DKK 484 million for the three months ended March 31, 2017.

Northern Ireland's net interest income for the three months ended March 31, 2018 amounted to DKK 364 million, an increase of DKK 22 million, or 6.4 percent, as compared to DKK 342 million for the three months ended March 31, 2017. The increase was mainly due to higher U.K. interest rates.

Northern Ireland's loans, excluding reverse transactions before impairments, as at March 31, 2018 amounted to DKK 48,985 million, an increase of DKK 2,444 million, or 5.3 percent, as compared to DKK 46,541 million as at March 31, 2017. The increase reflected growth in lending both to business and personal customers.

Northern Ireland's deposits, excluding repo deposits, as at March 31, 2018 amounted to DKK 60,529 million, an increase of DKK 1,617 million, or 2.7 percent, as compared to DKK 58,912 million as at March 31, 2017. The increase was driven by growth in deposits both to business and personal customers.

Northern Ireland's net fee income for the three months ended March 31, 2018 amounted to DKK 95 million, a decrease of DKK 20 million, or 17.4 percent, as compared to DKK 115 million for the three months ended March 31, 2017. The decrease was mainly due to the sale of the Wealth Management business in the fourth quarter of 2017.

Northern Ireland's net trading income for the three months ended March 31, 2018 amounted to DKK 15 million, a decrease of DKK 9 million, or 37.5 percent, as compared to DKK 24 million for the three months ended March 31, 2017. The decrease was mainly due to lower exchange rate gains.

Northern Ireland's other income for the three months ended March 31, 2018 amounted to DKK 3 million, which was unchanged from DKK 3 million for the three months ended March 31, 2017.

Expenses

Northern Ireland's operating expenses for the three months ended March 31, 2018 amounted to DKK 290 million, a decrease of DKK 19 million, or 6.1 percent, as compared to DKK 309 million for the three months ended March 31, 2017. The decrease reflected the impact of restructuring initiatives that began in 2017, which impact was partially offset by increased investment in IT and customer solutions, as well as a weaker British pound sterling to Danish Kroner exchange rate.

Loan Impairment Charges

Northern Ireland's loan impairment charges for the three months ended March 31, 2018 amounted to DKK 62 million, a change of DKK 123 million as compared to a reversal of DKK 61 million for the three months ended March 31, 2017. The impairments for the three months ended March 31, 2018 related to a few individual cases.

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 periods indicated:

	For the three months ended March 31,	
	2018	**2017**
	(DKK in millions)	
Total income	7	44
Operating expenses	(54)	(62)
Profit/(loss) before loan impairment charges	(47)	(18)
Loan impairment charges	79	(1)
Profit/(loss) before tax	32	(19)

Profit/(Loss) Before Tax

Non-core's profit before tax for the three months ended March 31, 2018 amounted to DKK 32 million, a change of DKK 51 million as compared to a loss before tax of DKK 19 million for the three months ended March 31, 2017. The change was mainly due to loan impairment reversals for the three months ended March 31, 2018, partially offset by the continued reduction of the loan portfolio.

Total Income

Non-core's total income for the three months ended March 31, 2018 amounted to DKK 7 million, a decrease of DKK 37 million, or 84.1 percent, as compared to DKK 44 million for the three months ended March 31, 2017. The decrease reflected the continued reduction of the loan portfolio.

Operating Expenses

Non-core's operating expenses for the three months ended March 31, 2018 amounted to DKK 54 million, a decrease of DKK 8 million, or 12.9 percent, as compared to DKK 62 million for the three months ended March 31, 2017. The decrease was mainly due to the continued reduction in the number of full-time employees.

Loan Impairment Charges

Non-core's loan impairment charges for the three months ended March 31, 2018 amounted to a reversal of DKK 79 million, a change of DKK 80 million as compared to loan impairment charges of DKK 1 million for the three months ended March 31, 2017. The change was mainly due to reversals and work-outs in Non-core banking facilities.

Other Activities

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

	For the three months ended March 31,	
	2018	**2017**
	(DKK in millions)	
Net interest income	214	358
Net fee income/(expense)	(76)	(33)
Net trading income	68	157
Other income	12	6
Total income	218	488
Operating expenses	(183)	(174)
Profit before loan impairment charges	35	314
Loan impairment charges	7	–
Profit before tax	42	314

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 and business segment presentation) for the periods indicated:

	For the three months ended March 31,	
	2018	**2017**
	(DKK in millions)	
Group Treasury	87	427
Own shares	28	(112)
Additional tier 1 capital	194	194
Group support functions	(266)	(195)
Total Other Activities	42	314

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

Other Activities' total income for the three months ended March 31, 2018 amounted to DKK 218 million, a decrease of DKK 270 million, or 55.3 percent, as compared to DKK 488 million for the three months ended March 31, 2017.

Group Treasury recorded a profit of DKK 87 million for the three months ended March 31, 2018, a decrease of DKK 340 million, or 79.6 percent, as compared to DKK 427 million for the three months ended March 31, 2017. The decrease was mainly due to reduced allocation of liquidity costs and allocation to the business units of accrued income on lending floors previously retained at Group Treasury.

A profit of DKK 28 million was recorded from the Bank's own shares for the three months ended March 31, 2018, a change of DKK 140 million as compared to a loss of DKK 112 million for the three months ended March 31, 2017. The change was mainly due to the development in the Bank's share price, which changed from a gain for the three months ended March 31, 2017 to a loss for the three months ended March 31, 2018.

A profit of DKK 194 million was recorded from additional tier 1 capital for the three months ended March 31, 2018, which was unchanged as compared to a profit of DKK 194 million for the three months ended March 31, 2017.

Group support functions' loss before tax for the three months ended March 31, 2018 amounted to DKK 266 million, an increase of DKK 71 million, or 36.4 percent, as compared to DKK 195 million for the three months ended March 31, 2017. The increase was mainly due to expenses related to Group projects that could not be allocated to other business segments.

Other Activities' profit before tax for the three months ended March 31, 2018 amounted to DKK 42 million, a decrease of DKK 272 million, or 86.6 percent, as compared to DKK 314 million for the three months ended March 31, 2017.

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 March 31, 2018	As at December 31, 2017
	(DKK in millions)	
Assets		
Cash in hand and demand deposits with central banks	82,023	82,818
Due from credit institutions and central banks	311,583	333,975
Trading portfolio assets	466,739	449,292
Investment securities	281,317	324,618
Loans at amortized cost	955,335	1,112,752
Loans at fair value	1,000,923	787,223
Assets under pooled schemes and unit-linked investment contracts	110,648	112,065
Assets under insurance contracts	284,603	296,867
Intangible assets	7,174	7,177
Tax assets	4,282	1,419
Other assets	33,928	31,324
Total assets	3,538,555	3,539,528
Equity and liabilities		
Due to credit institutions and central banks	250,140	242,887
Trading portfolio liabilities	385,635	400,596
Deposits	1,085,108	1,046,858
Issued bonds at fair value	828,415	758,375
Issued bonds at amortized cost	313,364	405,080
Deposits under pooled schemes and unit-linked investment contracts	119,809	119,901
Liabilities under insurance contracts	314,585	322,726
Tax liabilities	8,494	8,634
Other liabilities	44,527	37,097
Subordinated debt	28,840	29,120
Total liabilities	3,378,918	3,371,272
Total equity	159,637	168,256
Total liabilities and equity	3,538,555	3,539,528

Note: On January 1, 2018, the Group implemented IFRS 9 and IFRS 15 *Revenue from Contracts with Customers*. For additional information, including on the impact of the implementation of IFRS 9, see "*Important Information for Investors—Presentation of Financial Information—Changes in Accounting Policies, Restatements and Reclassifications of Consolidated Financial Statements—Three Months Ended March 31, 2018*." The comparative figures as at December 31, 2017 have not been restated to reflect the implementation of IFRS 9.

Assets

The Group's total assets as at March 31, 2018 amounted to DKK 3,538,555 million, a decrease of DKK 973 million as compared to DKK 3,539,528 million as at December 31, 2017. The decrease was mainly due to a decrease of loans at amortized cost and, to a lesser extent, a decrease in investment securities and a decrease in amounts due from credit institutions and central banks, partially offset by an increase in loans at fair value and, to a lesser extent, an increase in trading portfolio assets. As at March 31, 2018, total lending was 0.8 percent higher than the level as at December 31, 2017. Lending increased in almost all markets and across almost all geographies. In Denmark, new gross lending, excluding repo loans, as at March 31, 2018 amounted to DKK 24.6 billion, of which lending to personal customers accounted for DKK 10.0 billion.

Liabilities

The Group's total liabilities as at March 31, 2018 amounted to DKK 3,378,918 million, an increase of DKK 7,646 million, or 0.2 percent, as compared to DKK 3,371,272 million as at December 31, 2017. The increase was mainly due to an increase in issued bonds at amortized cost and, to a lesser extent, an increase in deposits, partially offset by a decrease in issued bonds at fair value and, to a lesser extent, a decrease in trading portfolio liabilities. As at March 31, 2018, total deposits were 3.1 percent higher than the level as at December 31, 2017. The increase was driven by increases in deposits in almost all markets and across almost all geographies.

Equity

The Group's total equity as at March 31, 2018 amounted to DKK 159,637 million, a decrease of DKK 8,619 million, or 5.1 percent, as compared to DKK 168,256 million as at December 31, 2017. The decrease was primarily due to dividends paid on March 20, 2018 of DKK 9,368 million.

The Group's return on average shareholders' equity was 12.6 percent for the three months ended March 31, 2018, as compared to 14.4 percent for the three months ended March 31, 2017. The Group's earnings per share for the three months ended March 31, 2018 were DKK 5.3, as compared to DKK 5.8 for the three months ended March 31, 2017. The decrease was primarily due to a decrease in net profit for the three months ended March 31, 2018 as compared to the same period in 2017.

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 three months ended March 31,	
	2018	**2017**
	(DKK in millions)	
Cash flow from operations		
Profit before tax	5,802	7,140
Tax paid	(3,316)	(3,117)
Adjustment for non-cash operating items	(1,154)	(525)
Total	1,332	3,498
Changes in operating capital		
Amounts due to/from credit institutions and central banks	8,546	(25,528)
Trading portfolio	(32,407)	13,951
Acquisition/sale of own shares and additional tier 1 capital	(242)	(1,423)
Other financial instruments	23,297	8,347
Loans at amortized cost	(56,274)	(8,342)
Deposits	38,251	52,191
Issued bonds at amortized cost and fair value	(21,675)	7,518
Assets/liabilities under insurance contracts	4,123	(4,518)
Other assets/liabilities including sale of businesses	25,061	57,929
Cash flow from operations	(9,988)	103,623
Cash flow from investing activities		
Acquisition of intangible assets	(145)	(157)
Acquisition of tangible assets	(77)	(118)
Sale of tangible assets	3	1
Cash flow from investing activities	(219)	(274)
Cash flow from financing activities		
Issues of subordinated debt	–	5,139
Redemption of subordinated debt	–	(6,824)
Dividends	(8,852)	(8,332)
Share buy-back program[(1)]	(2,373)	(1,667)
Paid interest on additional tier 1 capital	(34)	(35)
Cash flow from financing activities	(11,259)	(11,719)
Cash and cash equivalents at January 1	413,593	296,830
Foreign currency translation	(426)	(106)
Change in cash and cash equivalents	(21,468)	91,630
Cash and cash equivalents, end of period	391,699	388,354
Cash and cash equivalents, end of period		
Cash in hand	8,813	8,367
Demand deposits with central banks	73,210	49,551
Amounts due from credit institutions and central banks within three months	309,676	330,436
Total	391,699	388,354

Note: The cash flow statement is prepared according to the indirect method. The statement is based on the pre-tax profit for the period 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 35 to the 2017 Financial Statements incorporated by reference into this Base Prospectus 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.

Total cash outflow from operations for the three months ended March 31, 2018 was DKK 9,988 million, a change of DKK 113,611 million as compared to cash inflow of DKK 103,623 million for the three months ended March 31, 2017. The change was mainly due to growth in lending and increase in the trading portfolio.

Total cash outflow from investing activities for the three months ended March 31, 2018 was DKK 219 million, a decrease of DKK 55 million, or 20.1 percent, as compared to DKK 274 million for the three months ended March 31, 2017. The decrease was mainly due to lower investments in tangible assets.

Total cash outflow from financing activities for the three months ended March 31, 2018 was DKK 11,259 million, a decrease of DKK 460 million, or 3.9 percent, as compared to DKK 11,719 million for the three months ended March 31, 2017. The decrease was mainly due to net redemption of subordinated debt in the three months ended March 31, 2017.

Review of Financial Highlights and Consolidated Financial Information for the Years Ended and as at December 31, 2017 and 2016

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,	
	2017	**2016**
	(DKK in millions)	
Net interest income*	23,430	22,028
Net fee income*	15,304	14,183
Net trading income*	7,823	8,607
Other income*	1,591	3,140
Total income*	48,149	47,959
Operating expenses*	(22,722)	(22,642)
Profit before loan impairment charges*	25,427	25,317
Loan impairment charges*	873	3
Profit before tax, core*	26,300	25,320
Profit before tax, Non-core*	(12)	37
Profit before tax	26,288	25,357
Tax	(5,388)	(5,500)
Net profit for the year	20,900	19,858
Attributable to additional tier 1 etc.	786	663

* The table above is based on the financial highlights presentation used by the Group when presenting such information in its annual and interim reports. The line items marked with an asterisk in the table above deviate from the corresponding figures in the Consolidated Financial Statements due to reclassification of certain items as discussed in more detail under "*Important Information for Investors—Presentation of Financial Information*." See notes 1(c) and 3 to the 2017 Financial Statements incorporated by reference into this Base Prospectus for information on reconciling the consolidated income statements and the financial highlights presentation.

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,	
	2017	**2016**
	(DKK in millions)	
Personal Banking	5,211	4,963
Business Banking	7,957	6,657
C&I	6,375	4,842
Wealth Management	4,579	4,823
Northern Ireland	1,251	1,063
Non-core	(12)	37
Other Activities[(1)]	927	2,973
Total Group	26,288	25,357

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

Total Income

The Group's total income for the year ended December 31, 2017 amounted to DKK 48,149 million, an increase of DKK 190 million, or 0.4 percent, as compared to DKK 47,959 million for the year ended December 31, 2016.

The Group's net interest income for the year ended December 31, 2017 amounted to DKK 23,430 million, an increase of DKK 1,402 million, or 6.4 percent, as compared to DKK 22,028 million for the year ended December 31, 2016. The increase was mainly due to higher lending and deposit volumes and lower funding costs.

The Group's loans as at December 31, 2017 amounted to DKK 1,723,025 million, an increase of DKK 33,870 million, or 2.0 percent, as compared to DKK 1,689,155 million as at December 31, 2016. This increase was mainly due to increased lending at Personal Banking and Business Banking.

The Group's deposits as at December 31, 2017 amounted to DKK 911,852 million, an increase of DKK 52,417 million, or 6.1 percent, as compared to DKK 859,435 million as at December 31, 2016. This increase was mainly due to increased deposits in most markets in 2017.

The Group's net fee income for the year ended December 31, 2017 amounted to DKK 15,304 million, an increase of DKK 1,121 million, or 7.9 percent, as compared to DKK 14,183 million for the year ended December 31, 2016. The increase was mainly due to an increase in assets under management driven by positive customer sales and strong markets as well as high customer activity, in particular at C&I.

The Group's net trading income for the year ended December 31, 2017 amounted to DKK 7,823 million, a decrease of DKK 784 million, or 9.1 percent, as compared to DKK 8,607 million for the year ended December 31, 2016. The decrease was mainly due to higher net trading income in 2016 that included the gain on the sale of VISA Europe and the sale of the Group's shares in Danmarks Skibskredit A/S.

The Group's other income for the year ended December 31, 2017 amounted to DKK 1,591 million, a decrease of DKK 1,549 million, or 49.3 percent, as compared to DKK 3,140 million for the year ended December 31, 2016. The decrease was mainly due to higher other income in 2016 due to the sale of domicile properties (consisting of primarily the Group's headquarters in Copenhagen, Denmark).

Expenses

The Group's operating expenses for the year ended December 31, 2017 amounted to DKK 22,722 million, an increase of DKK 80 million, or 0.4 percent, as compared to DKK 22,642 million for the year ended December 31, 2016. The increase mainly due to higher costs related primarily to compliance, new regulation and digitalization. Higher activity-related costs were for a large part mitigated by efficiency measures and operating expenses also benefited from a one-off gain relating to the amended pension liability in Northern Ireland.

Loan Impairment Charges

The Group's loan impairment charges for the year ended December 31, 2017 amounted to a reversal of DKK 873 million, an increase in reversals of DKK 870 million as compared to a reversal of DKK 3 million for the year ended December 31, 2016. The increase was mainly due to strengthened credit quality driven by higher property prices in most geographical areas, and improving macroeconomic conditions. At Business Banking, the high reversals related primarily to facilities in Denmark, where property prices rose. Some impairment charges were made in Norway for a few individual customers. Similarly, C&I continued to book impairments against exposures to the shipping and offshore sectors, although at a much lower level than in 2016, reflecting a more stable situation for offshore companies active on the Norwegian continental shelf.

Profit Before Tax, Non-core

The Group's loss before tax, Non-core amounted to DKK 12 million for the year ended December 31, 2017, a change of DKK 49 million as compared to a profit before tax, Non-core of DKK 37 million for the year ended December 31, 2016. The change was mainly due to higher operation expenses, which reflected various activities and costs related to portfolio sales, severance pay and write-downs, and lower income, partially offset by increased reversals of impairments. Most of the reversals in 2017 were related to charges against Non-core banking facilities, including the Irish portfolio. Additional loan impairment charges were made against the Non-core conduits portfolio.

Profit Before Tax

The Group's profit before tax for the year ended December 31, 2017 amounted to DKK 26,288 million, an increase of DKK 931 million, or 3.7 percent, as compared to DKK 25,357 million for the year ended December 31, 2016.

Tax

The Group's total tax charge for the year ended December 31, 2017 amounted to DKK 5,388 million, a decrease of DKK 112 million, or 2.0 percent, as compared to DKK 5,500 million for the year ended December 31, 2016. The decrease was mainly due to positive adjustments for tax paid in previous years.

Net Profit for the Year

The Group's net profit for the year ended December 31, 2017 amounted to DKK 20,900 million, an increase of DKK 1,042 million, or 5.2 percent, as compared to DKK 19,858 million for the year ended December 31, 2016.

Personal Banking

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

	For the year ended December 31,	
	2017	2016
	(DKK in millions)	
Net interest income	7,911	7,660
Net fee income	3,419	3,306
Net trading income	614	562
Other income	736	613
Total income	12,681	12,141
Operating expenses	(7,533)	(7,654)
Profit before loan impairment charges	5,148	4,486
Loan impairment charges	62	477
Profit before tax	5,211	4,963

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

	As at December 31,			
	2017		2016	
	Average LTV	Net credit exposure(1)	Average LTV	Net credit exposure(1)
	(percent)	(DKK in billions)	(percent)	(DKK in billions)
Denmark	64.2	465	65.5	459
Finland	61.2	85	60.7	83
Sweden	60.6	80	59.0	70
Norway	62.8	93	62.5	93
Total	63.3	723	63.9	706

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

Profit Before Tax

Personal Banking's profit before tax for the year ended December 31, 2017 amounted to DKK 5,211 million, an increase of DKK 248 million, or 5.0 percent, as compared to DKK 4,963 million for the year ended December 31, 2016. The increase was mainly due higher income and lower operating expenses. The positive development in income and expenses more than offset lower net reversals of loan impairment charges in 2017.

Total Income

Personal Banking's total income for the year ended December 31, 2017 amounted to DKK 12,681 million, an increase of DKK 540 million, or 4.4 percent, as compared to DKK 12,141 million for the year ended December 31, 2016.

Personal Banking's net interest income for the year ended December 31, 2017 amounted to DKK 7,911 million, an increase of DKK 251 million, or 3.3 percent, as compared to DKK 7,660 million for the year ended December 31, 2016. The increase was mainly due to growing lending volumes and good business momentum, which more than offset the pressure on deposit margins resulting from the persistently low interest rates.

Personal Banking's loans, excluding reverse transactions before impairments, as at December 31, 2017 amounted to DKK 757,937 million, an increase of DKK 16,286 million, or 2.2 percent, as compared to DKK 741,651 million as at

December 31, 2016. The increase was mainly due to the existing strategic partnerships with Akademikerne in Norway and with Saco in Sweden and the new partnership that the Group started with Confederation of Professional Employees (TCO) in Sweden in April 2017.

Personal Banking's deposits, excluding repo deposits, as at December 31, 2017 amounted to DKK 273,478 million, an increase of DKK 6,411 million, or 2.4 percent, as compared to DKK 267,067 million as at December 31, 2016. The increase was mainly due to increased deposit volumes in Denmark.

Personal Banking's net fee income for the year ended December 31, 2017 amounted to DKK 3,419 million, an increase of DKK 113 million, or 3.4 percent, as compared to DKK 3,306 million for the year ended December 31, 2016. The increase was mainly due to higher investment and financing activity in 2017 compared to 2016.

Personal Banking's net trading income for the year ended December 31, 2017 amounted to DKK 614 million, an increase of DKK 52 million, or 9.3 percent, as compared to DKK 562 million for the year ended December 31, 2016. The increase was mainly due to higher investment and financing activity in 2017 compared to 2016.

Personal Banking's other income for the year ended December 31, 2017 amounted to DKK 736 million, an increase of DKK 123 million, or 20.1 percent, as compared to DKK 613 million for the year ended December 31, 2016.

Expenses

Personal Banking's operating expenses for the year ended December 31, 2017 amounted to DKK 7,533 million, a decrease of DKK 121 million, or 1.6 percent, as compared to DKK 7,654 million for the year ended December 31, 2016. The decrease was mainly due to cost efficiencies across market areas, partially offset by costs for regulatory compliance.

Loan Impairment Charges

Personal Banking's loan impairment charges for the year ended December 31, 2017 amounted to a reversal of DKK 62 million, a decrease in reversals of DKK 415 million, or 87.0 percent, as compared to a reversal of DKK 477 million for the year ended December 31, 2016. The reversals in 2017 were mainly due to strong and stable portfolio credit quality and increased collateral values in Denmark in particular.

Profit Before Tax

Personal Banking's profit before tax for the year ended December 31, 2017 amounted to DKK 5,211 million, an increase of DKK 248 million, or 5.0 percent, as compared to DKK 4,963 million for the year ended December 31, 2015.

Business Banking

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

	For the year ended December 31,	
	2017	**2016**
	(DKK in millions)	
Net interest income	8,828	8,427
Net fee income	1,806	1,629
Net trading income	548	568
Other income(1)	551	588
Total income	11,733	11,212
Operating expenses	(4,601)	(4,791)
Profit before loan impairment charges	7,133	6,421
Loan impairment charges	824	235
Profit before tax	7,957	6,657

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

Profit Before Tax

Business Banking's profit before tax for the year ended December 31, 2017 amounted to DKK 7,957 million, an increase of DKK 1,300 million, or 19.5 percent, as compared to DKK 6,657 million for the year ended December 31, 2016. The increase was mainly due to an improvement in income, lower operating expenses and higher net impairment reversals than in 2017.

Total Income

Business Banking's total income for the year ended December 31, 2017 amounted to DKK 11,733 million, an increase of DKK 521 million, or 4.6 percent, as compared to DKK 11,212 million for the year ended December 31, 2016.

Business Banking's net interest income for the year ended December 31, 2017 amounted to DKK 8,828 million, an increase of DKK 401 million, or 4.8 percent, as compared to DKK 8,427 million for the year ended December 31, 2016. The increase was mainly due to good business momentum and increasing lending volumes, partially offset by the pressure on deposit margins resulting from persistently low interest rates.

Business Banking's loans, excluding reverse transactions before impairments, as at December 31, 2017 amounted to DKK 687,975 million, an increase of DKK 25,845 million, or 3.9 percent, as compared to DKK 662,130 million as at December 31, 2016. The increase was mainly due to good activity in the Group's Nordic markets.

Business Banking's deposits, excluding repo deposits, as at December 31, 2017 amounted to DKK 242,278 million, an increase of DKK 12,182 million, or 5.3 percent, as compared to DKK 230,096 million as at December 31, 2016. The increase was mainly due to increased deposit volumes in Norway, primarily as a result of partnerships with public institutions in Norway.

Business Banking's net fee income for the year ended December 31, 2017 amounted to DKK 1,806 million, an increase of DKK 177 million, or 10.9 percent, as compared to DKK 1,629 million for the year ended December 31, 2016. The increase was mainly due to increased activity, with increased lending volumes also having a positive effect.

Business Banking's net trading income for the year ended December 31, 2017 amounted to DKK 548 million, a decrease of DKK 20 million, or 3.5 percent, as compared to DKK 568 million for the year ended December 31, 2016. The decrease was mainly due to slightly lower mortgage refinancing activity in 2017 compared to 2016.

Business Banking's other income for the year ended December 31, 2017 amounted to DKK 551 million, a decrease of DKK 37 million, or 6.3 percent, as compared to DKK 588 million for the year ended December 31, 2016.

Expenses

Business Banking's operating expenses for the year ended December 31, 2017 amounted to DKK 4,601 million, a decrease of DKK 190 million, or 4.0 percent, as compared to DKK 4,791 million for the year ended December 31, 2016. The decrease was mainly due to efficiency improvements and lower severance pay compared to 2016, partially offset by costs for regulatory compliance.

Loan Impairment Charges

Business Banking's loan impairment charges for the year ended December 31, 2017 amounted to a reversal of DKK 824 million, an increase in reversals of DKK 589 million as compared to a reversal of DKK 235 million for the year ended December 31, 2016. The increase was mainly due to favorable macroeconomic conditions, particularly in Denmark, and a continued improvement of credit quality within several of the Group's main industries.

Profit Before Tax

Business Banking's profit before tax for the year ended December 31, 2017 amounted to DKK 7,957 million, an increase of DKK 1,300 million, or 19.5 percent, as compared to DKK 6,657 million for the year ended December 31, 2016.

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,	
	2017	2016
	(DKK in millions)	
Net interest income	3,207	3,061
Net fee income	2,651	2,221
Net trading income	5,668	5,263
Other income	2	16
Total income	11,528	10,561
Operating expenses	(4,799)	(4,648)
Profit before loan impairment charges	6,729	5,913
Loan impairment charges	(354)	(1,071)
Profit before tax	6,375	4,842

Profit Before Tax

C&I's profit before tax for the year ended December 31, 2017 amounted to DKK 6,375 million, an increase of DKK 1,533 million, or 31.7 percent, as compared to DKK 4,842 million for the year ended December 31, 2016.

Total Income

C&I's total income for the year ended December 31, 2017 amounted to DKK 11,528 million, an increase of DKK 967 million, or 9.2 percent, as compared to DKK 10,561 million for the year ended December 31, 2016.

C&I's net interest income for the year ended December 31, 2017 amounted to DKK 3,207 million, an increase of DKK 146 million, or 4.8 percent, as compared to DKK 3,061 million for the year ended December 31, 2016. The increase was mainly due to increased average volumes during 2017 as well as higher refinancing activity.

C&I's loans, excluding reverse transactions before impairments, as at December 31, 2017 amounted to DKK 184,573 million, a decrease of DKK 12,639 million, or 6.4 percent, as compared to DKK 197,212 million as at December 31, 2016. The decrease was mainly due to changes in collateral management. Excluding the effect of collateral management, lending volumes were largely unchanged from year-end 2016 to year-end 2017.

C&I's deposits, excluding repo deposits, as at December 31, 2017 amounted to DKK 273,811 million, an increase of DKK 40,496 million, or 17.4 percent, as compared to DKK 233,315 million as at December 31, 2016. The increase was mainly due to increased deposits from pension and life companies in Finland and corporates in Norway.

C&I's net fee income for the year ended December 31, 2017 amounted to DKK 2,651 million, an increase of DKK 430 million, or 19.4 percent, as compared to DKK 2,221 million for the year ended December 31, 2016. The increase was mainly due to increased customer activity, mainly in Debt Capital Markets, Equity Capital Markets, Equities and Corporate Finance, as well as a number of large customer transactions in General Banking.

C&I's net trading income for the year ended December 31, 2017 amounted to DKK 5,668 million, an increase of DKK 405 million, or 7.7 percent, as compared to DKK 5,263 million for the year ended December 31, 2016. The increase was mainly due to high customer trading activity in the financial markets, especially early in 2017. The increase was also influenced by changes in 2016 to the CVA model, which affected trading income negatively in 2016.

C&I's other income for the year ended December 31, 2016 amounted to DKK 2 million, a decrease of DKK 14 million, or 87.5 percent, as compared to DKK 16 million for the year ended December 31, 2016.

Expenses

C&I's operating expenses for the year ended December 31, 2017 amounted to DKK 4,799 million, an increase of DKK 151 million, or 3.2 percent, as compared to DKK 4,648 million for the year ended December 31, 2016. The increase was mainly due to the increased activity of C&I in 2017.

Loan Impairment Charges

C&I's loan impairment charges for the year ended December 31, 2017 amounted to DKK 354 million, a decrease of DKK 717 million, or 67.0 percent, as compared to DKK 1,071 million for the year ended December 31, 2016. The decrease was mainly due to a more stable situation for offshore companies active on the Norwegian continental shelf.

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,	
	2017	2016
	(DKK in millions)	
Net interest income	709	675
Net fee income	7,281	6,732
Net trading income	403	591
Other income	174	574
Total income	8,567	8,572
Operating expenses	(4,082)	(3,887)
Profit before loan impairment charges	4,485	4,685
Loan impairment charges	93	137
Profit before tax	4,579	4,823

Profit Before Tax

Wealth Management's profit before tax for the year ended December 31, 2017 amounted to DKK 4,579 million, a decrease of DKK 244 million, or 5.1 percent, as compared to DKK 4,823 million for the year ended December 31, 2016. The decrease was mainly due to decreases in other income due to a change in the profit policy of Danica Pension's conventional life business as well as a decrease in net trading income due to nonrecurring income of DKK 0.2 billion in 2016 related to insurance contracts. The decrease was partially offset by good net inflow of customers and strong premium growth in Danica Pension and improving net sales in Asset Management.

Total Income

Wealth Management's total income for the year ended December 31, 2017 amounted to DKK 8,567 million, a decrease of DKK 5 million, or 0.1 percent, as compared to DKK 8,572 million for the year ended December 31, 2016.

Wealth Management's net interest income for the year ended December 31, 2017 amounted to DKK 709 million, an increase of DKK 34 million, or 5.0 percent, as compared to DKK 675 million for the year ended December 31, 2016. The increase was mainly due to an increase in lending volumes.

Wealth Management's loans, excluding reverse transactions before impairments, as at December 31, 2017 amounted to DKK 75,028 million, an increase of DKK 2,555 million, or 3.5 percent, as compared to DKK 72,473 million as at December 31, 2016. The increase was mainly due to new mortgage loans in Denmark.

Wealth Management's deposits, excluding repo deposits, as at December 31, 2017 amounted to DKK 65,849 million, an increase of DKK 2,968 million, or 4.7 percent, as compared to DKK 62,881 million as at December 31, 2016. The increase was mainly due to increased volumes in Sweden and Norway.

Wealth Management's net fee income for the year ended December 31, 2017 amounted to DKK 7,281 million, an increase of DKK 549 million, or 8.2 percent, as compared to DKK 6,732 million for the year ended December 31, 2016. The increase was mainly due to an increase in assets under management and new product launches.

Wealth Management's net trading income for the year ended December 31, 2017 amounted to DKK 403 million, a decrease of DKK 188 million, or 31.8 percent, as compared to DKK 591 million for the year ended December 31, 2016. The decrease was mainly due to both lower income relating to insurance contracts in the health and accident business in 2017 and the fact that net trading income in 2016 benefited from DKK 0.2 billion of nonrecurring income relating to insurance contracts.

Wealth Management's other income for the year ended December 31, 2017 amounted to DKK 174 million, a decrease of DKK 400 million, or 69.7 percent, as compared to DKK 574 million for the year ended December 31, 2016.

Expenses

Wealth Management's operating expenses for the year ended December 31, 2017 amounted to DKK 4,082 million, an increase of DKK 195 million, or 5.0 percent, as compared to DKK 3,887 million for the year ended December 31, 2016. The increase was mainly due to increased activity, regulatory implementation, costs for the transformation of the asset management organization at the beginning of the year and costs related to the acquisition of SEB Pensionsforsikring A/S and SEB Administration A/S in Denmark.

Loan Impairment Charges

Wealth Management's loan impairment charges for the year ended December 31, 2017 amounted to a reversal of DKK 93 million, a decrease in reversals of DKK 44 million, or 32.1 percent, as compared to a reversal of DKK 137 million for the year ended December 31, 2016.

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,	
	2017	**2016**
	(DKK in millions)	
Net interest income	1,374	1,458
Net fee income	429	471
Net trading income	111	126
Other income	48	18
Total income	1,961	2,072
Operating expenses	(957)	(1,243)
Profit before loan impairment charges	1,004	829
Loan impairment charges	247	234
Profit before tax	1,251	1,063

Profit Before Tax

Northern Ireland's profit before tax for the year ended December 31, 2017 amounted to DKK 1,251 million, an increase of DKK 188 million, or 17.7 percent, as compared to DKK 1,063 million for the year ended December 31, 2016. The increase was mainly due to lower operating expenses.

Total Income

Northern Ireland's total income for the year ended December 31, 2017 amounted to DKK 1,961 million, a decrease of DKK 111 million, or 5.4 percent, as compared to DKK 2,072 million for the year ended December 31, 2016.

Northern Ireland's net interest income for the year ended December 31, 2017 amounted to DKK 1,374 million, a decrease of DKK 84 million, or 5.8 percent, as compared to DKK 1,458 million for the year ended December 31, 2016. The decrease was primarily due to ongoing macroeconomic uncertainty resulting in a continuation of low GDP growth, low interest rates and a weak British pound sterling. The effect was partly offset by growth in lending and deposit volumes. In local currency, net interest income increased by 0.8 percent.

Northern Ireland's loans, excluding reverse transactions before impairments, as at December 31, 2017 amounted to DKK 46,272 million, an increase of DKK 697 million, or 1.5 percent, as compared to DKK 45,575 million as at December 31, 2016. In local currency, the increase was larger than in Danish Kroner. The increase was mainly due to increased mortgage and corporate lending.

Northern Ireland's deposits, excluding repo deposits, as at December 31, 2017 amounted to DKK 58,971 million, a decrease of DKK 273 million, or 0.5 percent, as compared to DKK 59,244 million as at December 31, 2016. The decrease was mainly due to currency effects. In local currency, Northern Ireland's deposits, excluding repo deposits, increased by 3.2 percent.

Northern Ireland's net fee income for the year ended December 31, 2017 amounted to DKK 429 million, a decrease of DKK 42 million, or 8.9 percent, as compared to DKK 471 million for the year ended December 31, 2016. In local currency, net fee income decreased by 2.9 percent. The decrease was mainly due to loss of fee income as a result of the sale of the Northern Ireland Wealth Management unit in the fourth quarter of 2017.

Northern Ireland's net trading income for the year ended December 31, 2017 amounted to DKK 111 million, a decrease of DKK 15 million, or 11.9 percent, as compared to DKK 126 million for the year ended December 31, 2016.

Northern Ireland's other income for the year ended December 31, 2017 amounted to DKK 48 million, an increase of DKK 30 million as compared to DKK 18 million for the year ended December 31, 2016.

Expenses

Northern Ireland's operating expenses for the year ended December 31, 2017 amounted to DKK 957 million, a decrease of DKK 286 million, or 23.0 percent, as compared to DKK 1,243 million for the year ended December 31, 2016. In local currency, operating expenses decreased by 18.0 percent. The decrease was mainly due to the change in pension liabilities, partially offset by investment and restructuring initiatives introduced to drive competitiveness, efficiency and the delivery of new solutions for customers.

Loan Impairment Charges

Northern Ireland's loan impairment charges amounted to a reversal of DKK 247 million for the year ended December 31, 2017, an increase in reversals of DKK 13 million, or 5.6 percent, as compared to a reversal of DKK 234 million for the year ended December 31, 2016. The increase was mainly due to improvements in property values and in the trading results of the Group's business customers meaning that provisions made in previous years against potentially distressed lending were no longer required.

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,	
	2017	**2016**
	(DKK in millions)	
Total income	169	235
Operating expenses	(890)	(363)
Profit (loss) before loan impairment charges	(722)	(128)
Loan impairment charges	710	165
Profit/(loss) before tax	(12)	37

Profit Before Tax

Non-core's loss before tax for the year ended December 31, 2017 amounted to DKK 12 million, a change of DKK 49 million as compared to profit before tax of DKK 37 million for the year ended December 31, 2016. The change was mainly due to higher expenses as a result of various activities and costs related to portfolio sales, severance pay and write-downs. The increase in expenses was partly offset by an increase in reversals of loan impairment charges.

Total Income

Non-core's total income for the year ended December 31, 2017 amounted to DKK 169 million, a decrease of DKK 66 million, or 28.1 percent, as compared to DKK 235 million for the year ended December 31, 2016.

Operating Expenses

Non-core's operating expenses for the year ended December 31, 2017 amounted to DKK 890 million, an increase of DKK 527 million as compared to DKK 363 million for the year ended December 31, 2016. The increase was mainly due to various activities and costs related to portfolio sales, severance pay and write-downs.

Loan Impairment Charges

Non-core's loan impairment charges for the year ended December 31, 2017 amounted to a reversal of DKK 710 million, an increase in reversals of DKK 545 million as compared to a reversal of DKK 165 million for the year ended December 31, 2016. Most of the reversals in 2017 were related to charges against Non-core banking facilities including the Irish portfolio. Additional loan impairment charges were made against the Non-core conduits portfolio.

Other Activities

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

	For the year ended December 31,	
	2017	**2016**
Net interest income	1,402	747
Net fee income/(expense)	(282)	(175)
Net trading income	479	1,498
Other income	80	1,331
Total income	1,678	3,401
Operating expenses	(750)	(419)
Profit before loan impairment charges	928	2,982
Loan impairment charges	1	(9)
Profit before tax	927	2,973

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 and business segment presentation) for the years indicated:

	For the year ended December 31,	
	2017	**2016**
	(DKK in millions)	
Group Treasury	1,283	2,005
Own shares	(127)	(135)
Additional tier 1 capital	786	663
Group support functions	(1,016)	440
Total Other Activities	927	2,973

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

Other Activities' total income for the year ended December 31, 2017 amounted to DKK 1,678 million, a decrease of DKK 1,723 million, or 50.7 percent, as compared to DKK 3,401 million for the year ended December 31, 2016.

Group Treasury recorded a profit of DKK 1,283 million for the year ended December 31, 2017, a decrease of DKK 722 million, or 36.0 percent, as compared to DKK 2,005 million for the year ended December 31, 2016. The decrease was mainly due to 2016 benefiting from a one-off gain on the sale of VISA Europe and positive fair value adjustments of the liquidity portfolio and the private equity portfolio.

A loss of DKK 127 million was recorded from the Bank's own shares for the year ended December 31, 2017, an improvement of DKK 8 million, or 5.9 percent, as compared to a loss of DKK 135 million for the year ended December 31, 2016.

A profit before tax of DKK 786 million was recorded from additional tier 1 capital for the year ended December 31, 2017, an increase of DKK 123 million, or 18.6 percent, as compared to DKK 663 million for the year ended December 31, 2016. The increase was mainly due to interest on the equity accounted additional tier 1 instruments.

Group support functions recorded a loss of DKK 1,016 million for the year ended December 31, 2017, a change of DKK 1,456 million as compared to a profit of DKK 440 million for the year ended December 31, 2016. The change was mainly due to a gain from the sale of the majority of the Danish domicile properties.

Other Activities' profit before tax for the year ended December 31, 2017 amounted to DKK 927 million, a decrease of DKK 2,046 million, or 68.8 percent, as compared to DKK 2,973 million for the year ended December 31, 2016.

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,	
	2017	2016
	(DKK in millions)	
Assets		
Cash in hand and demand deposits with central banks	82,818	53,211
Due from credit institutions and central banks	333,975	245,479
Trading portfolio assets	449,292	509,679
Investment securities	324,618	343,337
Loans at amortized cost	1,112,752	1,141,567
Loans at fair value	787,223	766,003
Assets under pooled schemes and unit-linked investment contracts	112,065	99,848
Assets under insurance contracts	296,867	285,398
Intangible assets	7,177	6,790
Tax assets	1,419	1,283
Other assets	31,324	31,075
Total assets	3,539,528	3,483,670
Equity and liabilities		
Due to credit institutions and central banks	242,887	272,883
Trading portfolio liabilities	400,596	478,301
Deposits	1,046,858	943,865
Bonds issued by Realkredit Danmark	758,375	726,732
Deposits under pooled schemes and unit-linked investment contracts	119,901	106,418
Liabilities under insurance contracts	322,726	314,977
Other issued bonds	405,080	392,512
Tax liabilities	8,634	8,151
Other liabilities	37,097	35,385
Subordinated debt	29,120	37,831
Total liabilities	3,371,272	3,317,055
Total equity	168,256	166,615
Total liabilities and equity	3,539,528	3,483,670

Assets

As at December 31, 2017, the Group's total assets amounted to DKK 3,539,528 million, an increase of DKK 55,858 million, or 1.6 percent, as compared to DKK 3,483,670 million as at December 31, 2016. The increase was primarily due to an increase in amounts due from credit institutions and central banks related to the Group's funding. As at December 31, 2017, total lending was up 2.0 percent from the level as at December 31, 2016. Lending increased primarily at Personal Banking and Business Banking. In Denmark, new gross lending, excluding repo loans, amounted to DKK 94.1 billion as of December 31, 2017, of which lending to personal customers accounted for DKK 40.1 billion.

Liabilities

As at December 31, 2017, the Group's total liabilities amounted to DKK 3,371,272 million, an increase of DKK 54,217 million, or 1.6 percent, as compared to DKK 3,317,055 million as at December 31, 2016. The increase was primarily due to an increase of deposits and bonds issued by Realkredit Danmark, partially offset by decreases in trading portfolio liabilities and due to credit institutions and central banks. As at December 31, 2017, total deposits were up 6.1 percent from the level as at December 31, 2016, with increases in most markets.

Equity

As December 31, 2017, the Group's total equity amounted to DKK 168,256 million, an increase of DKK 1,641 million, or 1.0 percent, as compared to DKK 166,615 million as at December 31, 2016.

The Group's return on average shareholders' equity was 13.6 percent for the year ended December 31, 2017, as compared to 13.1 percent for the year ended December 31, 2016. The Group's earnings per share for the year ended December 31, 2017 were DKK 22.2, as compared to DKK 20.2 for the year ended December 31, 2016. The increase was primarily due to increased net profit and fewer outstanding number of shares as a result of the share buy-back program.

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,	
	2017	2016
	(DKK in millions)	
Cash flow from operations		
Profit before tax	26,288	25,358
Tax paid	(5,482)	(4,961)
Adjustment for non-cash operating items	(1,093)	477
Total	19,713	20,874
Changes in operating capital		
Amounts due to/from credit institutions and central banks	(31,337)	1,543
Trading portfolio	(17,318)	44,510
Acquisition/sale of own shares and additional tier 1 capital	(241)	62
Other financial instruments	26,854	23,925
Loans at amortized cost	30,397	(62,141)
Loans at fair value	(21,220)	(24,343)
Deposits	102,993	80,391
Bonds issued by Realkredit Danmark	31,643	32,213
Assets/liabilities under insurance contracts	(3,720)	10,122
Other assets/liabilities	10,628	5,608
Cash flow from operations	148,392	132,764
Cash flow from investing activities		
Acquisition/sale of businesses	291	1,226
Acquisition of intangible assets	(1,022)	(756)
Acquisition of tangible assets	(623)	(288)
Sale of tangible assets	74	2,988
Cash flow from investing activities	(1,280)	3,170
Cash flow from financing activities		
Issues of subordinated debt	5,087	–
Redemption of subordinated debt	(12,577)	–
Dividends	(8,332)	(7,758)
Share buy-back program(1)	(9,958)	(8,083)
Issued additional tier 1 capital	–	2,970
Paid interest on additional tier 1 capital	(786)	(649)
Change in non-controlling interests	–	–
Cash flow from financing activities	(26,566)	(13,520)
Cash and cash equivalents at January 1	297,078	178,835
Foreign currency translation	(4,031)	(4,171)
Change in cash and cash equivalents	120,546	122,414
Cash and cash equivalents, end of period	413,593	297,078
Cash and cash equivalents end of period		
Cash in hand	9,051	9,332
Demand deposits with central banks	73,766	43,879
Amounts due from credit institutions and central banks within three months	330,776	243,867
Total	413,593	297,078

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 35 to the 2017 Financial Statements incorporated by reference into this Base Prospectus 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.

Total cash inflow from operations was DKK 148,392 million for the year ended December 31, 2017, an increase of DKK 15,628 million, or 11.8 percent, as compared to DKK 132,764 million for the year ended December 31, 2016. The increase was primarily attributable to higher deposits.

Total cash outflow from investing activities was DKK 1,280 million for the year ended December 31, 2017, a change of DKK 4,450 million as compared to cash inflow of DKK 3,170 million for the year ended December 31, 2016. The change was primarily attributable to higher cash inflow from sale of tangible assets and business in the year ended December 31, 2016.

Total cash outflow from financing activities was DKK 26,566 million for the year ended December 31, 2017, an increase of DKK 13,046 million, or 96.5 percent, as compared to DKK 13,520 million for the year ended December 31, 2016. The increase was primarily due to net redemption of subordinated debt in the year ended December 31, 2017.

Review of Financial Highlights and Consolidated Financial Information for the Years Ended and as at December 31, 2016 and 2015

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,	
	2016	2015 (restated)(1)
	(DKK in millions)	
Net interest income*	22,028	21,402
Net fee income*	14,183	15,018
Net trading income*	8,607	6,848
Other income*	3,140	2,343
Total income*	47,959	45,611
Operating expenses*	(22,642)	(23,237)
Goodwill impairment charges	–	(4,601)(2)
Profit before loan impairment charges*	25,317	17,773
Loan impairment charges*	3	(57)
Profit before tax, core*	25,320	17,716
Profit before tax, Non-core*	37	46
Profit before tax	25,357	17,762
Tax	(5,500)	(4,639)
Net profit for the year	19,858	13,123
Net profit for the year before goodwill impairment charges*	19,858	17,724
Attributable to additional tier 1 etc.	663	607

* The table above is based on the financial highlights presentation used by the Group when presenting such information in its annual and interim reports. The line items marked with an asterisk in the table above deviate from the corresponding figures in the Consolidated Financial Statements due to reclassification of certain items as discussed in more detail under "*Important Information for Investors—Presentation of Financial Information*." See notes 1(c) and 3 to the 2016 Financial Statements incorporated by reference into this Base Prospectus for information on reconciling the consolidated income statements and the financial highlights presentation.

(1) The financial highlights as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

(2) Goodwill impairment charges for the year ended December 31, 2015 included impairment charges of DKK 4,117 million on goodwill and DKK 484 million on customer relations.

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,	
	2016	2015 (restated)(1)
	(DKK in millions)	
Personal Banking	4,963	540
Business Banking	6,657	5,169
C&I	4,842	5,396
Wealth Management	4,823	4,804
Northern Ireland	1,063	1,281
Non-core	37	46
Other Activities(2)	2,973	525
Total Group	25,357	17,762

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

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

Total Income

The Group's total income for the year ended December 31, 2016 amounted to DKK 47,959 million, an increase DKK 2,348 million, or 5.1 percent, as compared to DKK 45,611 million for the year ended December 31, 2015.

The Group's net interest income for the year ended December 31, 2016 amounted to DKK 22,028 million, an increase of DKK 626 million, or 2.9 percent, as compared to DKK 21,402 million for the year ended December 31, 2015. The increase was mainly due to lending growth and lower funding costs, which were partially offset by the competitive pressure on margins.

The Group's loans as at December 31, 2016 amounted to DKK 1,689,155 million, an increase of DKK 79,771 million, or 5.0 percent, as compared to DKK 1,609,384 million as at December 31, 2015. The increase was due to increased lending at almost all banking units.

The Group's deposits as at December 31, 2016 amounted to DKK 859,435 million, an increase of DKK 42,673 million, or 5.2 percent, as compared to DKK 816,762 million as at December 31, 2015. The increase was mainly due to increased deposits in most markets.

The Group's net fee income for the year ended December 31, 2016 amounted to DKK 14,183 million, a decrease of DKK 835 million, or 5.6 percent, as compared to DKK 15,018 million for the year ended December 31, 2015. The decrease was mainly due to decreased remortgaging activity, which normalized compared with the high level in 2015, especially during the first half of that year. Net fee income was also adversely affected by the turbulence in financial markets, which led to lower customer activity within investment products. The decrease was partially offset by higher performance fees at Wealth Management.

The Group's net trading income for the year ended December 31, 2016 amounted to DKK 8,607 million, an increase of DKK 1,759 million, or 25.7 percent, as compared to DKK 6,848 million for the year ended December 31, 2015. The increase was mainly due to good customer activity within C&I, improved market conditions, the gain on the sale of VISA Europe, and positive fair value adjustments of the liquidity and private equity portfolios. The sale of the Group's shares in Danmarks Skibskredit A/S in the fourth quarter also contributed to the increase in net trading income. In 2016, the xVA (as defined below) model was improved to better meet the rapidly developing market standard and regulatory requirements. The model improvements increased the estimated future counterparty exposure on derivatives, which increased the CVA, DVA and FVA, and had a net negative impact on net trading income.

The Group's other income for the year ended December 31, 2016 amounted to DKK 3,140 million, an increase of DKK 797 million, or 34.0 percent, as compared to DKK 2,343 million for the year ended December 31, 2015. The increase was mainly due to the sale of domicile properties and positive value adjustment of shares in associated companies.

Expenses

The Group's operating expenses for the year ended December 31, 2016 amounted to DKK 22,642 million, a decrease of DKK 595 million, or 2.6 percent, as compared to DKK 23,237 million for the year ended December 31, 2015. The decrease was mainly due to the Group's ongoing efforts to reduce operating expenses, a lower net contribution to the Danish resolution fund and the Danish Guarantee Fund, and lower depreciation on intangible assets. The decrease was partially offset by increased regulatory costs and rental costs following the sale of domicile properties.

The Group's goodwill impairment charges for the year ended December 31, 2016 amounted to nil, as compared to DKK 4,601 million for the year ended December 31, 2015. The impairment charges in 2015 resulted from further worsening of the macroeconomic outlook with expectations of even lower interest rate levels than those applied in the impairment test in 2014, and an increase in the capital allocated to the banking units under the Group's new capital allocation framework that was implemented in 2016. Since the impairments are based on long-term assessments, they are not related to expected short-term developments at the individual units. 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, 2016 amounted to a reversal of DKK 3 million, a change of DKK 60 million as compared to loan impairment charges of DKK 57 million for the year ended December 31, 2015. The change was mainly due to strengthened credit quality and stable macroeconomic conditions. The change was partially offset by increased impairments in the oil sector at C&I, reflecting the continuation of weak market conditions. In 2016, the Group made collective impairment charges of DKK 942 million related to the oil sector.

Profit Before Tax, Non-core

The Group's profit before tax, Non-core amounted to DKK 37 million for the year ended December 31, 2016, a decrease of DKK 9 million, or 19.6 percent, as compared to DKK 46 million for the year ended December 31, 2015. The decrease was mainly due to lower income resulting from the continued reduction of the loan portfolio. The decrease was partially offset by the sale of the residential mortgage loan portfolio relating to the mass personal customer business in Lithuania and Latvia.

Profit Before Tax

The Group's profit before tax for the year ended December 31, 2016 amounted to DKK 25,357 million, an increase of DKK 7,595 million, or 42.8 percent, as compared to DKK 17,762 million for the year ended December 31, 2015.

Tax

The Group's total tax charge for the year ended December 31, 2016 amounted to DKK 5,500 million, an increase of DKK 861 million, or 18.6 percent, as compared to DKK 4,639 million for the year ended December 31, 2015. The increase was mainly due to the higher profit before tax.

Net Profit for the Year

The Group's net profit for the year ended December 31, 2016 amounted to DKK 19,858 million, an increase of DKK 6,735 million, or 51.3 percent, as compared to DKK 13,123 million for the year ended December 31, 2015.

Personal Banking

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

	For the year ended December 31,	
	2016	**2015 (restated)[1]**
	(DKK in millions)	
Net interest income	7,660	7,909
Net fee income	3,306	3,494
Net trading income	562	517
Other income	613	609
Total income	12,141	12,529
Operating expenses	(7,654)	(8,444)
Goodwill impairment charges	–	(3,155)
Profit before loan impairment charges	4,486	930
Loan impairment charges	477	(390)
Profit before tax	4,963	540
Profit before tax and goodwill impairment charges	4,963	3,695

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

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

	As at December 31,			
	2016		2015	
	Average LTV	Net credit exposure[1]	Average LTV	Net credit exposure[1]
			(restated)[2]	
	(percent)	(DKK in billions)	(percent)	(DKK in billions)
Denmark	65.5	459	67.2	453
Finland	60.7	83	61.9	84
Sweden	59.0	70	62.1	64
Norway	62.5	93	64.2	78
Total	63.9	706	65.7	679

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

(2) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

Profit Before Tax and Goodwill Impairment Charges

Personal Banking's profit before tax and goodwill impairment charges for the year ended December 31, 2016 amounted to DKK 4,963 million, an increase of DKK 1,268 million, or 34.3 percent, as compared to DKK 3,695 million for the year ended December 31, 2015. The increase was mainly due to declining expenses and net impairment reversals. The increase was partially offset by pressure on income due to persistently negative interest rates and activity levels that did not reach the high 2015 levels.

Total Income

Personal Banking's total income for the year ended December 31, 2016 amounted to DKK 12,141 million, a decrease of DKK 388 million, or 3.1 percent, as compared to DKK 12,529 million for the year ended December 31, 2015.

Personal Banking's net interest income for the year ended December 31, 2016 amounted to DKK 7,660 million, a decrease of DKK 249 million, or 3.1 percent, as compared to DKK 7,909 million for the year ended December 31, 2015. The decrease was mainly due to short-term interest rates decreases in Denmark, Finland and Sweden and the associated decrease in lending margins. The decrease was partially offset by increased lending volume.

Personal Banking's loans, excluding reverse transactions before impairments, as at December 31, 2016 amounted to DKK 741,651 million, an increase of DKK 21,119 million, or 2.9 percent, as compared to DKK 720,532 million as at December 31, 2015. The increase was mainly due to good customer inflow in Norway and Sweden.

Personal Banking's deposits, excluding repo deposits, as at December 31, 2016 amounted to DKK 267,067 million, an increase of DKK 10,673 million, or 4.2 percent, as compared to DKK 256,394 million as at December 31, 2015. The increase was mainly due to higher deposits in all markets.

Personal Banking's net fee income for the year ended December 31, 2016 amounted to DKK 3,306 million, a decrease of DKK 188 million, or 5.4 percent, as compared to DKK 3,494 million for the year ended December 31, 2015. The decrease was mainly due to the decrease in remortgaging activity from the extraordinarily high level in 2015 and lower investment-related income, as market turbulence adversely affected investment volumes and customer activity. In general, activity levels picked up in the second half of 2016, although not enough to compensate for the lower levels in the first half of the year.

Personal Banking's net trading income for the year ended December 31, 2016 amounted to DKK 562 million, an increase of DKK 45 million, or 8.7 percent, as compared to DKK 517 million for the year ended December 31, 2015. The increase was mainly due to increased net trading income in Norway and Denmark, which was partially offset by decreased net trading income in Finland and Sweden.

Personal Banking's other income for the year ended December 31, 2016 amounted to DKK 613 million, an increase of DKK 4 million, or 0.7 percent, as compared to DKK 609 million for the year ended December 31, 2015.

Expenses

Personal Banking's operating expenses for the year ended December 31, 2016 amounted to DKK 7,654 million, a decrease of DKK 790 million, or 9.4 percent, as compared to DKK 8,444 million for the year ended December 31, 2015. The decrease was mainly due to increased efficiency and lower depreciation of intangible assets. In addition, the costs associated with the deposit guarantee scheme were replaced with a lower contribution to the Danish resolution fund.

Personal Banking's goodwill impairment charges for the year ended December 31, 2016 amounted to nil, as compared to DKK 3,155 million (including impairment charges of DKK 2,814 million on goodwill in the Personal Banking unit in Finland and DKK 341 million on customer relations in the Personal Banking unit in Finland) for the year ended December 31, 2015. The impairment charges in 2015 resulted from further worsening of the macroeconomic outlook with expectations of even lower interest rate levels than those applied in the impairment test in 2014, and an increase in the capital allocated to the banking units under the Group's new capital allocation framework that was implemented in 2016. 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

Personal Banking's loan impairment charges for the year ended December 31, 2016 amounted to a reversal of DKK 477 million, a change of DKK 867 million as compared to loan impairment charges of DKK 390 million for the year ended December 31, 2015. The change was mainly due to more favorable macroeconomic conditions, the low level of interest rates and the Group's continued efforts to improve credit quality.

Profit Before Tax

Personal Banking's profit before tax for the year ended December 31, 2016 amounted to DKK 4,963 million, an increase of DKK 4,423 million as compared to DKK 540 million for the year ended December 31, 2015.

Business Banking

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

	For the year ended December 31,	
	2016	**2015**
		(restated)(1)
	(DKK in millions)	
Net interest income	8,427	8,309
Net fee income	1,629	1,864
Net trading income	568	606
Other income(2)	588	581
Total income	11,212	11,360
Operating expenses	(4,791)	(4,704)
Goodwill impairment charges	–	(1,296)
Profit before loan impairment charges	6,421	5,360
Loan impairment charges	235	(191)
Profit before tax	6,657	5,169
Profit before tax and goodwill impairment charges	6,657	6,465

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016.*"

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

Profit Before Tax and Goodwill Impairment Charges

Business Banking's profit before tax and goodwill impairment charges for the year ended December 31, 2016 amounted to DKK 6,657 million, an increase of DKK 192 million, or 3.0 percent, as compared to DKK 6,465 million for the year ended December 31, 2015. The increase was mainly due to a net reversal of loan impairment charges resulting from improved credit quality and higher property prices.

Total Income

Business Banking's total income for the year ended December 31, 2016 amounted to DKK 11,212 million, a decrease of DKK 148 million, or 1.3 percent, as compared to DKK 11,360 million for the year ended December 31, 2015.

Business Banking's net interest income for the year ended December 31, 2016 amounted to DKK 8,427 million, an increase of DKK 118 million, or 1.4 percent, as compared to DKK 8,309 million for the year ended December 31, 2015. The increase was mainly due to good business momentum and increasing volumes. The increase was partially offset by low to negative interest rates and a difficult macroeconomic environment.

Business Banking's loans, excluding reverse transactions before impairments, as at December 31, 2016 amounted to DKK 662,130 million, an increase of DKK 32,221 million, or 5.1 percent, as compared to DKK 629,909 million as at December 31, 2015. The increase was mainly due to increased lending to customers in all markets.

Business Banking's deposits, excluding repo deposits, as at December 31, 2016 amounted to DKK 230,096 million, an increase of DKK 4,132 million, or 1.8 percent, as compared to DKK 225,964 million as at December 31, 2015. The increase was mainly due to increased deposits in Sweden and Norway, which was partially offset by decreased deposits in Finland.

Business Banking's net fee income for the year ended December 31, 2016 amounted to DKK 1,629 million, a decrease of DKK 235 million, or 12.6 percent, as compared to DKK 1,864 million for the year ended December 31, 2015. The decrease was mainly due to a decline in remortgaging activity from 2015, which benefited from an extraordinarily high level in the first half of the year, when declining interest rates resulted in extensive remortgaging.

Business Banking's net trading income for the year ended December 31, 2016 amounted to DKK 568 million, a decrease of DKK 38 million, or 6.3 percent, as compared to DKK 606 million for the year ended December 31, 2015. The decrease was mainly due to a decline in remortgaging activity from 2015, which benefited from an extraordinarily high level in the first half of the year, when declining interest rates resulted in extensive remortgaging.

Business Banking's other income for the year ended December 31, 2016 amounted to DKK 588 million, an increase of DKK 7 million, or 1.2 percent, as compared to DKK 581 million for the year ended December 31, 2015.

Expenses

Business Banking's operating expenses for the year ended December 31, 2016 amounted to DKK 4,791 million, an increase of DKK 87 million, or 1.8 percent, as compared to DKK 4,704 million for the year ended December 31, 2015. The increase was mainly due to severance pay and increased regulatory costs, which more than offset continued efficiency improvements.

Business Banking's goodwill impairment charges for the year ended December 31, 2016 amounted to nil, as compared to DKK 1,296 million (including impairment charges of DKK 1,153 million on goodwill and DKK 143 million on customer relations in the Business Banking unit in Finland) for the year ended December 31, 2015. The impairment charges in 2015 resulted from further worsening of the macroeconomic outlook with expectations of even lower interest rate levels than those applied in the impairment test in 2014, and an increase in the capital allocated to the banking units under the Group's new capital allocation framework that was implemented in 2016. 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

Business Banking's loan impairment charges for the year ended December 31, 2016 amounted to a reversal of DKK 235 million, a change of DKK 426 million as compared to loan impairment charges of DKK 191 million for the year ended December 31, 2015. The change was mainly due to net reversals in Denmark and Finland, whereas impairment charges were made in Norway. In Denmark, impairment charges were made primarily against facilities to customers in the agricultural sector, but generally positive developments in several other industries resulted in net reversals. In 2016, the Group made collective impairment charges of DKK 30 million related to the agricultural sector.

Profit Before Tax

Business Banking's profit before tax for the year ended December 31, 2016 amounted to DKK 6,657 million, an increase of DKK 1,488 million, or 28.8 percent, as compared to DKK 5,169 million for the year ended December 31, 2015.

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,	
	2016	2015 (restated)[(1)]
	(DKK in millions)	
Net interest income	3,061	2,660
Net fee income	2,221	2,408
Net trading income	5,263	4,799
Other income	16	7
Total income	10,561	9,873
Operating expenses	(4,648)	(4,412)
Profit before loan impairment charges	5,913	5,461
Loan impairment charges	(1,071)	(65)
Profit before tax	4,842	5,396

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

Profit Before Tax

C&I's profit before tax for the year ended December 31, 2016 amounted to DKK 4,842 million, a decrease of DKK 554 million, or 10.3 percent, as compared to DKK 5,396 million for the year ended December 31, 2015.

Total Income

C&I's total income for the year ended December 31, 2016 amounted to DKK 10,561 million, an increase of DKK 688 million, or 7.0 percent, as compared to DKK 9,873 million for the year ended December 31, 2015.

C&I's net interest income for the year ended December 31, 2016 amounted to DKK 3,061 million, an increase of DKK 401 million, or 15.1 percent, as compared to DKK 2,660 million for the year ended December 31, 2015. The increase was mainly due to increased lending and less margin pressure than in 2015.

C&I's loans, excluding reverse transactions before impairments, as at December 31, 2016 amounted to DKK 197,212 million, an increase of DKK 25,036 million, or 14.5 percent, as compared to DKK 172,176 million as at December 31, 2015. The increase was mainly due to the increase in lending at the Corporate and Institutional Banking unit ("**CIB**").

C&I's deposits, excluding repo deposits, as at December 31, 2016 amounted to DKK 233,315 million, an increase of DKK 19,783 million, or 9.3 percent, as compared to DKK 213,532 million as at December 31, 2015. The increase was mainly due to the increase in deposits at CIB and the International Banking unit.

C&I's net fee income for the year ended December 31, 2016 amounted to DKK 2,221 million, a decrease of DKK 187 million, or 7.8 percent, as compared to DKK 2,408 million for the year ended December 31, 2015. The decrease was mainly due to a decline in activity early in 2016. From the second quarter of 2016, activity picked up, mainly in Debt Capital Markets and Corporate Finance.

C&I's net trading income for the year ended December 31, 2016 amounted to DKK 5,263 million, an increase of DKK 464 million, or 9.7 percent, as compared to DKK 4,799 million for the year ended December 31, 2015. The increase was mainly due to good client activity from the second quarter of 2016 onwards and improved market conditions. The increase was partially offset by an improvement to the CVA model.

C&I's other income for the year ended December 31, 2016 amounted to DKK 16 million, an increase of DKK 9 million as compared to DKK 7 million for the year ended December 31, 2015.

Expenses

C&I's operating expenses for the year ended December 31, 2016 amounted to DKK 4,648 million, an increase of DKK 236 million, or 5.3 percent, as compared to DKK 4,412 million for the year ended December 31, 2015. The increase was mainly due to increased regulatory costs, specifically the Danish resolution fund and regulatory measures.

Loan Impairment Charges

C&I's loan impairment charges for the year ended December 31, 2016 amounted to DKK 1,071 million, an increase of DKK 1,006 million as compared to DKK 65 million for the year ended December 31, 2015. The increase from the low level in 2015 was mainly due to charges relating to the oil sector.

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,	
	2016	**2015**
		(restated)[1]
	(DKK in millions)	
Net interest income	675	620
Net fee income	6,732	6,977
Net trading income	591	316
Other income	574	564
Total income	8,572	8,477
Operating expenses	(3,887)	(3,702)
Profit before loan impairment charges	4,685	4,775
Loan impairment charges	137	29
Profit before tax	4,823	4,804

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

Profit Before Tax

Wealth Management's profit before tax for the year ended December 31, 2016 amounted to DKK 4,823 million, an increase of DKK 19 million, or 0.4 percent, as compared to DKK 4,804 million for the year ended December 31, 2015. The profit before tax was influenced by the volatile market conditions in 2016, especially in the first half of the year, which reduced assets under management and net fee income. However, the second half of 2016 saw volume improvements and stronger earnings.

Total Income

Wealth Management's total income for the year ended December 31, 2016 amounted to DKK 8,572 million, an increase of DKK 95 million, or 1.1 percent, as compared to DKK 8,477 million for the year ended December 31, 2015.

Wealth Management's net interest income for the year ended December 31, 2016 amounted to DKK 675 million, an increase of DKK 55 million, or 8.9 percent, as compared to DKK 620 million for the year ended December 31, 2015. The increase was mainly due to increased lending volumes.

Wealth Management's loans, excluding reverse transactions before impairments, as at December 31, 2016 amounted to DKK 72,473 million, an increase of DKK 4,074 million, or 6.0 percent, as compared to DKK 68,399 million as at December 31, 2015. The increase was mainly due to growth in most markets.

Wealth Management's deposits, excluding repo deposits, as at December 31, 2016 amounted to DKK 62,881 million, an increase of DKK 9,969 million, or 18.8 percent, as compared to DKK 52,912 million as at December 31, 2015. The increase was mainly due to growth in Denmark, Sweden and Luxembourg.

Wealth Management's net fee income for the year ended December 31, 2016 amounted to DKK 6,732 million, a decrease of DKK 245 million, or 3.5 percent, as compared to DKK 6,977 million for the year ended December 31, 2015. The decrease was mainly due to lower management fees and risk allowance fees due to lower customer activity resulting from the turbulence in the financial markets.

Wealth Management's net trading income for the year ended December 31, 2016 amounted to DKK 591 million, an increase of DKK 275 million, or 87.0 percent, as compared to DKK 316 million for the year ended December 31, 2015. The increase was mainly due to income relating to insurance contracts.

Wealth Management's other income for the year ended December 31, 2016 amounted to DKK 574 million, an increase of DKK 10 million, or 1.8 percent, as compared to DKK 564 million for the year ended December 31, 2015.

Expenses

Wealth Management's operating expenses for the year ended December 31, 2016 amounted to DKK 3,887 million, an increase of DKK 185 million, or 5.0 percent, as compared to DKK 3,702 million for the year ended December 31, 2015. The increase was mainly due to the establishment of the business unit.

Loan Impairment Charges

Wealth Management's loan impairment charges for the year ended December 31, 2016 amounted to a reversal of DKK 137 million, an increase in reversals of DKK 108 million as compared to a reversal of DKK 29 million for the year ended December 31, 2015. The increase was mainly due to strengthened credit quality.

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,	
	2016	**2015**
		(restated)(1)
	(DKK in millions)	
Net interest income	1,458	1,620
Net fee income	471	487
Net trading income	126	118
Other income	18	14
Total income	2,072	2,239
Operating expenses	(1,243)	(1,369)
Goodwill impairment charges	–	(150)
Profit before loan impairment charges	829	720
Loan impairment charges	234	561
Profit before tax	1,063	1,281
Profit before tax and goodwill impairment charges	1,063	1,431

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

Profit Before Tax and Goodwill Impairment Charges

Northern Ireland's profit before tax and goodwill impairment charges for the year ended December 31, 2016 amounted to DKK 1,063 million, a decrease of DKK 368 million, or 25.7 percent, as compared to DKK 1,431 million for the year ended December 31, 2015. The decrease was mainly due to movements in the British pound sterling to Danish Kroner exchange rate and reduced loan impairment reversals. In local currency, profit before loan and goodwill impairment charges increased 8 percent.

Total Income

Northern Ireland's total income for the year ended December 31, 2016 amounted to DKK 2,072 million, a decrease of DKK 167 million, or 7.5 percent, as compared to DKK 2,239 million for the year ended December 31, 2015.

Northern Ireland's net interest income for the year ended December 31, 2016 amounted to DKK 1,458 million, a decrease of DKK 162 million, or 10.0 percent, as compared to DKK 1,620 million for the year ended December 31, 2015. In local currency, net interest income increased by 2 percent, primarily due to lower funding costs and balance sheet growth, which were partially offset by interest reductions in the U.K. in the third quarter of 2016.

Northern Ireland's loans, excluding reverse transactions before impairments, as at December 31, 2016 amounted to DKK 45,575 million, a decrease of DKK 6,650 million, or 12.7 percent, as compared to DKK 52,225 million as at December 31, 2015. Loan impairments continued to show a net reversal; however, reversals were lower in 2016 than in 2015.

Northern Ireland's deposits, excluding repo deposits, as at December 31, 2016 amounted to DKK 59,244 million, a decrease of DKK 4,357 million, or 6.9 percent, as compared to DKK 63,601 million as at December 31, 2015. In local currency, deposits increased.

Northern Ireland's net fee income for the year ended December 31, 2016 amounted to DKK 471 million, a decrease of DKK 16 million, or 3.3 percent, as compared to DKK 487 million for the year ended December 31, 2015. In local currency, net fee income increased due to higher card-related income.

Northern Ireland's net trading income for the year ended December 31, 2016 amounted to DKK 126 million, an increase of DKK 8 million, or 6.8 percent, as compared to DKK 118 million for the year ended December 31, 2015. The increase was mainly due to the sale of VISA Europe.

Northern Ireland's other income for the year ended December 31, 2016 amounted to DKK 18 million, an increase of DKK 4 million, or 28.6 percent, as compared to DKK 14 million for the year ended December 31, 2015.

Expenses

Northern Ireland's operating expenses for the year ended December 31, 2016 amounted to DKK 1,243 million, a decrease of DKK 126 million, or 9.2 percent, as compared to DKK 1,369 million for the year ended December 31, 2015. In local currency, operating expenses increased 3 percent, with lower underlying costs offset by restructuring costs and higher indirect taxation costs following a change in VAT requirements in 2016.

Loan Impairment Charges

Northern Ireland's loan impairment charges amounted to a reversal of DKK 234 million for the year ended December 31, 2016, a decrease in reversals of DKK 327 million, or 58.3 percent, as compared to a reversal of DKK 561 million for the year ended December 31, 2015. The reversal was mainly due to continuing recovery in property values and the improvement of customer financials.

Profit Before Tax

Northern Ireland's profit before tax for the year ended December 31, 2016 amounted to DKK 1,063 million, a decrease of DKK 218 million, or 17.0 percent, as compared to DKK 1,281 million for the year ended December 31, 2015.

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,	
	2016	**2015** (restated)(1)
	(DKK in millions)	
Total income	235	334
Operating expenses	(363)	(406)
Profit (loss) before loan impairment charges	(128)	(72)
Loan impairment charges	165	118
Profit before tax	37	46

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

Profit Before Tax

Non-core's profit before tax for the year ended December 31, 2016 amounted to DKK 37 million, a decrease of DKK 9 million, or 19.6 percent, as compared to DKK 46 million for the year ended December 31, 2015. The decrease was mainly due to lower income resulting from the continued reduction of the loan portfolio. The profit before tax benefited from the sale of the residential mortgage loan portfolio relating to the mass personal customer business in Lithuania and Latvia.

Total Income

Non-core's total income for the year ended December 31, 2016 amounted to DKK 235 million, a decrease of DKK 99 million, or 29.6 percent, as compared to DKK 334 million for the year ended December 31, 2015.

Operating Expenses

Non-core's operating expenses for the year ended December 31, 2016 amounted to DKK 363 million, a decrease of DKK 43 million, or 10.6 percent, as compared to DKK 406 million for the year ended December 31, 2015. The decrease was mainly due to the continued reduction in the number of full-time employees.

Loan Impairment Charges

Non-core's loan impairment charges for the year ended December 31, 2016 amounted to a reversal of DKK 165 million, an increase in reversals of DKK 47 million, or 39.8 percent, as compared to a reversal of DKK 118 million for the year ended December 31, 2015. Reversals within the commercial property portfolio in Ireland were lower, but this was offset by a reversal resulting from the completion of the sale of the Non-core mass personal customer business in Lithuania and Latvia.

Other Activities

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

	For the year ended December 31,	
	2016	**2015 (restated)[1]**
	(DKK in millions)	
Net interest income	747	284
Net fee income/(expense)	(175)	(212)
Net trading income	1,498	492
Other income	1,331	568
Total income	3,401	1,132
Operating expenses	(419)	(606)
Profit before loan impairment charges	2,982	526
Loan impairment charges	(9)	(1)
Profit before tax	2,973	525

Note: The presentation of Other Activities includes Group eliminations.

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

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

	For the year ended December 31,	
	2016	**2015**
	(DKK in millions)	
Group Treasury	2,005	286
Own shares	(135)	(154)
Group support functions	1,103	393
Total Other Activities	2,973	525

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

Other Activities' total income for the year ended December 31, 2016 amounted to DKK 3,401 million, an increase of DKK 2,269 million as compared to DKK 1,132 million for the year ended December 31, 2015.

Group Treasury recorded a profit of DKK 2,005 million for the year ended December 31, 2016, an increase of DKK 1,719 million as compared to DKK 286 million for the year ended December 31, 2015. The increase was mainly due to the gain on the sale of VISA Europe and the shares in Danmarks Skibskredit A/S, as well as positive fair value adjustments of the liquidity portfolio and the private equity portfolio.

A loss of DKK 135 million was recorded from the Bank's own shares for the year ended December 31, 2016, an improvement of DKK 19 million, or 12.3 percent, as compared to a loss of DKK 154 million for the year ended December 31, 2015. The improvement was mainly due to a reduction in the trading portfolio of own shares.

Group support functions recorded a profit of DKK 1,103 million for the year ended December 31, 2016, a change of DKK 710 million as compared to DKK 393 million for the year ended December 31, 2015. The change was mainly due to a gain from the sale of the majority of the Danish domicile properties.

Other Activities' profit before tax for the year ended December 31, 2016 amounted to DKK 2,973 million, an increase of DKK 2,448 million as compared to DKK 525 million for the year ended December 31, 2015.

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,	
	2016	**2015**
	(DKK in millions)	
Assets		
Cash in hand and demand deposits with central banks	53,211	76,837
Due from credit institutions and central banks	245,479	103,859
Trading portfolio assets	509,679	547,019
Investment securities	343,337	343,304
Loans at amortized cost	1,141,567	1,079,257
Loans at fair value	766,003	741,660
Assets under pooled schemes and unit-linked investment contracts	99,848	91,893
Assets under insurance contracts	285,398	265,572
Intangible assets	6,790	6,505
Tax assets	1,283	1,550
Other assets	31,075	35,422
Total assets	3,483,670	3,292,878
Equity and liabilities		
Due to credit institutions and central banks	272,883	271,588
Trading portfolio liabilities	478,301	471,131
Deposits	943,865	863,474
Bonds issued by Realkredit Danmark	726,732	694,519
Deposits under pooled schemes and unit-linked investment contracts	106,418	96,958
Liabilities under insurance contracts	314,977	285,030
Other issued bonds	392,512	363,931
Tax liabilities	8,151	8,333
Other liabilities	35,385	37,093
Subordinated debt	37,831	39,991
Total liabilities	3,317,055	3,132,048
Total equity	166,615	160,830
Total liabilities and equity	3,483,670	3,292,878

Assets

As at December 31, 2016, the Group's total assets amounted to DKK 3,483,670 million, an increase of DKK 190,792 million, or 5.8 percent, as compared to DKK 3,292,878 million as at December 31, 2015. The increase was primarily due to an increase in amounts due from credit institutions and central banks related to the Group's funding. As at December 31, 2016, total lending was up 5 percent from the level as at December 31, 2015. Lending increased at almost all banking units. In Denmark, new gross lending, excluding repo loans, amounted to DKK 87.0 billion as at December 31, 2016, of which lending to personal customers accounted for DKK 36.9 billion.

Liabilities

As at December 31, 2016, the Group's total liabilities amounted to DKK 3,317,055 million, an increase of DKK 185,007 million, or 5.9 percent, as compared to DKK 3,132,048 million as at December 31, 2015. The increase was primarily due to an increase of deposits and bonds issued by Realkredit Danmark, liabilities under insurance contracts and other issued bonds. As at December 31, 2016, total deposits were up 9 percent from the level as at December 31, 2015, with increases in most markets.

Equity

As December 31, 2016, the Group's total equity amounted to DKK 166,615 million, an increase of DKK 5,785 million, or 3.6 percent, as compared to DKK 160,830 million as at December 31, 2015.

The Group's return on average shareholders' equity was 13.1 percent for the year ended December 31, 2016, as compared to 8.5 percent for the year ended December 31, 2015. The Group's earnings per share for the year ended December 31, 2016 were DKK 20.2, as compared to DKK 12.8 for the year ended December 31, 2015. The increase was primarily due to lower goodwill impairment charges and an improved result in Personal Banking.

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,	
	2016	2015
	(DKK in millions)	
Cash flow from operations		
Profit before tax	25,358	17,762
Tax paid	(4,961)	(4,770)
Adjustment for non-cash operating items	477	6,858
Total	20,874	19,850
Changes in operating capital		
Amounts due to/from credit institutions and central banks	1,543	(56,229)
Trading portfolio	44,510	115,996
Acquisition/sale of own shares and additional tier 1 capital	62	15
Other financial instruments	23,925	(24,083)
Loans at amortized cost	(62,141)	13,706
Loans at fair value	(24,343)	(51)
Deposits	80,391	(102,722)
Bonds issued by Realkredit Danmark	32,213	38,553
Assets/liabilities under insurance contracts	10,122	593
Other assets/liabilities	5,608	34,704
Cash flow from operations	132,764	40,332
Cash flow from investing activities		
Acquisition/sale of businesses	1,226	11
Acquisition of intangible assets	(756)	(626)
Acquisition of tangible assets	(288)	(378)
Sale of tangible assets	2,988	661
Cash flow from investing activities	3,170	(332)
Cash flow from financing activities		
Issues of subordinated debt	–	3,725
Redemption of subordinated debt	–	(5,212)
Dividends	(7,758)	(5,494)
Share buy-back program(1)	(8,083)	(5,000)
Issued additional tier 1 capital	2,970	5,527
Paid interest on additional tier 1 capital	(649)	(529)
Change in non-controlling interests	–	(2)
Cash flow from financing activities	(13,520)	(6,985)
Cash and cash equivalents at January 1	178,835	143,543
Foreign currency translation	(4,171)	2,277
Change in cash and cash equivalents	122,414	33,015
Cash and cash equivalents, end of period	297,078	178,835
Cash and cash equivalents end of period		
Cash in hand	9,332	10,638
Demand deposits with central banks	43,879	66,199
Amounts due from credit institutions and central banks within three months	243,867	101,998
Total	297,078	178,835

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 35 to the 2016 Financial Statements incorporated by reference into this Base Prospectus 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.

Total cash inflow from operations was DKK 132,764 million for the year ended December 31, 2016, an increase of DKK 92,432 million as compared to DKK 40,332 million for the year ended December 31, 2015. The increase was primarily attributable to decreased cash outflow from amounts due to/from credit institutions and central banks due to a reduction of the bond portfolio in 2015 and increased cash inflow from deposits mainly in Denmark and repos and other financial instruments due to a net reduction of the bond portfolio, which was partially offset by decreased cash inflow from trading portfolio due to a lower reduction of the bond portfolio than in 2015 and increased cash outflow from loans at amortized cost due to increased lending mainly in Norway and Sweden.

Total cash inflow from investing activities was DKK 3,170 million for the year ended December 31, 2016, a change of DKK 3,502 million as compared to cash outflow of DKK 332 million for the year ended December 31, 2015. The change was primarily attributable to increased cash inflow from acquisition/sale of businesses due to the sale of the Bank's shares in Danmarks Skibskredit A/S and sale of tangible assets due to the sale of the majority of the Danish domicile properties.

Total cash outflow from financing activities was DKK 13,520 million for the year ended December 31, 2016, an increase of DKK 6,535 million, or 93.6 percent, as compared to DKK 6,985 million for the year ended December 31, 2015. The increase was primarily due to increased cash outflows from dividends and a share buy-back program and lower net issues of subordinated debt and additional tier 1 capital.

Contingent Liabilities

Contingent liabilities consist of possible liabilities arising from past events. The existence of such liabilities will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. Contingent liabilities that can, but are not likely to, result in an outflow of financial resources are disclosed.

The Group uses a variety of loan-related financial instruments to meet customers' financial requirements. Instruments include loan offers and other credit facilities, guarantees and instruments not recognized in the balance sheet. If an instrument is likely to result in a payment obligation, a liability is recognized under other liabilities corresponding to the present value of expected payments.

The following table sets forth the Group's guarantees and other contingent liabilities as at the dates indicated:

	As at March 31, 2018	As at December 31,		
		2017	2016	2015
	(DKK in millions)			
Guarantees				
Financial guarantees	8,813	8,534	8,778	8,638
Mortgage finance guarantees	650	1,050	1,218	1,367
Other guarantees	70,991	74,902	70,381	71,750
Total	80,453	84,487	80,377	81,755
Other contingent liabilities				
Loan commitments shorter than 1 year	195,817	142,147	117,355	124,978
Loan commitments longer than 1 year	160,242	161,824	162,620	153,650
Other unutilized loan commitments	331	351	484	523
Total	356,389	304,322	280,459	279,151

Note: Following the extensive data analysis performed during the implementation of IFRS 9, DKK 68.9 billion has been included as loan commitments as at March 31, 2018 in the table above. The commitments consists of loan offers that previously were included as uncommitted lines. The comparative information has not been restated.

In addition to credit exposure from lending activities, uncommitted loan offers made and uncommitted lines of credit granted by the Group amounted to DKK 190 billion as at March 31, 2018, DKK 269 billion as at December 31, 2017, DKK 287 billion as at December 31, 2016 and DKK 329 billion as at December 31, 2015. These items are included in the calculation of the total REA in accordance with the CRR.

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 view of its size, the Group does not expect the outcomes of pending lawsuits and disputes or its dialogue with public authorities to have any material effect on its 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 view of its size, the Group does not expect the outcomes of pending lawsuits and disputes or its dialogue with public authorities to have any material effect on its financial position. For additional information, see "*Description of the Group—Legal and Arbitration Proceedings*."

In connection with the acquisition of Sampo Bank (now Danske Bank A/S, Finland Branch) in 2007, the Group and Sampo Life (now Mandatum Life) signed an agency agreement that guaranteed Mandatum Life the exclusive right to sell life and pension insurance products through Danske Bank A/S, Finland Branch's network in Finland. The agency agreement expired at the end of 2016. As part of the agreement, Mandatum Life had a right to sell all or part of the insurance portfolio sold under the agreement to the Group. On October 27, 2016, Mandatum Life exercised this right. The parties have agreed on a fair value of the insurance portfolio of DKK 2.5 billion. In April 2018, Mandatum Life and the Group agreed to continue the cooperation and that the transfer of the insurance portfolio will not take place. The agreed transaction is subject to confirmation of the tax treatment and is expected to close within three months.

A limited number of employees are employed under terms which, if they are dismissed before reaching their normal retirement age, grant them an extraordinary 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 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 financial 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 fund on the basis of the amount of their respective liabilities (excluding own funds) less covered deposits and risks relative to other financial institutions in Denmark. The annual contribution (DKK 0.4 billion for 2017) is accrued over the year 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. Further, 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 the other countries are annual contributions combined with extraordinary contributions if the means of the schemes are not sufficient to cover the required payments.

The Group is the lessee in a number of non-cancellable operating leases, involving mainly leasing of real property, equipment, furniture and fixtures. The Group recognizes lease payments as an expense over the lease term but does not recognize the operating lease assets in its balance sheet. Such assets are recognized by lessors. As at December 31, 2017, minimum lease payments under non-cancellable operating leases amounted to DKK 3,522 million (December 31, 2016: DKK 4,117 million), with DKK 710 million (December 31, 2016: DKK 765 million) relating to operating leases expiring within one year.

The Bank is taxed jointly with all entities in the Group and is jointly and severally liable 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 VAT, 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 well-balanced portfolio of liabilities is intended to generate a stable flow of funding and provides 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 bonds issued by Realkredit Danmark) as at the dates indicated:

	As at December 31,		
	2017	2016	2015
		(percent)	
Funding sources by type of liability			
Central banks/credit institutions	7	8	8
Repo transactions	12	10	10
Short-term bonds	5	4	3
Long-term bonds	7	8	6
Other covered bonds	11	11	12
Deposits (business)	28	27	27
Deposits (personal)	21	21	22
Subordinated debt	1	2	2
Shareholders' equity	8	9	9
Total	100	100	100

The following table sets forth a breakdown of the Group's total funding (excluding funding in the form of bonds issued by Realkredit Danmark) by currency as at the dates indicated:

	As at December 31,		
	2017	2016	2015
		(percent)	
Funding sources by currency			
DKK	31	30	31
EUR	32	35	37
USD	16	15	11
SEK	6	4	6
GBP	7	7	6
CHF	–	1	1
NOK	7	7	7
Other	1	1	1
Total	100	100	100

The Group's funding need arises mainly from its lending activities. The Group's (excluding Realkredit Danmark) estimated funding need for 2018 is DKK 60 billion to DKK 80 billion. 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. In 2017, the Group acquired a license to issue covered bonds in Sweden through its subsidiary Danske Hypotek AB (publ) ("**Danske Hypotek**").

On October 31, 2017 the mortgage credit banking business of Danske Bank Plc, including the outstanding covered bonds issued by Danske Bank Plc and the relevant mortgage loans contained in the respective cover pool, was transferred to a new company, Danske Mortgage Bank Plc. Danske Mortgage Bank Plc is a wholly owned subsidiary of the Bank and holds a license as a mortgage credit bank under the Finnish Act on Mortgage Credit Bank Operations. Following the completion of this demerger, and as part of efforts to simplify the organization and improve efficiency, the Group merged its remaining activities in Finland, consisting of Danske Bank Plc and Danske Bank A/S, Helsinki Branch, into a single branch, Danske Bank A/S, Finland Branch. Following the completion of this cross-border merger in December 2017, the Bank will originate mortgage loans to be contained in the cover pool of Danske Mortgage Bank Plc under the terms of a servicing agreement. All properties that constitute security for the mortgage loans in the Danske Mortgage Bank Plc cover pool will be located primarily in Finland.

Market sentiment generally was conducive to new issuance in the first half of 2015, although uncertainty surrounding Greece led to increased volatility and higher new issue premia towards the end of the second quarter. Credit spreads generally widened during the third quarter of 2015 although with some improvements towards the end of the year. In 2015, the Bank issued senior debt for DKK 38.0 billion, covered bonds for DKK 25.9 billion, and additional tier 1 capital for DKK 5.6 billion, totaling DKK 69.5 billion. The Bank also redeemed long-term debt of DKK 61.9 billion. As at December 31, 2015, the total amount of the Group's outstanding long-term funding, excluding additional tier 1 capital and senior debt issued by Realkredit Danmark, was DKK 342 billion, as compared to DKK 330 billion as at December 31, 2014.

The beginning of 2016 was marked by considerable volatility and spread widening. An EBA report from December 2015 along with uncertainty about the Supervisory Review and Evaluation Process ("**SREP**") for European banks raised concerns about the ability of certain banks to honor coupon payments on outstanding additional tier 1 capital, with Deutsche Bank at the center of the turmoil. The concerns lessened after the ECB clarified its interpretation of the SREP, and markets improved from late February. Since then, the general theme has been tighter spreads, interrupted briefly by heightened volatility surrounding the major political events of the year: the Brexit vote, the U.S. presidential election and the Italian referendum on constitutional reform. A similar sequence was evident in each instance: spreads widened prior to the results, followed by a tightening, even though the outcomes on each occasion were the opposite of what had been expected or considered positive by the markets prior to the results. The ECB's purchase programs for both covered bonds and corporate bonds as well as the targeted longer-term refinancing operations continued to support low yields and tight spreads. Nonetheless, rates in the United States and the EU increased in the fourth quarter of 2016 after the Trump presidential victory and signals of higher rates from the U.S. Federal Reserve. The Group opted to frontload its funding by issuing the bulk in the first half of 2016, before the main political risks. Senior funding played an increasingly large role in the overall funding plan, with a stronger focus on funding directly in local currencies. In 2016, the Group issued senior debt for DKK 62.6 billion and covered bonds for DKK 19.2 billion. In November 2016, the Group issued additional tier 1 capital for DKK 3 billion, which brought the total issuance in 2016 to DKK 84.8 billion. In addition, the Group redeemed long-term debt of DKK 62.9 billion in 2016.

Although economic activity gained pace in 2017, signs of monetary tightening remain relatively weak. A slowdown in the ECB's quantitative easing program was announced for January 2018, and as of the date of this Base Prospectus its complete discontinuation is planned for September 2018. In Denmark, the currency peg against the euro means that the central bank has increased liquidity on demand in order to maintain the peg. Demand for Danish Kroner deposits may to some extent still be driven by expectations of an exchange rate alignment. During 2017, the Group issued senior debt of DKK 30 billion, covered bonds of DKK 32 billion and additional tier 1 capital of DKK 5 billion, bringing total new long-term wholesale funding in 2017 to DKK 67 billion.

During the first three months of 2018, the Group issued senior debt of only DKK 1 billion – as the Group awaits the legislation on non-preferred senior instruments to be passed by the Danish Parliament – and covered bonds of DKK 9 billion, bringing total new long-term wholesale funding in the first three months of 2018 to DKK 10 billion.

The Danish Mortgage Finance System

All loans provided by Realkredit Danmark are match-funded. As at December 31, 2017, Realkredit Danmark had outstanding mortgage bonds with a total nominal value of DKK 855 billion, as compared to DKK 888 billion as at December 31, 2016, and a total market value of DKK 880 billion, as compared to DKK 907 billion as at December 31, 2016. 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 758 billion as at December 31, 2017, as compared to DKK 727 billion as at December 31, 2016.

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. The portfolio of bullet bonds is designed to automatically comply with the specific balance principle.

Liquidity Requirements

The CRR and the CRD IV 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 liquidity coverage ratio ("**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.

In 2016, executive orders issued to Danish SIFIs introduced currency-specific liquidity requirements. The requirements were imposed individually and only for currencies that are significant to the individual bank. For the Bank, these currencies are U.S. dollars and euro. Norwegian Kroner and Swedish Kronor are excluded and the currency-specific LCR requirement therefore applies to U.S. dollars and euro. As of October 2017, the requirement was fully phased in at 100 percent.

In addition to the LCR, the Basel Committee has issued new liquidity standards in the form of the NSFR. They are not directly binding on financial institutions until implemented in the relevant jurisdictions. For the Group, the relevant jurisdiction is the EU, in which the relevant legislative acts have not yet been passed. The main elements are known, while others are still being discussed in the legislative institutions of the EU. The NSFR is intended to ensure a sound funding structure by promoting an increase in long-dated 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.

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,			
	2017		2016	
	Group[(1)]	Bank	Group[(1)]	Bank
	(DKK in billions, unless otherwise indicated)			
HQLA level 1	554	494	490	387
HQLA level 2	11	9	18	17
Limits due to cap	–	–	–	–
A – liquid assets total	565	503	509	404
Customer deposits[(2)]	123	124	101	84
Market funding[(3)]	132	140	141	121
Other cash outflows[(4)]	129	132	132	152
B – cash outflows total	384	396	373	357
Lending to non-financial customers	6	4	7	4
Other cash inflows	48	66	45	50
C – cash inflows total	54	70	52	55
Liquidity coverage ratio (A / (B - C)), percent	171	154	158	134

(1) Includes Realkredit Danmark.
(2) Includes retail deposits, operational deposits, correspondent banking/prime brokerage accounts and non-operational deposits covered by deposit guarantee.
(3) Includes non-operational deposits, unsecured debt issuances and secured funding.
(4) Includes Realkredit Danmark's additional outflow requirement, equal to 2.5 percent of lending.

With the introduction of the LCR, the former, less stringent, liquidity requirement in section 152 of the Danish Financial Business Act no longer applies. The so-called "Supervisory Diamond" provides guidelines to financial institutions on what the authorities consider prudent policy. In practice, these guidelines are binding. In the liquidity area, reference has been made to the old requirement in section 152. After its replacement by the LCR requirement, the authorities have revised the guidance, and on June 30, 2018, the section 152 reference will be replaced by an LCR-style requirement covering 90 days.

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 triggers make up an important part of daily liquidity management since they are used as early warnings of potential liquidity challenges. The triggers are monitored by various functions across the Group, depending on the type of trigger. Realkredit Danmark and the Danica Group each manage their liquidity separately and are, therefore, not included in the Group's general liquidity reporting. Accordingly, references to the Group's general liquidity reporting do not include Realkredit Danmark and the Danica Group. 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 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 buffer was DKK 565 billion as at March 31, 2018. 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, index or formula, on currency exchange rates or on other factors. 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.

Furthermore, 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*."

Derivatives are recognized and measured at fair value. Some of the Group's bank loans, deposits, issued bonds and similar instruments carry fixed rates. Generally, such fixed-rate items are recognized at amortized cost. Further, the Group classifies certain bonds at fair value through other comprehensive income. 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 at fair value through other comprehensive income is hedged by derivatives.

The interest rate risk on bonds classified as held to collect and some fixed-rate loans extended by the Group is designated as a hedge of the interest rate risk on liabilities. The remaining interest rate risk on fixed-rate assets and liabilities is generally hedged by derivatives.

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 divided into basic interest and a profit 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 a 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 to 125 percent of the changes in the fair value of the hedging derivatives. Portfolios of hedging derivatives are adjusted if necessary.

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 are carried in the income statement under Net trading income. Any ineffective portion of a hedge that lies within the range for effective hedging is therefore also included under Net trading income.

As at December 31, 2017, the carrying amount of effectively hedged fixed-rate financial assets was DKK 57,288 million, as compared to DKK 57,131 million as at December 31, 2016, and the carrying amount of effectively hedged fixed-rate financial liabilities was DKK 348,045 million, as compared to DKK 495,970 million as at December 31, 2016.

The following table sets forth the value adjustments of these assets and liabilities and the hedging derivatives (the value adjustments have been recognized in the consolidated income statement as net trading income) for the years indicated:

	For the year ended December 31,		
	2017	2016	2015
	(DKK in millions)		
Effect of fixed-rate asset hedging on profit			
Hedged amounts due from credit institutions	(2)	(11)	2
Hedged loans	(360)	115	(529)
Hedged bonds available for sale	(43)	8	(23)
Hedging derivatives	407	(107)	556
Total	1	5	6
Effect of fixed-rate liability hedging on profit			
Hedged amounts due to credit institutions	32	30	(10)
Hedged deposits	38	40	29
Hedged issued bonds	3,380	1,809	3,192
Hedged subordinated debt	571	723	526
Hedging derivatives	(4,015)	(2,604)	(3,735)
Total	6	(1)	2

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, 2017		
	Notional amount	**Positive fair value**	**Negative fair value**
		(DKK in millions)	
Currency contracts			
Forwards and swaps	9,675,821	85,366	87,229
Options	147,021	719	863
Interest rate contracts			
Forwards/swaps/forward rate agreements ("**FRAs**")	19,275,318	123,957	117,609
Options	2,336,200	28,099	26,841
Equity contracts			
Forwards	161,671	2,872	2,938
Options	205,845	4,830	5,335
Other contracts			
Commodity contracts	32,225	1,728	1,683
Credit derivatives bought	23,990	201	1,126
Credit derivatives sold	10,825	669	156
Total derivatives held for trading purposes		248,441	243,779
Hedging derivatives			
Currency contracts	59,851	16	38
Interest rate contracts	407,770	8,434	871
Total derivatives		256,891	244,688

Note: Notional amounts and positive and negative fair values of derivatives are offset if certain criteria are fulfilled. For more information, see note 29 to the 2017 Financial Statements incorporated by reference into this Base Prospectus.

	As at December 31, 2016		
	Notional amount	**Positive fair value**	**Negative fair value**
		(DKK in millions)	
Currency contracts			
Forwards and swaps	6,565,673	105,878	124,587
Options	192,096	1,132	1,083
Interest rate contracts			
Forwards/swaps/FRAs	10,585,473	164,474	159,944
Options	2,121,485	35,164	32,344
Equity contracts			
Forwards	131,551	864	798
Options	171,465	4,390	4,752
Other contracts			
Commodity contracts	41,075	2,106	2,057
Credit derivatives bought	20,832	133	752
Credit derivatives sold	10,605	518	117
Total derivatives held for trading purposes		314,659	326,433
Hedging derivatives			
Currency contracts	98,460	453	56
Interest rate contracts	494,432	11,320	1,590
Total derivatives		326,433	328,080

Note: Notional amounts and positive and negative fair values of derivatives are offset if certain criteria are fulfilled. For more information, see note 29 to the 2017 Financial Statements incorporated by reference into this Base Prospectus.

	As at December 31, 2015		
	Notional amount	Positive fair value	Negative fair value
		(DKK in millions)	
Currency contracts			
Forwards and swaps	6,253,003	95,703	108,353
Options	118,115	732	629
Interest rate contracts			
Forwards/swaps/FRAs	11,620,672	175,946	168,885
Options	2,085,985	33,336	29,845
Equity contracts			
Forwards	126,037	1,295	1,476
Options	177,889	3,769	3,980
Other contracts			
Commodity contracts	23,896	3,211	3,230
Credit derivatives bought	20,948	195	584
Credit derivatives sold	9,087	239	152
Total derivatives held for trading purposes		314,425	317,134
Hedging derivatives			
Currency contracts	72,589	390	63
Interest rate contracts	441,698	16,198	3,074
Total derivatives		331,013	320,270

Note: Notional amounts and positive and negative fair values of derivatives are offset if certain criteria are fulfilled. For more information, see note 29 to the 2016 Financial Statements incorporated by reference into this Base Prospectus.

Credit Exposure

As at March 31, 2018, the Group's net credit exposure totaled DKK 3,921 billion, as compared to DKK 3,879 billion as at December 31, 2017, DKK 3,796 billion as at December 31, 2016 and DKK 3,600 billion as at December 31, 2015. Exposure from trading and investment activities amounted to DKK 1,038 billion as at March 31, 2018, as compared to DKK 774 billion as at December 31, 2017, DKK 854 billion as at December 31, 2016 and DKK 891 billion as at December 31, 2015. Exposure from lending activities in core activities amounted to DKK 2,480 billion as at March 31, 2018, as compared to DKK 2,688 billion as at December 31, 2017, DKK 2,534 billion as at December 31, 2016 and DKK 2,323 billion as at December 31, 2015. As at December 31, 2017, home loans to personal customers in core activities accounted for 29 percent of the exposure from lending activities, as compared to 30 percent as at December 31, 2016 and 32 percent as at December 31, 2015. As at December 31, 2017, repo transactions accounted for 9 percent of the exposure from lending activities, as compared to 10 percent as at December 31, 2016 and 9 percent as at December 31, 2015.

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 Danish rules are based on the CRD IV Directive and apply 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 common equity tier 1 ("**CET1**") capital. The Group's CET1 capital is based on the carrying amount of shareholders' equity with the following adjustments: domicile property revalued at its estimated fair value; adjustment for equity-accounted additional tier 1 capital; 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.; prudential filters; and adjustments to eligible capital instruments (*e.g.*, the remaining share buy-back program).

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 CRR is 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 March 31, 2018	As at December 31, 2017	2016	2015
	(DKK in millions, unless otherwise indicated)			
Total equity	159,637	168,256	166,615	160,830
Adjustment to total equity	195	236	270	3,714
Total equity calculated according to the rules of the DFSA	159,832	168,492	166,886	164,544
Additional tier 1 instruments included in total equity	(14,219)	(14,158)	(14,133)	(11,177)
Adjustments for accrued interest and tax effect on additional tier 1 capital	(256)	(132)	(132)	(119)
CET1 instruments	145,357	154,202	152,621	153,248
IFRS 9 transitional arrangement	1,643	–	–	–
Deductions from CET1 capital	(23,010)	(21,457)	(19,927)	(18,890)
Portion from intangible assets	(7,095)	(7,100)	(6,707)	(6,426)
Portion from statutory deductions for insurance subsidiaries	(1,870)	(1,349)	(626)	(2,885)
CET1 capital	123,990	132,744	132,694	134,358
Additional tier 1 capital	18,433	18,574	23,623	22,338
Deductions from additional tier 1 capital	–	(169)	(209)	(2,171)
Portion from statutory deductions for insurance subsidiaries	–	(169)	(209)	(2,164)
Tier 1 capital	142,422	151,150	156,108	154,525
Tier 2 instruments	19,159	19,343	22,141	22,782
Deductions from tier 2	–	(169)	(209)	(2,171)
Portion from statutory deductions for insurance subsidiaries	–	(169)	(209)	(2,164)
Total capital	161,581	170,324	178,041	175,136
Total REA	755,276	753,409	815,249	833,594
Common equity tier 1 capital ratio, percent	16.4	17.6	16.3	16.1
Tier 1 capital ratio, percent	18.9	20.1	19.1	18.5
Total capital ratio, percent	21.4	22.6	21.8	21.0

Total capital and the total risk exposure amount are calculated in accordance with the rules applicable under 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 expected credit loss provisions for a transition period. 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 expected credit loss provisions during the transition period.

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 (including 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 March 31, 2018	Fully phased in(1)	As at December 31, 2017	Fully phased in(1)
	(percentage of total REA)			
Capital ratios				
CET1 capital ratio	16.4	16.2	17.6	17.5
Total capital ratio	21.4	20.9	22.6	22.3
Capital requirements (including buffers)(2)				
Minimum CET1 capital requirement (Pillar I)	4.5	4.5	4.5	4.5
Capital add-on to be met with CET1 capital (Pillar II)	1.4	1.4	1.4	1.4
Combined buffer requirement	4.8	6.3	3.6	6.1
Portion from countercyclical capital buffer	0.5	0.8	0.5	0.6
Portion from capital conservation buffer	1.9	2.5	1.3	2.5
Portion from SIFI buffer	2.4	3.0	1.8	3.0
CET1 capital requirement	10.7	12.3	9.5	12.0
Minimum capital requirement (Pillar I)	8.0	8.0	8.0	8.0
Capital add-on (Pillar II)	2.5	2.5	2.5	2.5
Combined buffer requirement	4.8	6.3	3.6	6.1
Total capital requirement	15.4	16.9	14.1	16.6
Excess capital				
CET1 capital	5.7	3.9	8.1	5.5
Total capital	6.0	4.0	8.5	5.6

(1) Based on fully phased-in CRR and CRD IV 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 2016.

In collaboration with other national financial supervisory authorities, the DFSA has approved Danske Bank's use of the 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 exposures to government bonds and equities, among other things. 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 approval 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 F-IRB approach for the institution asset class. Implementation took place in the first quarter of 2017.

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 (including 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 March 31, 2018:

	As at March 31, 2018			
	Group		Bank	
	(DKK in billions)	(percent of total REA)	(DKK in billions)	(percent of total REA)
Credit risk	62.4	8.3	54.4	8.4
Market risk	8.1	1.1	8.1	1.3
Operational risk	7.8	1.0	6.8	1.1
Other risks	1.3	0.2	1.3	0.2
Solvency need and solvency need ratio	79.7	10.5	70.6	10.9
Combined buffer requirement	36.4	4.8	32.2	5.0
Solvency need and solvency need ratio (including combined buffer requirement)	116.1	15.4	102.9	15.9
Portion from CET1 capital	81.2	10.7	71.9	11.1
Total capital and total capital ratio	161.7	21.4	163.0	25.1
Portion from CET1 capital	124.1	16.4	125.4	19.3
Excess capital	45.6	6.0	60.1	9.2
Portion from CET1 capital	42.9	5.7	53.5	8.2

On May 3, 2018, 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. An add-on of DKK 5 billion would have increased the Group's solvency need from 10.5 percent to 11.2 percent as at March 31, 2018. As at March 31, 2018, the Group's total capital ratio was 21.4 percent.

Combined Buffer Requirement

The CRD IV Directive introduced a combined buffer that applies in addition to the solvency need and is being phased in from 2015 to 2019. The combined buffer consists of a countercyclical buffer, a capital conservation buffer and a SIFI 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 being phased in to reach a final level of 2.5 percent in 2019. As at December 31, 2017, the level was 1.25 percent. The countercyclical buffer requirement is calculated as a weighted average of the national buffers in effect in the jurisdictions in which a bank has credit exposures. The Group's countercyclical buffer rate of 0.5 percent as at December 31, 2017 was based primarily on the countercyclical buffer rates in Norway and Sweden (both set at 2.0 percent). In March 2018, the Danish Government activated a countercyclical buffer requirement in Denmark of 0.5 percent effective from March 31, 2019, which will increase the Group's combined buffer requirement by 0.2 percentage points.

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 began in 2015, and the Group's SIFI buffer requirement was 1.8 percent as at December 31, 2017. The fully phased-in SIFI buffer requirement in 2019 will be 3 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 also uses stress tests in its internal capital planning and compliance with regulatory capital requirements.

Stress Tests

The Group uses macroeconomic stress tests in the ICAAP for the purpose of projecting its solvency need and actual capital level in 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 solvency need. The Group evaluates the main scenarios and their relevance on an ongoing basis. The scenarios that are most relevant to the current economic situation and related risks are analyzed at least once a year. New scenarios may be added when necessary. The scenarios are an essential part of the Group's capital planning in the ICAAP.

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. 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 excess capital is too small in the scenario's worst year, it will consider changing the risk profile or raising capital.
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 position.
Regulatory scenarios.......................	Base cases and stress scenarios of the DFSA and the European Banking Authority. The DFSA uses the regulatory scenarios for the SREP.
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 been approved to use IRB models, it participates in the annual macroeconomic stress test conducted by the DFSA. According to the latest stress test performed in the spring of 2018, the Group did not breach its capital requirements during the projected period.

The Group also participates in the EU-wide stress test conducted by the EBA every second year. The purpose of the EBA stress test is to assess the health of the European banking sector in the stress scenario and the ability of the individual institutions to absorb losses. According to the latest stress test, which was conducted in the spring of 2016, the Group met the capital requirements with a solid margin and matched its Nordic peers.

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 in order to reflect as closely as possible the effects of new regulation and the risk entailed in its business activities. In 2016, the Group changed the principles for allocating capital across the business units so that they are fully aligned with the regulatory requirements and its CET1 capital ratio target. This means that 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 rules have required that a credit institution calculate, monitor and report on its leverage ratio (defined as tier 1 capital as a percentage of total exposure). On the basis of the European Commission's proposal for a revised CRR (part of the European Commission's proposal for an EU Banking Reform package), a leverage ratio of 3 percent is expected to become a minimum requirement with the implementation of the revised CRR.

The following table sets forth certain information with respect to the Group's leverage ratio as at the dates indicated:

	As at March 31, 2018	As at December 31, 2017	2016	2015
	(DKK in billions, unless otherwise indicated)			
Total exposure for leverage ratio calculation	3,376.4	3,425.5	3,380.7	3,273.7
Portion from derivatives	163.7	150.9	114.2	170.2
Portion from securities-financing transactions	282.9	246.0	255.6	229.5
Portion from off-balance-sheet items	270.9	338.7	439.7	431.4
Portion from exposure to central banks, institutions and cash in hand	341.1	358.4	252.0	151.4
Reported tier 1 capital (transitional rules)	142.4	151.1	156.1	154.5
Tier 1 capital (fully phased-in rules)	140.8	150.6	145.7	139.0
Leverage ratio (transitional rules), percent	4.2	4.4	4.6	4.7
Leverage ratio (fully phased-in rules), percent	4.2	4.4	4.3	4.2

The Group's overall monitoring of leverage risk is done 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 Prospectus, as well as "Operating and Financial Review and Prospects." 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.

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 Prospectus, 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,								
	2017			2016			2015		
	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	321,967	(275)	(0.09)	203,194	399	0.20	199,492	(121)	(0.06)
Loans and advances[(1)]	963,917	21,439	2.22	924,819	21,306	2.30	897,571	22,183	2.47
Reverse transactions	228,538	(1,269)	(0.56)	244,474	(971)	(0.40)	216,303	(508)	(0.23)
Mortgage lending	776,132	17,673	2.28	755,841	18,499	2.45	741,329	20,653	2.79
Trading portfolio (interest-bearing)	644,547	9,300	1.44	805,258	10,887	1.35	881,671	11,923	1.35
Other interest-bearing assets	398,595	1,796	0.45	378,368	2,668	0.71	357,475	4,142	1.16
Total interest-bearing assets	3,333,967	48,664	1.46	3,311,954	52,788	1.59	3,293,841	58,272	1.77
Non-interest-bearing assets	203,701	–	–	127,438	–	–	149,623	–	–
Total assets	3,537,448	48,664	1.38	3,439,392	52,788	1.53	3,443,463	58,272	1.69
Liabilities									
Deposits by credit institutions	168,084	1,705	1.01	177,035	797	0.45	178,257	706	0.40
Deposits	996,798	1,497	0.15	976,151	1,678	0.17	1,008,459	2,592	0.26
Repo transactions	220,371	(311)	(0.14)	199,724	(435)	(0.22)	177,456	(392)	(0.22)
Debt securities	1,157,188	14,781	1.28	1,087,560	16,915	1.56	1,028,670	20,319	1.98
Subordinated liabilities	32,475	1,129	3.48	38,832	1,505	3.88	38,967	1,714	4.40
Total interest-bearing liabilities	2,574,916	18,801	0.73	2,479,301	20,459	0.83	2,431,809	24,939	1.03
Non-interest-bearing liabilities	797,795	–	–	799,710	–	–	853,383	–	–
Total liabilities	3,372,711	18,801	0.56	3,279,011	20,459	0.62	3,285,192	24,939	0.76
Equity	164,737	–	–	160,381	–	–	158,271	–	–
Total liabilities and equity	3,537,488	18,801	0.56	3,439,392	20,459	0.59	3,443,463	24,939	0.72

(1) Loans and advances 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,		
	2017	2016	2015
	(DKK in millions)		
Loans and advances			
Loans to credit institutions in Danish Kroner	66,917	55,229	34,864
Loans to credit institutions in currencies other than the Danish Kroner	267,058	190,250	68,995
Total loans to credit institutions	333,975	245,479	103,859
Loans and advances in Danish Kroner	978,736	985,765	983,488
Loans and advances in currencies other than the Danish Kroner	921,239	921,805	837,429
Total loans and advances[(1)]	1,899,975	1,907,570	1,820,918
Deposits			
Deposits by credit institutions in Danish Kroner	24,413	26,584	59,680
Deposits by credit institutions in currencies other than the Danish Kroner	218,474	246,299	211,908
Total deposits by credit institutions	242,887	272,883	271,588
Deposits in Danish Kroner, excluding repurchase obligations	325,673	319,353	298,759
Deposits in currencies other than the Danish Kroner, excluding repurchase obligations	588,104	542,448	521,737
Total deposits, excluding repurchase obligations	913,777	861,801	820,497

(1) Including reverse transactions and loans at a fair value.

As at December 31, 2017, December 31, 2016 and December 31, 2015, 80 percent, 78 percent and 66 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, 2017, December 31, 2016 and December 31, 2015, 48 percent, 48 percent and 46 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, 2017, December 31, 2016 and December 31, 2015, 90 percent, 90 percent and 78 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, 2017, December 31, 2016 and December 31, 2015, 64 percent, 63 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, 2017/2016			For the year ended December 31, 2016/2015		
		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	118,773	(674)	(0.28)	3,703	521	0.04
Loans and advances	39,098	133	(0.08)	27,248	(877)	(0.72)
Reverse transactions	(15,936)	(297)	(0.16)	28,171	(463)	(0.84)
Mortgage lending	20,291	(826)	(0.17)	14,512	(2,154)	(0.61)
Trading portfolio (interest-bearing)	(160,711)	(1,587)	0.09	5,631	(1,036)	(0.16)
Other interest-bearing assets	20,228	(872)	(0.25)	20,893	(1,474)	(0.70)
Total interest-bearing assets	21,742	(4,124)	(0.13)	100,158	(5,484)	(0.53)
Interest-bearing liabilities						
Deposits by credit institutions	(8,951)	908	0.56	(1,222)	90	0.05
Deposits	20,647	(180)	(0.02)	(32,308)	(914)	(0.09)
Repo transactions	20,647	124	0.08	22,268	(43)	(0.00)
Debt securities	69,628	(2,133)	(0.28)	58,890	(3,404)	(0.42)
Subordinated liabilities	(6,357)	(376)	(0.40)	(135)	(209)	(0.52)
Total interest-bearing liabilities	95,614	(1,658)	(0.10)	47,493	(4,481)	(0.20)

(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 and liabilities, which include securities and derivatives that are actively managed, are valued at fair value. Trading assets includes the Group's investment portfolio as well as its trading and hedging portfolios. Trading liabilities primarily include hedging portfolios.

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,		
	2017	2016	2015
	(DKK in millions)		
Trading portfolio assets			
Derivatives with positive fair value	256,891	326,433	331,015
Listed bonds	173,580	161,698	193,421
Unlisted bonds	–	182	1,776
Listed shares	18,624	20,934	19,955
Unlisted shares	197	432	852
Total assets	449,292	509,679	547,019
Trading portfolio liabilities			
Derivatives with negative fair value	244,688	328,080	320,270
Obligations to repurchase securities	155,908	150,221	150,861
Total liabilities	400,596	478,301	471,131

Investment Securities

Investment securities consist of financial assets that, under the fair value option, the Group designates at fair value through profit or loss, as available-for-sale financial assets and as held-to-maturity investments. Held-to-maturity investments are 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,		
	2017	2016	2015
	(DKK in millions)		
Financial assets at fair value through profit or loss			
Listed bonds	97,599	137,490	175,660
Unlisted bonds	–	–	25
Listed shares	63	67	105
Unlisted shares	1,396	1,673	1,542
Total financial assets at fair value through profit or loss	99,058	139,230	177,332
Available for sale financial assets			
Listed bonds	78,863	70,727	46,770
Total available for sale assets	78,863	70,727	46,770
Total at fair value	177,921	209,957	224,102
Hold-to-maturity financial assets			
Listed bonds	146,697	133,379	119,202
Unlisted bonds	–	–	–
Total investment securities	324,618	343,337	343,304

Deposits

The following table sets forth the balance and types of deposits due as at the dates indicated (principal only):

	As at December 31,		
	2017	2016	2015
	(DKK in millions)		
Repo deposits	220,371	199,724	177,456
Other deposits	911,852	859,435	816,762
Total deposits	1,132,223	1,059,159	994,218

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, 2017	1,128,801	43,804	13,529	8,368	8,263
As at December 31, 2016	1,032,080	19,632	23,108	11,246	8,225
As at December 31, 2015	947,909	25,194	17,672	15,527	8,239

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, 2017			
Amount owed to credit institutions	226,736	247,594	280,800
Debt securities in issue etc.	161,377	169,892	195,258
Total	388,113	417,486	476,058
December 31, 2016			
Amount owed to credit institutions	258,132	285,241	333,553
Debt securities in issue etc.	140,860	135,494	149,865
Total	398,992	420,734	483,418
December 31, 2015			
Amount owed to credit institutions	268,062	318,080	377,658
Debt securities in issue etc.	128,259	111,273	144,077
Total	396,321	429,353	521,735

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,					
	2017		2016		2015	
	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	82,818	–	53,211	–	76,837	–
Due from credit institutions and central banks	333,463	512	244,767	712	102,933	925
Trading portfolio assets	254,221	195,071	264,535	245,144	297,016	250,004
Investment securities	92,013	232,605	66,123	277,214	97,818	245,486
Loans at amortized cost	459,627	653,126	523,629	617,937	483,351	595,906
Loans at fair value(1)	20,086	767,136	23,130	742,873	108,399	633,261
Assets under pooled schemes and unit-linked investment contracts	–	112,065	–	99,848	–	91,893
Assets under insurance contracts	7,456	289,411	7,308	278,090	6,462	259,110
Intangible assets	–	7,177	–	6,790	–	6,505
Tax assets	971	448	617	667	1,021	529
Other assets	17,234	14,090	18,287	12,788	22,114	13,308
Total assets	1,267,889	2,271,639	1,201,607	2,282,064	1,195,952	2,096,927
Liabilities						
Due to credit institutions and central banks	226,736	16,150	258,132	14,751	268,062	3,526
Trading portfolio liabilities	73,588	327,008	100,299	378,001	92,601	378,530
Deposits(2)	238,640	808,217	154,077	789,788	96,904	766,570
Bonds issued by Realkredit Danmark	100,747	597,628	146,438	580,293	148,627	545,892
Deposits under pooled schemes and unit-linked investment contracts	9,523	110,378	9,353	97,065	8,284	88,674
Liabilities under insurance contracts	57,350	265,376	61,692	253,285	44,048	240,981
Other issued bonds	161,377	243,703	140,860	251,652	128,259	235,672
Tax liabilities	1,040	7,594	476	7,675	637	7,696
Other liabilities	36,314	783	34,548	837	36,816	278
Subordinated debt	4,722	24,398	12,882	24,950	944	39,047
Total liabilities	970,037	2,401,235	918,757	2,398,299	825,182	2,306,866

(1) From 2017, the breakdown is calculated according to the loans at fair value amortization. The comparative figures for 2016 have 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.

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, 2017				
	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	193,757	28,219	5,052	15,315	936
Deposits	972,893	43,804	13,529	8,368	8,263
Repurchase obligation under reverse transactions	155,908	–	–	–	–
Bonds issued by Realkredit Danmark	85,853	–	87,405	479,559	214,885
Other issued bonds	48,973	43,595	70,230	225,896	31,044
Subordinated debt	97	194	885	13,111	28,061
Other financial liabilities	2,185	314	7,023	77,340	33,038
Financial and loss guarantees	84,487	–	–	–	–
Loan commitments shorter than 1 year	142,147	–	–	–	–
Loan commitments longer than 1 year	161,824	–	–	–	–
Other unutilized commitments	350	–	–	–	–
Total	1,848,474	116,127	184,124	819,589	316,227

	As at December 31, 2016				
	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	235,258	14,974	7,698	13,593	1,080
Deposits	881,859	19,632	23,108	11,246	8,225
Repurchase obligation under reverse transactions	150,221	–	–	–	–
Bonds issued by Realkredit Danmark	46,722	–	106,912	397,257	266,829
Other issued bonds	14,111	39,694	88,417	229,873	37,700
Subordinated debt	125	251	1,144	23,253	29,370
Other financial liabilities	1,998	350	7,005	64,859	32,206
Financial and loss guarantees	80,377				
Loan commitments shorter than 1 year	117,355	–	–	–	–
Loan commitments longer than 1 year	162,620	–	–	–	–
Other unutilized commitments	481	–	–	–	–
Total	1,691,127	74,901	234,285	740,083	375,409

	As at December 31, 2015				
	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	205,516	56,122	6,207	2,614	894
Deposits	797,048	25,194	17,672	15,527	8,239
Repurchase obligation under reverse transactions	150,861	–	–	–	–
Derivatives settled on a gross basis (cash outflows)	4,041,081	3,225,318	1,817,618	528,940	154,150
Derivatives settled on a gross basis (cash inflows)	4,044,577	3,224,351	1,819,569	530,860	157,432
Derivatives settled on a gross basis (net cash flows)	3,496	(967)	1,951	1,920	3,282
Derivatives settled on a net basis	(31,225)	(7,198)	1,891	(6,420)	(50)
Bonds issued by Realkredit Danmark	41,677	–	115,141	371,032	263,499
Other issued bonds	26,814	42,862	60,174	206,858	48,418
Subordinated debt	133	266	1,213	22,125	34,436
Other financial liabilities	1,537	353	6,395	57,420	31,254
Financial and loss guarantees	81,755	–	–	–	–
Loan commitments shorter than 1 year	124,978	–	–	–	–
Loan commitments longer than 1 year	153,650	–	–	–	–
Other unutilized commitments	518	–	–	–	–
Total	1,556,758	116,631	210,643	671,077	389,970

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. Derivatives disclosures include the contractual cash flows for all derivatives, irrespective of whether the fair value at the balance sheet date is negative or positive and whether derivatives are held for trading or hedging purposes. Amounts for other issued bonds and subordinated debt are included at the date when the Group has a choice of redeeming the debt or paying increased interest expenses. Although the contractual conditions of deposits permit them to be redeemed upon short notice, in practice they are considered a stable funding source, as amounts disbursed largely equal deposits received.

Loan commitments and guarantees are included at the earliest date on which the Group can be required to pay. Although a number of irrevocable loan commitments and guarantees expire without being utilized, the Group takes account of the potential risk of drawing under irrevocable loan commitments, by factoring in the unutilized portion of the facilities in the calculation of liquidity risk.

RISK MANAGEMENT

Overview

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

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

Risk Strategy and Governance

Risk Strategy

The Group believes that its risk strategy and risk objectives are essential in supporting the Group's business model, and they play a central role in the Group's proactive risk management approach. The Group's key risk objectives are as follows:

- *Risk appetite:* accepting the appropriate risk types and risk amounts in pursuit of the Group's strategic goals. This requires a strong approach to aggregating, monitoring and measuring risk and in turn understanding the implications of severe financial stress on the Group's business.
- *Strong control environment:* having a thorough understanding of the Group's risks, clear roles and responsibilities and putting the right controls and mitigating activities in place where needed. At the same time, the Group seeks to balance quality management and focus on customers with effective controls.
- *Robust decision-making based on analytics:* providing a strong risk management platform for robust individual or modelled-based decisions backed by sound analytics.
- *Forward-looking views:* having forward-looking views of the Group's operating environment and adapting to the ever-changing landscape. The Group believes that proactive identification of risks and opportunities, and the ability to anticipate where disruption and vulnerabilities are likely to occur, are critical to its business.
- *People and culture:* having the right skills, mindset and capability. The Group aims to foster strong, independently thinking risk managers who are also able to collaborate with the business.

The Board of Directors has defined a number of risk policies and appetites aimed at ensuring that the Group operates within acceptable levels of risk that are detailed in directives set forth by the Executive Board. These form the foundation for the business and control procedures of the business units.

The Group's risk approach combines strategic ambitions and macroeconomic analysis with customer and industry insights through top-down and bottom-up approaches. The Board of Directors determines the risks that the Group may assume, the size of these risks, the limits on the main activities and the principles for calculating and measuring such risks. These are formulated in individual risk appetites for:

- credit risk, including counterparty credit risk;
- market risk;
- operational risk; and

- liquidity risk.

Relevant performance indicators are incorporated in regular risk reporting, and this enables the Group to monitor whether the individual risk profile remains within the risk appetite.

The Group constantly strives to enhance its risk management capabilities for the purpose of executing on its risk objectives. It is the Group's ambition to maintain a strong risk culture and a high level of execution management which the Group believes are essential for embedding the risk strategy within its organization.

Risk Governance

General

The Group's risk management practices are organized according to the three-lines-of-defense governance model. This model segregates responsibilities and duties between (i) units that enter into business transactions with customers or otherwise expose the Group to risk, (ii) units that are in charge of risk oversight and control and (iii) the Group's internal audit department ("**Group Internal Audit**").

The first line of defense is represented by the business units and the operations and service functions. Each unit operates in accordance with risk policies and delegated mandates. The units are responsible for having skills, operating procedures, systems and controls in place aimed at ensuring compliance with risk policies and mandates and the execution of sound risk management.

The second line of defense is represented by Group-wide functions that monitor whether the business units and the operations and service functions adhere to the general policies and mandates. Group Risk Management, units in the CFO area, regional chief risk officers and the chief information security officer share the responsibility for these Group-wide functions.

The third line of defense is represented by Group Internal Audit. The primary role of Group Internal Audit is to help the Board of Directors and the Executive Board protect the assets, reputation and sustainability of the Group. Group Internal Audit assists the Group in achieving its objectives by applying a systematic and disciplined approach so as to provide independent assurance of the effectiveness of the Group's risk management, control and governance processes. The scope of Group Internal Audit is unrestricted and includes the activities of the first and second lines of defense.

Business Units

Each of the four business units – Banking DK, Banking Nordic, Wealth Management and C&I – is headed by a member of the Executive Board. Northern Ireland is a fifth business unit serving personal and business customers, and it is a separate legal entity with its own executive board and a separate board of directors.

The mandate of the business units to originate credit applications, take deposits and undertake investments for the Group is regulated by risk policies, instructions and limits. The Group strives to cultivate a corporate culture that supports and enforces the organization's objective of assuming risk in accordance with the defined guidelines.

The heads of the business units and the heads of the operations and service functions are responsible for all business-related risks, and their responsibilities extend across national borders. Lending authorities are cascaded down from the Board of Directors, through the Executive Board to Group Risk Management, to lending officers at the business units. Credit applications exceeding the delegated lending authorities are submitted to the Group Credit Committee and to the Board of Directors. While the business units are responsible for risk assessments, the credit oversight functions, led by the heads of credit at Group Risk Management, oversee that credit applications are within the defined credit policy and credit risk appetite.

Procedures for new product approvals are based on a directive provided by the Executive Board to the heads of the business units. Materiality criteria determine whether the approval of new products is presented to the Group's chief risk officer. In cases of a reputational or material financial nature, both the Executive Board and the Board of Directors are involved in the approval process.

The business units perform the fundamental tasks required for sound risk management and controls. These tasks include updating customer information used in risk management systems and models as well as maintaining and following up on customer relationships. Each business unit is responsible for preparing documentation and recording business transactions properly.

The business units are responsible for ensuring that all risk exposures do not exceed the specific risk limits and comply with the Group's relevant guidelines.

Group Risk Management

Group Risk Management serves as the Group's second line of defense. It is responsible for recommending and monitoring the Group's risk appetite and policies and for following up on and reporting on risk issues across all risk types, organizational units and geographical regions.

Group Risk Management is headed by the Group's Chief Risk Officer (the "**CRO**"), who is a member of the Executive Board. In cooperation with the Chief Executive Officer (the "**CEO**"), the CRO reports to the Board of Directors. The CRO has the authority to veto any decision in relation to credit applications and new products. The following terms apply to the CRO position:

- The CRO cannot be removed from office without the prior approval of the Board of Directors.
- The CRO is the only Executive Board member who is a permanent member of the Risk Committee.
- The CRO is also responsible for the risk reports that are submitted to the Board of Directors, the Board of Directors' Risk Committee, the Executive Board and the All Risk Committee.

Group Risk Management oversees the risk management frameworks and practices across the organization and serves as the secretariat of the Group Credit Committee, the All Risk Committee and the following four subcommittees: the Model & Parameter Committee, the Operational Risk Committee (the "**ORCO**"), the Portfolio Committee and the Group Liquidity Committee. Senior risk managers are also members of the Asset and Liability Committee (the "**ALCO**") and the Valuation Committee.

At Group Risk Management, various sub-departments are responsible for monitoring and managing the Group's main risk types.

The heads of Retail Credit Risk Management and Corporate Credit Risk Management report directly to the CRO and are responsible for managing retail and corporate credit risks, respectively. They delegate credit risk mandates and oversee the day-to-day credit risk management in the first line of defense in their respective areas. This also includes reviewing the approval and follow-up processes for the lending books of the business units.

Risk Analytics develops and maintains credit rating methodologies and models. The team ensures that the methodologies and models are fit for day-to-day credit processing at the business units and that statutory requirements are met. The Group uses models extensively to model risks, which are then closely monitored and managed. An independent and separate unit is responsible for validating credit and market risk parameters.

COO Risk Functions is responsible for the development of the Group's risk appetite framework, stress testing engine and portfolio management. The department facilitates the quarterly processes of calculating and consolidating impairment charges against credit exposures and monitors and reports on the Group's consolidated credit portfolio, with sector- and country-specific views and risk appetites. The department's credit quality assurance team ensures that policies and procedures are properly implemented by the first line of defense. Finally, the department maintains the Group's recovery plan and is responsible for risk governance.

Operational Risk is responsible for the independent oversight and reporting of operational risk management and the establishment of the Group-wide operational risk management framework. The department reviews and challenges operational risk in respect of the Group-wide approach to operational risk management.

Market Risk monitors and reports on the Group's market risk.

Liquidity Risk Management is responsible for independently reviewing and challenging the methodologies and metrics applied in day-to-day liquidity management.

In cooperation with country managers, the country chief risk officers are responsible for ensuring compliance with local rules and regulations. Local risk committees are established where relevant.

CFO Area

The CFO area is headed by the Group's Chief Financial Officer (the "**CFO**"), who is a member of the Executive Board. The CFO area oversees the Group's financial reporting, budgeting and strategic business analysis, including the tools used by the business units for performance follow-up.

The CFO area is also in charge of the Group's investor relations, relations with international rating agencies, capital management and treasury.

Group Treasury is responsible for executing the capital and funding plan, managing the Group's liquidity plan and monitoring its liquidity needs. Group Treasury also ensures that the Group's structural liquidity profile is within the defined limits and that the targets set by the Board of Directors and the All Risk Committee as well as regulatory and prudential requirements are met. Furthermore, Group Treasury is responsible for asset and liability management, private equity activities and long-term funding activities.

Group Capital, which is part of Group Treasury, is responsible for the overall management of the Group's capital position, and tasks include calculating the total risk of REA, performing the Group's internal capital adequacy assessment process ("**ICAAP**") and allocating capital to the business units. In addition, Group Capital is responsible for the Group's forward-looking views in terms of capital, including the implementation of new regulation, planned issuances of capital instruments, the Group's payout policy and stress testing for ICAAP and regulatory purposes.

Group Compliance

Group Compliance is responsible for identifying, assessing, monitoring and reporting on whether the Group complies with applicable laws, regulations and internal requirements. The head of Group Compliance reports to the CEO.

COO Area

The COO area is headed by the Group's Chief Operating Officer (the "**COO**"), who is a member of the Executive Board. The COO area is responsible for the Group's operations and Group IT. Group IT is headed by the Group's Chief Technology Officer (the "**CTO**").

The Group's Chief Information Security Officer (the "**CISO**") reports functionally to the CTO, with a secondary reporting line to the CRO. The CISO heads Group IT Security & Risk within Group IT. Group IT Security & Risk performs control monitoring and ensures compliance with the Security Policy as a second line of defense function.

Chief of Staff

Group Communications, Group Legal, Regulatory Affairs, CEO Office, the non-core business units and the Societal Impact & Sustainability function are headed by the Group's Chief of Staff. The Chief of Staff reports to the CEO.

Board of Directors and Executive Board

The Group's Rules of Procedure (the "**Rules of Procedure**") for the Board of Directors and the Executive Board specify the responsibilities of the two boards and the division of responsibilities between them. The two-tier management structure and the Rules of Procedure, which were 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 Group operates in accordance with the statutory requirements governing listed Danish companies in general and financial institutions in particular, such as the requirements set forth in the Danish Executive Order on Management and Control of Banks issued by the DFSA. The Group also follows relevant recommendations for effective corporate governance.

The Board of Directors ensures that the Group is organized properly. As part of this duty, the Board appoints the members of the Executive Board, the Group chief audit executive (the "**CAE**") and the secretary to the Board of Directors.

In accordance with the Rules of Procedure, the Board of Directors approves the overall business model, risk profile and strategy. In addition, the Board of Directors receives regular reporting on and monitors the main risks and reviews the largest credit exposures. The Board of Directors reviews risk appetites, risk policies, risk instructions and delegated risk mandates at least once a year.

Regular reporting enables the Board of Directors to monitor whether the risk appetites, policies, instructions and mandates are met and whether they are appropriate, given the Group's business model, risk profile and strategy. In addition, the Board of Directors regularly reviews reports containing analyses of the Group's portfolios, including information on concentrations.

The CAE, who heads Group Internal Audit, reports directly to the Board of Directors. The primary role of Group Internal Audit is to help the Board of Directors and the Executive Board protect the assets, reputation and sustainability of the Group. The scope of Group Internal Audit's work is unrestricted. The CAE prepares an audit plan for the year, and it is reviewed by the Audit Committee and the Board of Directors and approved by the latter.

The Executive Board is responsible for the Group's day-to-day management as stated in the Rules of Procedure. The Executive Board sets forth specific risk directives, supervises the Group's risk management practices, approves credit applications up to a defined limit and ensures that book-keeping and asset management are sound and in accordance with the Group's business model, strategy plan, policies, instructions and guidelines established by the Board of Directors and in compliance with applicable legislation.

The Executive Board consists of the CEO of the Bank, the heads of the four main business units and the heads of Group Development, COO area, CFO area, Group Risk Management and Group HR.

Risk Committees

The Board of Directors has established four committees – the Risk Committee, the Remuneration Committee, the Nomination Committee and the Audit Committee – to supervise specific risk areas and to prepare topics for consideration by the Board. Under Danish law, board committees have no decision-making authority but serve in a consulting role only. For information on the Board of Directors' committees, see "*Organization and Management—Committees*."

The Executive Board has established two risk committees: the All Risk Committee and the Group Credit Committee.

The Executive Board has overall responsibility for risk management within the framework determined by the Board of Directors. On behalf of the Executive Board, the All Risk Committee:

- manages the balance sheet structure and developments;
- defines the overall funding structure;
- defines the general principles for measuring and managing risks;
- monitors the effects of regulation; and
- ensures a robust and well-functioning risk management structure.

The All Risk committee reviews the risk reports submitted to the Board of Directors and the Board's committees. The committee receives periodic Group liquidity and solvency reports and monitors risk trends at both business unit and Group levels. The All Risk Committee consists of the members of the Executive Board and convenes once per month.

The All Risk Committee has established five subcommittees to ensure that adequate time and attention are given to the individual risk management areas. These subcommittees are the ALCO, the Model & Parameter Committee, the ORCO, the Portfolio Committee and the Valuation Committee. In general, the committees oversee risk developments within the Group and ensure that risk management and risk reporting are always compliant with statutory regulations and the Group's general principles for such practices. These subcommittees consist of representatives from the All Risk Committee and senior staff from relevant risk management functions.

On behalf of the Executive Board, the Group Credit Committee:

- approves or rejects credit applications that exceed the lending authorities delegated to the business units; and
- endorses credit applications for consideration by the Board of Directors.

The Group Credit Committee consists of selected members of the Executive Board and convenes twice per week.

In general, the All Risk Committee and the Group Credit Committee oversee risk developments within the Group and ensure that risk management and risk reporting are compliant with statutory regulations and the Group's general principles for such practices.

Risk Reporting

The Group has allocated a considerable amount of resources to risk monitoring and aimed at ensuring that approved risk limits are not exceeded. Processes have been established for reporting changes in risks to the relevant management bodies and risk committees.

The Group has an enterprise-wide approach to risk reporting, and this approach is supported by the monthly CRO Letter, which covers analyses across all risk types, business units and geographical regions.

The Group's risk reporting consists of:

- *CRO Letter:* This report provides a comprehensive overview of the Group's risk profile across all risk types, business units and geographical regions. It is updated monthly and presented to the All Risk Committee and to the Board of Directors.
- *Risk profile reports:* These reports provide detailed portfolio and industry analyses focusing on exposure, risk factors, financial trends, performance and forward-looking developments.
- *Impairment report:* This report provides a quarterly overview of detailed developments in collective and individual impairment charges.

- *Risk Management report:* This report provides a detailed description of the Group's risk profile, capital management, risk management organization and risk frameworks. It is presented along with the supplementary Pillar III disclosures, and together they fulfill the CRR/CRD IV requirements.

The Group's solvency and liquidity reporting consists of:

- *ICAAP report:* This report provides a review of the Group's capital adequacy. It presents the results from stress tests, including the effects of various scenarios on expected losses and the solvency need. A condensed format of the report is submitted quarterly, while an extensive version is provided annually.

- *Internal liquidity adequacy assessment process ("**ILAAP**") report:* This report provides a description of the Group's liquidity situation and liquidity management, including its funding profile and plan. It assesses liquidity risk indicated in liquidity stress tests and similar analyses and also describes the minimum amount of liquidity reserves required by the Group. The report is submitted annually.

The Board of Directors receives risk reports, including ICAAP and ILAAP reports, on a regular basis. The Group's ICAAP report is submitted both quarterly and annually to the Board of Directors.

The Group regularly reviews and revises its risk and crisis management frameworks for the purpose of implementing new regulatory requirements, expanding its risk and crisis capabilities and improving efficiency. The Board of Directors reviews the revised frameworks.

Crisis Management

The Group is a significant player in the Nordic financial markets and provides a number of critical functions upon which the financial systems in its core markets rely. The Group recognizes the importance of having plans and procedures in place to ensure that it is viable in the long term and that the critical services are available.

The Group's operational crisis management is supported by business continuity plans. They describe measures to restore the Group's operational capabilities and to allow the Group to recover from material operational risk events.

In a situation of severe financial stress, the Group's contingency plans for capital and liquidity will ensure that the Group takes measures to restore the Group's capital, liquidity and funding position.

The Group has prepared a recovery plan in the event that conditions further deteriorate and threaten its liquidity or capital position and thus its long-term viability. The plan documents a framework that ensures that proper monitoring is in place to identify and understand a potential threat to the Group. It describes the governance processes and the selection of actions to be implemented to restore the Group's long-term viability.

The Group discusses the recovery plan with the DFSA and foreign supervisory authorities on an annual basis.

Credit Risk

Credit risk is the risk of losses because debtors or counterparties fail to meet all or part of their payment obligations to the Group. The Group's credit risk appetite and Credit Policy aim to ensure that risk-taking remains supportive of the Group's business strategy and that credit risk management activities are conducted throughout the organization.

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 March 31, 2018, the Group's total net credit exposure for accounting purposes was DKK 3,921 billion (December 31, 2017: DKK 3,879 billion). Net credit exposure from lending activities accounts for most of the Group's net credit exposure. As at December 31, 2017, 80.7 percent of the total REA related to credit risk, excluding counterparty credit risk.

Governance and Responsibilities

The Executive Board approves the Credit Risk Framework, which provides the overall structure that supports effective governance of the Group's credit risk. The Group's Credit Policy and Credit Risk Appetite and the Credit Risk Framework set expectations for the conduct of the credit risk management activities and behavior throughout the organization. This aims to ensure the following:

- a consistent and effective execution of credit risk management activities across the Group;

- a strong credit risk management culture;

- a performance that is in line with strategic objectives; and

- compliance with legal and regulatory requirements in relation to credit risk.

The Executive Board ensures that the risk organization is structured in such a way that the execution of tasks is separated from the control of tasks. The Group meets this requirement by organizing its credit controls along three lines of defense.

The Group uses dual underwriting as a general principle. Credit applications and renewals above a certain materiality threshold are considered under dual authority, which means that decisions made by business units are challenged or endorsed by Group Risk Management. The first line of defense is responsible for all credit exposures.

Credit Risk Appetite and Concentration Frameworks

The credit risk profile is monitored and assessed against the Credit Risk Appetite, which encompasses credit quality (expected loss) and credit risk concentration (limits on single names, industries and geographical regions).

Regular risk reporting enables the ongoing monitoring of the Group's credit risk profile in relation to the risk appetite.

The Group Credit Risk Appetite statements are translated by the business units into specific key performance indicators ("**KPIs**") in collaboration with Group Risk Management. Monitoring functions determine whether credit facilities are granted in accordance with the Credit Risk Appetite. Group Risk Management monitors and challenges the performance and reports the progress to the Executive Board and the Board of Directors.

As part of the overall risk appetite framework, 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.

Single-name Concentrations

Single-name concentrations are managed according to two frameworks:

(i) the large exposures framework is based on the regulatory definition of large exposures as specified in Article 395 of the CRR. As at December 31, 2017, the Group was well within the regulatory limits for large exposures; and

(ii) the single-name concentration framework is a risk-sensitive internal framework that sets limits on exposure, expected loss and LGD in order to limit potential losses on single-name exposures.

The Group has also defined stricter internal limits for managing single-name concentrations including the following:

- absolute limit on single-name exposures;
- the sum of single-name exposures larger than 10 percent of the total adjusted capital may not exceed a portfolio limit of 95 percent of the total adjusted capital (as at December 31, 2017, one single-name exposure exceeded 10 percent); and
- the sum of single-name exposures between 5 percent to 10 percent of the total adjusted capital may not exceed 150 percent of the total adjusted capital (as at December 31, 2017, this segment represented 18 percent of the total adjusted capital).

The largest exposures are monitored daily under the large exposures framework. Large exposures are reported on a quarterly basis to the All Risk Committee, the Risk Committee and the Board of Directors. As at December 31, 2017, the Group was well within the regulatory limits for large exposures.

Single-name concentration is monitored monthly and reported on a quarterly basis to the All Risk Committee, the Risk Committee and the Board of Directors. The Group has reduced single-name exposures substantially in recent years.

Industry Concentrations

The Group manages industry concentrations as part of its credit risk appetite framework by setting exposure limits on selected industries. The Group accepts the risks on material concentrations in accordance with the industry-specific guidelines that outline the use of credit policies within the industry.

Geographical Concentrations

Credit reporting includes a breakdown by region. Limits are set on exposures outside the Group's home markets (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. Unless otherwise stated, the credit risk sections below do not present the credit exposure of the Non-core business unit. 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. One segment of credit risk concerns over-the-counter ("**OTC**") derivatives. This is presented as counterparty credit risk.

The overall management of credit risk thus covers credit risk from direct lending activities, including repo transactions, counterparty risk on OTC derivatives 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 March 31, 2018	As at December 31,		
		2017	2016	2015
	(DKK in billions)			
Credit exposure relating to lending activities				
Demand deposits with central banks	73.2	73.8	43.9	66.2
Due from credit institutions and central banks at amortized cost	236.1	277.7	200.6	75.2
Repo loans with credit institutions and central banks	–	56.3	44.9	28.6
Loans at amortized cost	955.3	940.5	942.0	891.6
Repo loans	–	172.2	199.6	187.7
Loans at fair value	786.6	787.2	766.0	741.7
Guarantees	80.5	84.5	80.4	81.8
Loan commitments	356.0	303.9	280.0	278.6
Total credit exposures related to lending activities	2,487.8	2,696.1	2,557.3	2,351.4
Credit exposure relating to trading and investing activities				
Due from credit institutions and central banks at amortized cost	75.5	–	–	–
Trading portfolio assets	466.7	449.3	509.7	547.0
Investment securities	281.3	324.6	343.3	343.3
Loans at fair value	214.3	–	–	–
Assets under pooled schemes and unit-linked investment contracts	110.6	112.1	99.8	91.9
Assets under insurance contracts	284.6	296.9	285.4	265.6
Other unutilized commitments	0.3	0.4	0.5	0.5
Total credit exposure relating to trading and investing activities	1,433.5	1,183.3	1,238.7	1,248.3
Total credit exposure	3,921.2	3,879.4	3,796.0	3,599.7

In addition to credit exposure from lending activities, the Group had made uncommitted loan offers and granted uncommitted lines of credit of DKK 190 billion as at March 31, 2018, DKK 269 billion as at December 31, 2017, DKK 287 billion as at December 31, 2016 and DKK 329 billion as at December 31, 2015. 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 8.0 billion as at March 31, 2018, DKK 8.2 billion as at December 31, 2017, DKK 23.4 billion as at December 31, 2016 and DKK 28.6 billion as at December 31, 2015. The exposure is measured net of accumulated impairment charges and includes repo loans. 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 following the classification principles of the Statistical Classification of Economic Activities in the European Community (NACE) standard as at the dates indicated:

	As at March 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)											
Public institutions	306.4	1.2	–	–	–	–	306.4	1.2	–	300.2	1.2	–
Banks	52.8	0.6	0.1	–	–	–	52.8	0.6	0.1	36.0	0.6	0.1
Credit institutions	4.4	–	–	–	–	–	4.4	–	–	4.4	–	–
Insurance	9.8	–	–	–	–	–	9.8	–	–	7.4	–	–
Investment funds	21.9	0.5	0.6	–	–	0.1	21.9	0.5	0.4	10.2	0.2	0.1
Other financials	5.5	0.1	–	–	–	–	5.5	0.1	–	5.2	–	–
Agriculture	53.4	12.0	8.3	0.2	1.2	2.2	53.2	10.8	6.1	8.5	3.0	0.9
Commercial property	287.1	17.7	10.1	0.2	0.7	2.2	286.9	17.0	7.9	59.4	5.7	0.6
Construction and building products	37.5	3.5	1.5	–	0.1	0.7	37.5	3.4	0.8	28.0	1.9	0.5
Consumer discretionary	101.7	7.5	3.6	–	0.2	1.2	101.7	7.3	2.3	58.1	3.9	1.0
Consumer staples	56.9	2.5	0.5	–	0.1	0.2	56.8	2.5	0.3	40.5	1.4	–
Energy and utilities	50.7	1.4	4.3	–	–	0.6	50.7	1.4	3.7	40.8	1.2	2.4
Health care	37.2	0.6	0.2	–	–	–	37.2	0.6	0.1	31.7	0.4	–
Industrial services, supplies and machinery	97.6	5.2	2.8	–	0.2	1.0	97.5	5.1	1.8	81.3	3.0	0.8
IT and telecommunication services	28.5	1.4	0.2	–	–	0.1	28.5	1.4	0.1	25.9	1.0	–
Materials	47.1	2.1	1.4	–	0.1	0.5	47.1	2.1	0.9	35.9	0.7	0.3
Non-profits and other associations	172.4	2.6	4.1	0.1	0.1	0.6	172.3	2.5	3.5	45.2	0.4	0.7
Other commercials	43.3	0.7	0.3	–	–	0.3	43.2	0.6	–	31.4	0.3	–
Shipping	24.5	4.5	6.8	–	0.9	0.8	24.5	3.6	6.0	11.1	0.2	0.8
Transportation	25.6	2.9	0.5	–	0.1	0.1	25.6	2.8	0.4	15.9	1.2	0.1
Personal customers	850.6	56.7	17.6	0.7	1.8	4.0	850.0	54.9	13.6	135.2	12.8	2.6
Total	2,314.9	123.8	62.7	1.5	5.5	14.7	2,313.4	118.4	48.0	1,011.8	39.0	10.8

	As at December 31, 2017			
	Gross exposure (a)	Acc. individual impairment charges (b)	Net exposure = (a)-(b)	Net exposure, excluding collateral
	(DKK in billions)			
Public institutions	414.4	–	414.4	369.3
Banks	53.2	0.1	53.1	40.4
Credit institutions	9.4	–	9.4	3.9
Insurance	38.2	–	38.2	4.8
Investment funds	24.9	0.2	24.7	10.7
Other financials	92.8	–	92.8	19.6
Agriculture	65.1	2.5	62.5	11.3
Commercial property	299.4	2.5	296.9	55.3
Construction, engineering and building products	45.1	0.5	44.6	33.4
Consumer discretionary	107.1	1.3	105.8	59.5
Consumer staples	57.8	0.2	57.6	41.0
Energy and utilities	51.1	0.4	50.7	41.0
Health care	34.9	0.1	34.8	29.0
Industrial services, supplies and machinery	96.7	1.1	95.6	77.6
IT and telecommunication services	30.6	0.1	30.5	28.1
Materials	50.5	0.5	49.9	38.1
Non-profits and other associations	170.3	0.7	169.6	39.4
Other commercials	85.8	0.2	85.6	37.9
Shipping	36.7	0.7	36.0	13.1
Transportation	24.6	0.1	24.5	13.1
Personal customers	915.5	4.8	910.6	131.1
Total before collective impairment charges	2,703.9	16.0	2.688.0	1,097.5
Collective impairment charges	4.1	–	–	–
Total gross exposure	2,708.0	–	–	–

	As at December 31, 2016			
	Gross exposure (a)	Acc. individual impairment charges (b)	Net exposure = (a)-(b)	Net exposure, excluding collateral
	(DKK in billions)			
Public institutions	330.0	–	330.0	274.9
Banks	70.2	0.1	70.0	59.6
Credit institutions	10.7	–	10.7	3.5
Insurance	47.4	–	47.4	8.0
Investment funds	40.8	0.2	40.6	8.8
Other financials	61.0	–	61.0	14.0
Agriculture	65.7	3.0	62.7	11.3
Commercial property	301.8	3.1	298.7	57.1
Construction, engineering and building products	39.5	1.0	38.5	28.9
Consumer discretionary	98.3	1.5	96.8	56.6
Consumer staples	55.1	0.2	54.9	37.6
Energy and utilities	50.0	0.2	49.8	37.3
Health care	36.7	0.1	36.6	24.7
Industrial services, supplies and machinery	103.8	1.2	102.6	81.2
IT and telecommunication services	29.9	0.1	29.8	26.1
Materials	45.7	0.8	45.0	33.5
Non-profits and other associations	152.5	0.8	151.7	28.7
Other commercials	58.1	0.3	57.8	25.6
Shipping	39.7	0.7	39.0	14.1
Transportation	22.0	0.1	21.9	12.1
Personal customers	893.5	5.1	888.4	134.4
Total before collective impairment charges	2,552.3	18.5	2,533.8	978.1
Collective impairment charges	5.0	–	–	–
Total gross exposure	2,557.3	–	–	–

	As at December 31, 2015			
	Gross exposure (a)	Acc. individual impairment charges (b)	Net exposure = (a)-(b)	Net exposure, excluding collateral
	(DKK in billions)			
Public institutions	166.4	–	166.4	143.9
Banks	78.2	0.1	78.1	63.2
Credit institutions	8.8	–	8.8	2.8
Insurance	58.4	–	58.4	8.8
Investment funds	82.9	0.4	82.5	13.5
Other financials	65.1	–	65.1	36.7
Agriculture	66.4	2.7	63.7	12.5
Commercial property	289.1	4.8	284.3	51.7
Construction and building products	37.8	1.4	36.4	26.3
Consumer discretionary	91.8	1.9	89.9	47.7
Consumer staples	55.9	0.2	55.7	36.9
Energy and utilities	45.0	0.1	44.9	37.2
Health care	35.6	0.1	35.5	25.5
Industrial services, supplies and machinery	85.6	1.3	84.3	63.8
IT and telecommunication services	26.2	0.2	26.0	22.9
Materials	44.7	1.1	43.5	33.4
Non-profits and other associations	142.0	0.9	141.0	23.6
Other commercials	44.7	0.3	44.5	28.5
Shipping	44.5	1.1	43.4	19.2
Transportation	19.5	0.2	19.3	9.9
Personal customers	857.4	6.2	851.2	110.8
Total before collective impairment charges	2,345.9	23.2	2,322.8	818.8
Collective impairment charges	4.3	–	–	–
Total gross exposure	2,350.3	–	–	–

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 March 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)											
Personal Banking:												
Denmark	466.5	26.2	9.8	0.6	1.1	2.9	465.9	25.0	6.9	53.8	5.8	1.7
Finland	83.4	5.6	3.7	–	0.1	0.4	83.4	5.5	3.3	5.6	0.8	0.2
Sweden	93.4	8.3	0.5	–	0.2	0.1	93.4	8.1	0.4	28.2	1.9	0.1
Norway	114.6	6.6	1.2	–	0.1	0.1	114.6	6.5	1.0	28.3	2.0	0.1
Other	–	–	–	–	–	–	–	–	–	–	–	–
Personal Banking	758.0	46.7	15.1	0.6	1.5	3.4	757.4	45.1	11.7	115.9	10.5	2.2
Business Banking:												
Denmark	435.0	29.9	25.3	0.5	2.0	6.4	434.5	27.9	18.9	124.1	9.9	3.0
Finland	71.3	10.5	2.2	–	0.2	0.6	71.3	10.2	1.6	34.5	3.0	0.4
Sweden	160.0	9.6	1.1	0.1	0.3	0.3	159.9	9.4	0.8	72.0	3.8	0.3
Norway	74.4	7.8	3.1	–	0.3	1.1	74.4	7.5	2.0	32.5	4.0	0.7
Baltics	15.3	3.3	0.8	–	0.1	0.2	15.3	3.3	0.6	7.6	1.3	0.2
Other	172.7	0.2	0.1	–	–	–	172.7	0.2	0.1	171.7	0.2	–
Business Banking	928.8	61.3	32.6	0.7	2.8	8.7	928.1	58.5	23.9	442.4	22.3	4.7
C&I[(1)]	449.9	7.7	10.6	0.1	0.9	1.4	449.8	6.8	9.2	387.8	3.2	3.0
Wealth Management	82.0	3.3	1.8	–	0.1	0.4	82.0	3.2	1.4	18.7	0.9	0.4
Northern Ireland	63.4	3.8	2.6	0.1	0.1	0.8	63.3	3.7	1.8	32.3	1.0	0.5
Other	32.8	1.1	–	–	–	–	32.8	1.1	–	14.7	1.1	–
Total gross exposure	2,314.9	123.8	62.7	1.5	5.5	14.7	2,313.4	118.4	48.0	1,011.8	39.0	10.8

(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.

	As at December 31, 2017			
	Gross exposure (a)	Acc. individual impairment charges (b)	Net exposure = (a)-(b)	Net exposure, excluding collateral
	(DKK in billions)			
Personal Banking:				
Denmark	500.2	3.4	496.8	62.1
Finland	92.1	0.5	91.6	6.1
Sweden	88.2	0.1	88.0	14.6
Norway	112.8	0.1	112.7	24.4
Other	–	–	–	–
Total	793.2	4.2	789.1	107.2
Business Banking:				
Denmark	482.7	7.3	475.4	134.2
Finland	80.1	0.7	79.4	35.6
Sweden	163.0	0.4	162.6	68.4
Norway	81.9	1.1	80.8	35.4
Baltics	20.1	0.2	19.9	9.8
Other	–	–	–	–
Total	827.7	9.6	818.1	283.3
C&I[(1)]	910.5	1.1	909.4	634.6
Wealth Management	85.6	0.4	85.2	21.9
Northern Ireland	63.7	0.7	63.0	29.5
Other	23.2	–	23.2	21.0
Total before collective impairment charges	2,703.9	16.0	2.688.0	1,097.6
Collective impairment charges	4.1	–	–	–
Total gross exposure	2,708.0	–	–	–

(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.

	As at December 31, 2016			
	Gross exposure (a)	Acc. individual impairment charges (b)	Net exposure = (a)-(b)	Net exposure, excluding collateral
Personal Banking:	(DKK in billions)			
Denmark	493.0	3.6	489.5	64.9
Finland	91.0	0.5	90.5	6.2
Sweden	78.1	0.1	78.0	14.4
Norway	113.5	0.1	113.4	25.4
Other	–	–	–	–
Total	775.6	4.3	771.4	110.9
Business Banking:				
Denmark	457.2	8.7	448.5	113.3
Finland	72.2	0.9	71.3	32.6
Sweden	150.8	0.6	150.3	59.5
Norway	78.5	0.7	77.8	33.8
Baltics	20.1	0.3	19.8	10.6
Other	–	–	–	–
Total	778.8	11.0	767.8	249.8
C&I(1)	818.7	1.6	817.1	537.5
Wealth Management	82.7	0.4	82.3	20.0
Northern Ireland	64.7	1.2	63.6	31.3
Other	31.7	–	31.7	28.6
Total before collective impairment charges	2,552.3	18.5	2,533.8	978.1
Collective impairment charges	5.0	–	–	–
Total gross exposure	2,557.3	–	–	–

(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.

	As at December 31, 2015			
	Gross exposure (a)	Acc. individual impairment charges (b)	Net exposure = (a)-(b)	Net exposure, excluding collateral
	(restated)(1)			
Personal Banking:	(DKK in billions)			
Denmark	480.9	4.2	476.7	56.6
Finland	90.7	0.4	90.3	4.9
Sweden	72.4	0.1	72.3	8.9
Norway	96.3	0.1	96.3	18.6
Other	0.1	–	0.1	0.1
Personal Banking	740.5	4.8	735.7	89.1
Business Banking:				
Denmark	434.1	10.2	423.8	103.7
Finland	68.8	1.0	67.8	32.0
Sweden	148.4	0.6	147.7	50.1
Norway	71.2	0.7	70.4	25.0
Baltics	19.0	0.3	18.7	10.4
Other	–	–	–	–
Business Banking	741.4	13.0	728.5	221.3
C&I(2)	669.4	2.1	667.3	413.7
Wealth Management	74.2	0.6	73.6	16.3
Northern Ireland	72.7	2.6	70.0	33.8
Other	47.8	–	47.8	44.8
Total before collective impairment charges	2,345.9	23.2	2,322.8	818.8
Collective impairment charges	4.3	–	–	–
Total gross exposure	2,350.3	–	–	–

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation

of income from equity finance. 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, 2016*."

(2) 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.

Risk Classification

The main objectives of risk classification are to rank the Group's customers according to risk and to estimate each customer's probability of default ("**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.

The Group has developed a number of classification models to assess customer PD and to classify customers in various segments. Large business and financial customers are classified on the basis of rating models, while small business and personal customers are classified by means of scoring models.

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.

Customers with credit-impaired loans are placed in rating category 10 or 11, including loans for which no impairment charges have been recognized, for example because adequate collateral has been provided.

The classification of facilities between stages 1 and 2 for the purpose of calculating expected credit loss impairments 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 facility and incorporates forward-looking information. A facility is transferred from stage 1 to stage 2 based on observed increases in the probability of default:

- 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 in 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.

Further, facilities that are more than 30 days past due are moved to stage 2. 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.

Exposures that are considered to be in default for regulatory purposes will always be considered stage 3 under IFRS 9. This applies both to 90 days past-due considerations and unlikely-to-pay factors leading to regulatory default.

As at December 31, 2017, the exposure-weighted average PD was 0.64 percent, as compared to 0.73 percent as at December 31, 2016 and 1.00 percent as at December 31, 2015.

The following tables set forth the Group's credit exposure broken down by rating category as at the dates indicated:

	As at March 31, 2018													
	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	0.00	0.01	230.6	–	–	–	–	–	230.6	–	–	221.1	–	–
2	0.01	0.03	205.9	0.6	0.1	0.1	–	–	205.8	0.6	0.1	117.7	0.2	–
3	0.03	0.06	428.3	0.6	0.5	–	–	–	428.2	0.6	0.5	150.8	0.2	0.1
4	0.06	0.14	593.3	3.3	0.5	0.1	–	–	593.2	3.3	0.5	240.9	1.3	0.2
5	0.14	0.31	453.9	10.5	1.9	0.2	0.1	–	453.7	10.4	1.9	153.2	5.4	0.2
6	0.31	0.63	243.9	16.8	1.0	0.3	0.3	–	243.6	16.5	1.0	82.0	6.2	0.2
7	0.63	1.90	133.0	46.9	1.5	0.1	1.5	0.1	132.9	45.4	1.4	39.0	15.3	0.3
8	1.90	7.98	18.5	34.2	1.2	0.6	2.2	–	17.8	32.0	1.2	4.0	8.3	0.2
9	7.98	25.70	1.9	8.8	0.4	0.1	1.3	–	1.9	7.5	0.4	0.7	1.6	–
10	25.70	99.99	4.3	1.5	32.6	–	–	5.3	4.3	1.4	27.3	2.2	0.4	7.7
11 (default)	100.00	100.00	1.4	0.7	23.0	–	–	9.3	1.4	0.7	13.7	0.1	0.1	1.8
Total			2,314.9	123.8	62.7	1.5	5.5	14.7	2,313.4	118.4	48.0	1,011.8	39.0	10.8

	As at December 31, 2017					
	PD level		Gross exposure (a)	Acc. individual impairment charges (b)	Net Exposure = (a)-(b)	Net exposure, excluding collateral
	Upper	Lower				
	(percent)		(DKK in billions)			
1	0.00	0.01	323.8	–	323.8	291.1
2	0.01	0.03	268.6	–	268.6	124.2
3	0.03	0.06	436.6	–	436.6	139.3
4	0.06	0.14	586.7	–	586.7	227.6
5	0.14	0.31	489.1	–	489.1	157.6
6	0.31	0.63	297.7	–	297.7	82.2
7	0.63	1.90	170.3	–	170.3	44.7
8	1.90	7.98	56.5	–	56.5	15.9
9	7.98	25.70	11.2	–	11.2	3.7
10	25.70	99.99	37.2	6.0	31.3	9.2
11 (default)	100.00	100.00	26.1	10.0	16.1	2.1
Total before collective impairment charges			2,703.9	16.0	2,688.0	1,097.5
Collective impairment			4.1	–	–	–
Total gross exposure			2,708.0	–	–	–

	As at December 31, 2016					
	PD level		Gross exposure (a)	Acc. individual impairment charges (b)	Net Exposure = (a)-(b)	Net exposure, excluding collateral
	Upper	Lower				
	(percent)		(DKK in billions)			
1	0.00	0.01	251.3	–	251.3	224.9
2	0.01	0.03	252.9	–	252.9	102.9
3	0.03	0.06	414.1	–	414.1	127.5
4	0.06	0.14	544.3	–	544.3	217.6
5	0.14	0.31	460.7	–	460.7	144.2
6	0.31	0.63	302.1	–	302.1	79.7
7	0.63	1.90	178.7	–	178.7	47.6
8	1.90	7.98	64.2	–	64.2	17.3
9	7.98	25.70	14.2	–	14.2	4.8
10	25.70	99.99	40.9	6.0	35.0	10.4
11 (default)	100.00	100.00	28.9	12.5	16.3	1.2
Total before collective impairment charges			2,552.3	18.5	2,533.8	978.1
Collective impairment			5.0	–	–	–
Total gross exposure			2,557.3	–	–	–

	As at December 31, 2015					
	PD level		Gross exposure (a)	Acc. individual impairment charges (b)	Net Exposure = (a)-(b)	Net exposure, excluding collateral
	Upper	Lower				
	(percent)		(DKK in billions)			
1	0.00	0.01	99.3	–	99.3	83.1
2	0.01	0.03	248.1	–	248.1	118.5
3	0.03	0.06	382.2	–	382.2	126.5
4	0.06	0.14	458.5	–	458.5	162.4
5	0.14	0.31	494.5	–	494.5	158.8
6	0.31	0.63	302.5	–	302.5	81.8
7	0.63	1.90	195.7	–	195.7	50.1
8	1.90	7.98	70.2	–	70.2	20.5
9	7.98	25.70	16.1	–	16.1	4.5
10	25.70	99.99	44.3	7.0	37.3	10.9
11 (default)	100.00	100.00	34.7	16.2	18.5	1.8
Total before collective impairment charges			2,345.9	23.2	2,322.8	818.8
Collective impairment			4.3	–	–	–
Total gross exposure			2,350.3	–	–	–

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 obtaining 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 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 and thus includes forced sale reduction, price volatility during the sales period, realization costs and maintenance costs. The haircut applied depends on the type of collateral. For regulatory purposes, the Group also applies a downturn haircut.

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 financial assets in the form of shares and bonds. 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, 2017						
	Personal Banking	Business Banking	C&I	Wealth Manage-ment	Northern Ireland	Other	Total
	(DKK in billions, unless otherwise indicated)						
Real property	674.6	454.1	26.5	53.4	29.1	0.3	1,238.0
Personal	673.8	14.6	–	52.4	16.1	0.1	757.0
Commercial	0.7	396.1	24.6	1.0	10.1	0.2	432.6
Agricultural	0.1	43.4	1.9	–	2.9	–	48.4
Bank accounts	0.3	0.7	0.2	0.3	–	–	1.5
Custody accounts and securities	0.3	5.1	216.3	7.5	–	1.9	231.2
Vehicles	2.2	18.2	0.5	–	–	–	20.9
Equipment	–	16.7	0.8	–	2.5	–	19.9
Vessels and aircraft	–	3.7	22.8	–	–	–	26.6
Guarantees	4.1	2.8	3.3	2.0	–	–	12.3
Amounts due	0.2	3.5	–	–	0.4	–	4.1
Other assets	0.1	30.1	4.2	0.1	1.5	–	36.0
Total collateral	681.9	534.8	274.7	63.3	33.5	2.2	1,590.5
Total unsecured credit exposure	107.2	283.3	634.6	21.9	29.5	21.0	1,097.5
Unsecured portion of credit exposure (percent)	13.6	34.6	69.8	25.7	46.8	90.7	40.8

	As at December 31, 2016						
	Personal Banking	Business Banking	C&I	Wealth Manage-ment	Northern Ireland	Other	Total
	(DKK in billions, unless otherwise indicated)						
Real property	653.5	438.2	27.0	50.4	28.1	0.1	1,197.2
Personal	653.0	14.9	–	49.6	14.9	–	732.5
Commercial	0.4	379.8	24.9	0.8	9.9	–	415.9
Agricultural	–	43.4	2.1	–	3.3	–	48.8
Bank accounts	0.4	0.6	–	0.2	–	–	1.1
Custody accounts and securities	0.4	6.1	211.1	9.9	–	2.9	230.4
Vehicles	2.3	16.4	0.5	–	–	–	19.2
Equipment	–	17.3	1.9	–	2.4	–	21.5
Vessels and aircraft	0.1	3.2	27.4	–	–	–	30.7
Guarantees	3.6	2.7	4.9	1.6	–	–	12.9
Amounts due	0.2	3.6	0.2	–	0.3	–	4.4
Other assets	0.1	30.0	6.7	0.1	1.4	–	38.3
Total collateral	660.5	518.0	279.7	62.3	32.3	3.0	1,555.7
Total unsecured credit exposure	110.9	249.8	537.5	20.0	31.3	28.6	978.1
Unsecured portion of credit exposure (percent)	14.4	32.5	65.8	24.3	49.2	90.4	38.6

	As at December 31, 2015						
	Personal Banking	Business Banking	C&I	Wealth Manage-ment (restated)[1]	Northern Ireland	Other	Total
	(DKK in billions, unless otherwise indicated)						
Real property	640.5	427.9	24.0	47.6	32.6	0.1	1,172.6
Personal	640.1	16.4	–	46.7	17.2	0.1	720.6
Commercial	0.4	369.1	22.1	0.8	11.4	–	403.8
Agricultural	–	42.4	1.9	–	3.9	–	48.2
Bank accounts	0.4	0.6	0.1	0.2	–	–	1.2
Custody accounts and securities	0.4	5.6	190.3	7.9	–	2.9	207.1
Vehicles	2.3	14.5	0.5	–	–	–	17.3
Equipment	–	20.5	1.5	–	1.6	–	23.7
Vessels and aircraft	0.1	2.6	25.5	–	–	–	28.2
Guarantees	2.8	2.4	5.9	1.5	0.2	–	12.9
Amounts due	0.2	4.6	0.2	–	0.4	–	5.4
Other assets	0.3	28.1	5.8	–	1.4	0.1	35.7
Total collateral	647.0	506.9	253.6	57.3	36.2	3.1	1,504.0
Total unsecured credit exposure	88.7	221.6	413.7	16.3	33.8	44.8	818.9
Unsecured portion of credit exposure (percent)	12.1	30.4	62.0	22.2	48.2	93.6	35.3

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

The average unsecured portion of the past due amounts with no evidence of impairment was 30.0 percent as at December 31, 2017 (December 31, 2016: 37.3 percent; December 31, 2015: 24.5 percent). Real property accounted for 64.0 percent of collateral provided as at December 31, 2017 (December 31, 2016: 76.7 percent; December 31, 2015: 86.0 percent).

Credit Risk Reporting and Monitoring

The Group has a number of systems for measuring and controlling credit risk. Among the most important systems are the Credit System (including 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, 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 foundation of an efficient and effective credit process. It contains all relevant details about credit facilities, financial circumstances and customer relations. 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.

The Group closely monitors changes in customers' financial conditions in order to determine whether the basis for granting credit facilities has changed. The facilities should adhere to the Group's Credit Policy, including the "Principles of Responsible Lending." These principles focus on the customer's understanding of the consequences of borrowing; the assessment of the customer's needs and ability to repay; and possible conflicts with the Group's environmental, social and governance guidelines. The Delegated Lending Authorities System ensures the efficient administration and control of lending authorities. If a delegated lending authority is exceeded, a report or a request for verification will be sent to the relevant manager or local credit office.

Group Risk Management oversees the Group's credit activities and reports on developments in the credit portfolios. Portfolio reports are presented to the Executive Board (via the All Risk Committee) on a monthly basis and to the Board of Directors (via the Risk Committee) on a quarterly basis.

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 losses on and impairment charges against loans, provisions for loan commitments and guarantees as well as fair value adjustments of the credit risk on loans measured at fair value. The item also includes impairment charges 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 non-performing loans, such as legal costs.

Impairment charges are based on discounted cash flows. The Group's systems calculate impairment charges for small loans automatically. Impairment charges for all medium and large exposures in stage 3 are assessed by senior credit officers.

IFRS 9

On January 1, 2018, the Group implemented IFRS 9, the new accounting standard for financial instruments. As part of IFRS 9, the IASB introduced a new, expected credit loss impairment model that will require earlier recognition of expected credit losses. Specifically, the Group will be required to account for 12-month expected credit losses at the initial recognition of a financial instrument and to make earlier recognition of lifetime expected credit losses.

The Group has completed the process of making the required changes in its models, data, reporting and governance to ensure compliance with IFRS 9. The implementation of IFRS 9 resulted in an increase in the allowance account of DKK 2.6 billion as at January 1, 2018 as a result of the introduction of the new ECL impairment model. The total effect of DKK 2.0 billion, including the other changes due to the implementation of IFRS 9 (net of tax), reduced shareholders' equity as at January 1, 2018. The impact of IFRS 9 on regulatory capital is subject to a five-year phase-in period.

Expected Credit Losses

The impairment charge for expected credit losses 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 expected credit losses 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 expected credit losses (stage 2 and 3).

The expected credit loss is calculated for all individual facilities as a function of PD, EAD and LGD and incorporates forward-looking information. The forward-looking elements reflect the expectations of the Group's senior management and involves the creation of scenarios (base case, upside and downside), including an assessment of the probability for each scenario. Based on these assessments, the allowance account as at March 31, 2018 amounted to DKK 22.3 billion. Forward-looking information is a key judgment. The allowance account would increase DKK 0.5 billion if the downside scenario was assigned a probability of 100 percent. If instead the upside scenario was assigned a probability of 100 percent, the allowance account would decrease DKK 0.4 billion.

Allowance Account

Impairment charges for loans and guarantees are booked in the allowance account and set off against loans or recognized as provisions for guarantees. Impairment charges for loans are recorded under loan impairment charges in the consolidated income statement. If subsequent events show that impairment is not permanent, charges are reversed.

Loans that are considered uncollectible are written off. Write-offs are debited to the allowance account. Loans are written off once the usual collection procedure has been completed and the loss on the individual loan can be calculated. If the full loss is not expected to be realized until after a number of years, for example, in the event of administration of complex estates, a partial write-off is recognized, reflecting the Group's claim less collateral, estimated dividend and other cash flows.

In accordance with the effective interest method, interest is recognized on the basis of the value of the loans less impairment charges. Consequently, part of the allowance account balance is set aside for future interest income.

Non-performing Loans and Forbearance

The Group defines non-performing loans ("**NPLs**") as facilities in stage 3 and for which impairment charges have been booked. For exposures to non-retail customers with NPLs, the entire amount of the customer's exposure is considered to be non-performing. For retail exposures, only impaired facilities are included in NPLs. The Group's definition of NPLs differs from the EBA's definition by excluding fully covered exposures to customers in default and previously forborne exposures that are now performing and are under probation. Furthermore, the Group excludes exposures in stage 3 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 viable customers in financial difficulty. During the work-out process, the Group makes use of forbearance measures to assist the 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.

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.

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 March 31, 2018	As at December 31, 2017	2016	2015
	(DKK in millions, unless otherwise indicated)			
Gross non-performing loans	33,158	33,255	40,406	47,820
NPL allowance account	(13,601)	(15,965)	(18,505)	(23,151)
Net non-performing loans	19,557	17,290	21,900	24,670
Portion from customers in default	6,901	6,049	8,828	10,469
Collateral (after haircut)	(15,757)	(14,703)	(18,033)	(19,848)
Net non-performing loans (excluding collateral)	3,800	2,587	3,868	4,822
NPL coverage ratio (default) (percent)	95	97	95	93
Coverage ratio (non-default) (percent)	59	73	65	66
Coverage ratio (total non-performing loans) (percent)	78	86	83	83
Non-performing loans as a percentage of total gross exposure (percent)	1.3	1.2	1.6	2.0

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, 2017			
	Gross exposure (a)	Acc. individual impairment charges (b)	Net exposure = (a) + (b)	Net exposure, excluding collateral
	(DKK in millions)			
Public institutions	6	1	6	2
Banks	127	128	–	–
Credit institutions	–	–	–	–
Insurance	14	8	6	–
Investment funds	248	162	86	36
Other financials	–	–	–	–
Agriculture	4,306	2,540	1,766	285
Commercial property	6,033	2,451	3,583	184
Construction, engineering and building products	852	542	310	150
Consumer discretionary	2,208	1,305	902	272
Consumer staples	342	163	179	–
Energy and utilities	1,354	408	946	–
Health care	85	51	35	10
Industrial services, supplies and machinery	1,915	1,089	827	64
IT and telecommunication services	146	88	58	33
Materials	846	522	324	76
Non-profits and other associations	1,808	680	1,128	85
Other commercials	195	191	5	–
Shipping	2,037	681	1,356	68
Transportation	173	117	56	–
Personal customers	10,558	4,841	5,717	1,323
Total NPLs	33,255	15,965	17,290	2,587

	As at December 31, 2016			
	Gross exposure (a)	Acc. individual impairment charges (b)	Net exposure = (a) + (b)	Net exposure, excluding collateral
	(DKK in millions)			
Public institutions	1	–	–	–
Banks	149	149	–	–
Credit institutions	–	–	–	–
Insurance	16	8	8	–
Investment funds	320	205	115	33
Other financials	–	–	–	–
Agriculture	5,335	2,994	2,341	187
Commercial property	7,887	3,091	4,797	260
Construction, engineering and building products	1,513	1,010	503	127
Consumer discretionary	2,684	1,526	1,157	581
Consumer staples	345	161	184	22
Energy and utilities	484	180	304	–
Health care	103	64	40	4
Industrial services, supplies and machinery	2,173	1,238	934	96
IT and telecommunication services	209	146	63	25
Materials	1,011	768	243	–
Non-profits and other associations	1,929	814	1,115	139
Other commercials	275	269	7	–
Shipping	3,504	719	2,785	52
Transportation	163	110	53	7
Personal customers	12,303	5,054	7,248	2,334
Total NPLs	40,406	18,505	21,900	3,868

	As at December 31, 2015			
	Gross exposure (a)	Acc. individual impairment charges (b)	Net exposure = (a) + (b)	Net exposure, excluding collateral
	(DKK in millions)			
Public institutions	1	1	1	1
Banks	142	142	–	–
Credit institutions	–	–	–	–
Insurance	30	9	21	–
Investment funds	604	434	170	74
Other financials	25	9	16	–
Agriculture	3,845	2,733	1,111	591
Commercial property	10,756	4,763	5,993	421
Construction, engineering and building products	1,990	1,378	612	119
Consumer discretionary	3,005	1,891	1,114	187
Consumer staples	384	220	164	39
Energy and utilities	288	145	144	8
Health care	128	75	53	10
Industrial services, supplies and machinery	2,515	1,332	1,184	304
IT and telecommunication services	216	151	66	15
Materials	1,744	1,144	600	209
Non-profits and other associations	2,441	945	1,497	190
Other commercial	303	253	50	3
Shipping	2,816	1,134	1,682	–
Transportation	312	186	126	12
Personal customers	16,273	6,207	10,066	2,639
Total NPLs	47,820	23,151	24,670	4,822

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,		
	2017	2016	2015
	(DKK in millions)		
Due from credit institutions and central banks	148	182	(13)
Loans at amortized cost	(1,802)	(318)	(435)
Loans at fair value	(27)	13	432
Loan commitments and guarantees	99	(45)	(47)
Total	(1,582)	(168)	(61)
New and increased impairment charges	4,745	6,783	7,601
Reversals of impairment charges	5,654	6,269	7,224
Write-offs charged directly to income statement	334	892	835
Received on claims previously written off	706	1,378	980
Interest income, effective interest method	(301)	(196)	(294)
Total	(1,582)	(168)	(61)

The following tables set forth the Group's allowance account broken down by segment and type of impairment as at the dates indicated:

	Personal Banking	Business Banking	C&I	Wealth Manage-ment	Northern Ireland	Other	Allowance account, total	Impairment charges	
								Individual	Collective
					(DKK in millions)				
At January 1, 2015	**7,260**	**16,677**	**3,158**	**696**	**5,243**	**–**	**33,035**	**29,050**	**3,985**
New and increased impairment charges	1,901	3,469	558	131	193	1	6,253	5,154	1,099
Reversals of impairment charges from previous periods	1,351	3,106	432	155	798	–	5,843	5,190	635
Write-offs debited to allowance account	938	2,006	1,150	31	2,128	–	6,254	6,254	–
Foreign currency translation	3	(7)	175	4	348	–	523	503	20
Other items	(262)	64	60	(38)	(43)	1	(219)	(113)	(106)
At December 31, 2015	**6,614**	**15,091**	**2,369**	**606**	**2,814**	**2**	**27,496**	**23,151**	**4,346**
New and increased impairment charges	1,496	2,587	1,650	77	171	–	5,981	4,558	1,423
Reversals of impairment charges from previous periods	1,743	2,559	562	215	430	1	5,510	4,588	922
Write-offs debited to allowance account	805	2,078	530	32	875	–	4,320	4,320	–
Foreign currency translation	3	21	20	1	(363)	–	(319)	(324)	5
Other items	20	262	(185)	98	(45)	(1)	150	28	122
At December 31, 2016	**5,584**	**13,324**	**2,762**	**534**	**1,273**	**1**	**23,479**	**18,506**	**4,974**
New and increased impairment charges	1,295	2,227	759	83	95	4	4,462	4,222	239
Reversals of impairment charges from previous periods	1,098	2,803	345	152	334	–	4,732	3,739	993
Write-offs debited to allowance account	535	1,321	763	4	207	–	2,831	2,831	–
Foreign currency translation	(16)	(98)	(205)	(3)	(38)	–	(361)	(244)	(117)
Other items	(29)	98	7	2	(25)	(2)	51	51	–
At December 31, 2017	**5,200**	**11,452**	**2,189**	**460**	**764**	**2**	**20,069**	**15,965**	**4,104**

Note: Two new segments were established in 2016: Wealth Management and Northern Ireland. Customers were transferred from the individual business units to the relevant new segment. Comparative figures as at and for the year ended December 31, 2015 have been restated accordingly. The introduction of the two new segments led to minor changes for 2015 in respect of the netting of "new and increased impairment charges" and "reversals of impairment charges from previous periods."

	Personal Banking	Business Banking	C&I	Wealth Manage-ment	Northern Ireland	Other	Allowance account
				(DKK in millions)			
At December 31, 2017	**5,200**	**11,452**	**2,189**	**460**	**764**	**2**	**20,069**
Transition effect (ECL at January 1), including impact on loans granted by Realkredit Danmark	5,866	12,899	2,484	468	902	12	2,562
ECL on new assets	155	986	185	34	26	2	1,388
ECL on assets derecognized	(323)	(864)	(236)	(43)	(26)	(8)	(1,501)
Impact on remeasurement of ECL (including changes in models)	105	(388)	65	11	66	–	(140)
Write-offs debited to allowance account	(196)	(468)	–	–	(20)	–	(685)
Foreign currency translation	(8)	(7)	(55)	–	11	–	(60)
Other items	–	31	3	1	–	–	35
At March 31, 2018	**5,598**	**12,188**	**2,446**	**471**	**959**	**5**	**21,669**

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, 2017							
	Personal Banking	Business Banking	C&I	Wealth Manage-ment	Northern Ireland	Other	Total past due amounts	Total due under loans
				(DKK in millions)				
6–30 days	30	62	2	9	5	–	107	2,161
31–60 days	17	17	–	10	1	–	45	629
> 60 days	28	8	–	1	6	–	43	399
Total past due amounts	75	87	3	20	11	–	195	–
Total due under loans	1,805	1,138	6	162	77	–	–	3,188

	As at December 31, 2016							
	Personal Banking	Business Banking	C&I	Wealth Manage-ment	Northern Ireland	Other	Total past due amounts	Total due under loans
				(DKK in millions)				
6–30 days	35	74	1	7	2	–	120	1,671
31–60 days	16	13	8	3	3	–	43	800
> 60 days	27	13	–	2	10	–	52	449
Total past due amounts	77	99	10	12	15	–	214	–
Total due under loans	1,906	786	12	116	100	1	–	2,921

	As at December 31, 2015							
	Personal Banking	Business Banking	C&I	Wealth Manage-ment	Northern Ireland	Other	Total past due amounts	Total due under loans
				(restated)(1) (DKK in millions)				
6–30 days	34	39	2	23	3	–	101	1,756
31–60 days	26	17	–	2	9	–	53	897
> 60 days	36	28	–	2	2	–	68	585
Total past due amounts	96	84	2	27	14	–	222	–
Total due under loans	2,103	826	45	126	136	3	–	3,238

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

Counterparty Credit Risk

General

Counterparty credit risk is the risk of a financial loss on a derivative transaction because of the default of a counterparty. As such, counterparty credit risk arises as 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 is the replacement cost, that is, the cost of replacing an existing transaction by a new transaction with similar characteristics but at current market prices.

The potential future value of a derivative transaction is uncertain since the market value is related to the underlying market factors and thus fluctuates between positive and negative levels. The Group incurs a financial loss if a counterparty defaults and the market value of the derivative transaction is not covered after netting and the realization of collateral.

The Group takes on counterparty credit risk when it enters into derivatives transactions (interest rate, foreign exchange, equity, credit and commodity contracts) and securities-financing transactions ("**SFTs**"), which include repo agreements and securities lending. As at December 31, 2017, 4.8 percent of the Group's total REA related to counterparty credit risk, including central clearing counterparty ("**CCP**") default risk and CVA risk charges.

Governance and Organization

As part of the overall credit risk governance described under "*—Credit Risk*" above, the Group's Credit Directive on Counterparty Risk Mitigation approved by the All Risk Committee sets the requirements for counterparty credit risk management.

Group Risk Management is responsible for consolidated counterparty credit risk management, risk modelling and reporting, while local credit departments are in charge of day-to-day risk management. Group Market Risk management is responsible for developing counterparty risk exposure models, while an independent risk model validation team outside Group Market Risk validates the models.

Methodologies and Models

For risk management purposes, counterparty credit risk is measured as potential future exposure ("**PFE**") at the 97.5 percentile at a set of future time horizons. All transactions are assumed to be held to maturity.

The Group uses simulation-based models to calculate 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 simulation model (less than 10 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 transaction type, maturity, currency and collateral coverage and is determined using a conservative approach to ensure estimation adequacy.

The DFSA has approved the simulation model for calculating the regulatory capital requirement for counterparty credit risk.

Active Risk Management

In accordance with the Credit Directive on Counterparty Risk Mitigation, local credit departments are responsible for assigning specific credit lines for counterparty credit risk to the individual counterparties. Counterparty credit risk is managed by means of maximum tolerable PFE lines on a set of maturity buckets. Line checks are performed prior to trading.

Wrong-way risk is the risk that arises when credit exposure to a counterparty increases while the counterparty's creditworthiness deteriorates. Specific wrong-way risk is a subtype of risk that arises because there is a legal connection between a counterparty and the issuer of the underlying instruments involved in a derivative or securities-financing transaction. The Group has set limitations on transactions entailing specific wrong-way risk. The limitations cover product range, 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.

Monitoring and Reporting

The Group carries out counterparty credit risk measurement and monitoring as well as intraday line utilization monitoring on a daily basis. Consolidated counterparty credit risk exposure is accordingly reported to senior management.

The internal 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 in all the 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, 2017, the Group's current gross exposure to derivatives was DKK 399 billion (December 31, 2016: DKK 521 billion). If the netting effect and collateral received are taken into account, the current exposure to derivatives was DKK 30 billion (December 31, 2016: DKK 41 billion). As at December 31, 2017, the Group was exposed mainly to public institutions, commercial property companies, financial institutions and corporates.

The Group mitigates counterparty credit risk through close-out netting agreements and collateral agreements. In 2017, the Group cleared 58 percent of the total notional amount of derivatives transactions through CCPs and used collateral agreements to support 94 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 (comparative information as at December 31, 2015 is not available due to a change in presentation in order to align with the Pillar III requirements):

	As at December 31, 2017		
	Total	Derivatives	SFTs
	(DKK in millions)		
Current gross exposure	407,151	399,452	7,699
Current exposure after netting	80,177	74,820	5,357
Current exposure after netting and collateral	34,979	29,788	5,191

	As at December 31, 2016		
	Total	Derivatives	SFTs
	(DKK in millions)		
Current gross exposure	528,847	520,722	8,125
Current exposure after netting	90,965	84,833	6,132
Current exposure after netting and collateral	46,845	40,946	5,899

Current exposure is a simple measure of counterparty credit risk exposure that takes into account only current mark-to-market values and collateral. 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.

As at December 31, 2017, more than 90 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, 2017. The remainder consisted of mainly Danish and Swedish mortgage bonds and government bonds issued by Denmark, France, Germany, the Netherlands, Norway, Sweden and the United States.

Exposure Relating to Counterparty Credit Risk (Derivatives) 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 March 31, 2018	As at December 31,		
		2017	2016	2015
	(DKK in millions)			
Counterparty credit risk				
Derivatives with positive fair value	252.4	256.9	326.4	331.0
Reverse transactions and other loans at fair value	289.8	–	–	–
Credit exposure from other trading and investment securities				
Bonds	485.2	496.7	503.5	536.9[(2)]
Shares	10.5	20.3	23.1	22.5
Other unutilized commitments[(1)]	0.3	0.4	0.5	0.5
Total	1,038.2	774.3	853.5	889.9

(1) Other unutilized commitments comprise private equity investment commitments and other obligations.
(2) This figure was restated in the comparative information in the Group's Annual Report 2016 as it was incorrect in the Group's Annual Report 2015. The table above reflects the restated figure.

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 at Banking DK, Banking Nordic and Wealth Management is affected by the level of interest rates. As at December 31, 2017, market risk accounted for 4.5 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.

Governance and Organization

The governance framework for market risk in relation to the risk organization, including the roles and responsibilities of the Board of Directors and committees and general risk management principles such as the three lines of defense and the segregation of duties, follows the Group's overall governance framework.

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 supported by the Market Risk Instructions. The latter document defines the overall limits for various market risk factors and additional boundaries within which trading activities are performed. The Market Risk Policy and the Market Risk Instructions form the basis of written business procedures and daily control procedures for the Group's market risk management.

Methodologies and Models

The Group uses a range of measures to create 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 the daily 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 acknowledged in 2007 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 approved to include bond-specific risk and company-specific risk. At the same time, the Group's incremental risk model was included in the framework.

VaR is a quantitative measure that shows, with a certain probability, the maximum potential loss that the Group will suffer at the calculation date within a specified horizon. 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 framework in place to mitigate these limitations.

The following table sets forth the Group's VaR model:

	Risk monitoring VaR limit	**Capital requirement VaR**	**Capital requirement stressed VaR**	**Backtesting**
Value-at-Risk				
Percentile	95	99	99	99
Holding period	1 day	10 days	10 days	1 day
Historical data used	2 years	2 years	1 year	1 year
Period	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 the front-office pricing 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 from 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.

The stressed VaR is calculated using a holding period and historical data from a continued 12-month period of significant financial stress relevant to the Group's portfolio. Scenarios are equally weighted. A structured approach is used for identifying the historical period representing a significant stress on the current portfolios since the historical period is identified by running the full VaR model over a comprehensive historical period to identify the 12-month period that produces the highest VaR for the current portfolio since 2008. On this basis, the most stressed periods are identified and analyzed in more detail in order to validate the period to be used for the stressed VaR. The current stress period is August 2011 – August 2012.

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 1-day VaR calculated 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 one exception in actual profit/loss and two exceptions in hypothetical profit/loss in 2017.

Incremental Risk Charge (IRC)

Incremental risk charge ("**IRC**") is an additional capital charge to be added to the multiplier-adjusted VaR and stressed VaR capital charges. No diversification effects between capital charges are thus taken into account.

The IRC 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 the profit/loss distribution through Monte Carlo simulations of credit events for all issuers based on transition matrices. A total of 200,000 scenarios are used. The correlation between issuers is captured by using a one-factor Gaussian copula. The correlation parameter is estimated annually on the basis of pairwise correlations of bond 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 re-calibrated 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.

The Group regularly analyses 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 threefold:

- The primary purpose is to assess the adequacy of the Group's financial resources for periods of severe stress and develop contingency plans for the Group if the need arises.
- A secondary purpose is to promote risk identification and add further insight into the need for setting new limits.
- A third purpose is to serve as 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 uses the internal VaR model to measure the regulatory capital for market risk in its trading book. The trading book covers trading-related market risk at C&I and hedging in relation to fair value adjustments of interest rate risk and the part of the CDS spread risk hedging that is not eligible under regulatory capital calculations for CVA risk.

The Group also uses the internal VaR model for calculating the stressed VaR capital charge.

Incremental risks, such as default and rating migration risks on bond issuers and CDS names, are estimated in the incremental risk model.

Regulatory capital for the Group's minor exposures to commodity risk and collective investment undertakings are calculated according to the standardized approach.

Model Validation

The Group conducts a variety of activities to maintain well-performing models in the market risk area. The activities can be divided into the validation of valuation and behavioral models used in day-to-day risk management and validation of internal models used for calculating regulatory capital.

Group Risk Management is responsible for validating valuation and behavioral models independently of the development process. A model must be validated before the trading unit can trade in any new type of product that is priced or risk-managed according to that model. The purpose of the validation process is to evaluate, independently of the business unit, whether the stability and quality of the model are sufficient to enable the Group to price and risk-manage the financial products in question in a satisfactory manner.

To supplement the initial validation of valuation and behavioral models, Group Risk Management has established an ongoing monitoring process in which the crossing of specific thresholds (such as indications of a deterioration in model quality or an increase in the magnitude of risk involved) calls for additional validation activities.

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. The standards for these validations are set forth in the Group's Model Risk Policy, which is detailed and complemented by relevant instructions.

In addition, 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.

Review of Policies and Procedures

The Group reviews and updates its market risk governance documents at least once a year or more frequently if changes in the operating environment and/or business strategy so demand. This is aimed at ensuring that the documents are fit for purpose.

The review covers four areas. Firstly, an organizational fit assessment is made to check that the documents are tailored in a manner that supports the Group's objectives and strategy in the trading and treasury areas in consideration of the desired risk profile. Secondly, regulatory compliance is assessed to ensure that the Group's risk management practices as a minimum live up to the regulatory requirements. Thirdly, adherence is checked to make sure that the stipulated requirements are met. Finally, the effectiveness of policies and procedures is assessed to ensure that the outcome is as expected.

The Group pursues a structured approach in which relevant inputs are captured, assessed and discussed with key stakeholders and subsequently agreed, documented and communicated with relevant stakeholders. This contributes to the timely and effective maintenance and implementation of the documents.

Active Market Risk Management

The Group actively manages the market risk in relation to 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.

Market Risk Appetite

The Group operates with a market risk appetite for its trading-related activities. The market risk appetite is determined in a risk mandate assessment that is based on the business strategy and the market environment expected in the near future. The purpose of the risk mandate assessment is to measure the effect of proposed limits by quantifying the expected upside of using the limits (that is, expected earnings) and the potential downside (that is, the potential loss if the expectations do not materialize). The Market Risk Appetite for trading-related activities is approved by the Board of Directors and reassessed at least once a year.

The Group's exposure to the risk on fair value adjustments is managed under separate limits for changes in CDS spreads and interest rates supplemented by a zero appetite for exposure to foreign exchange rate changes.

The Group's exposure to non-trading-related market risk is managed under selected limits and operational targets that govern and control the market risk on these activities in relation to specific 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-related market risks): Board limits, All Risk Committee limits and detailed operational limits.

Board limits are set by the Board of Directors in the Market Risk Instructions. This document defines overall limits for specific major risk factors. The overall limits are supplemented by a VaR limit for trading-related market risk. The All Risk Committee delegates the Board limits to the business areas and assigns additional limits for less significant risk factors. Detailed operational limits 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 business 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 the strategy. 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 areas and trading sections must comply with limits at all times. If a limit is breached, the business 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 reports in which market risk figures are presented. The reports provide sufficient information to create transparency about the Group's market risk.

The Board of Directors and senior management receive regular reports that provide an understanding of the Group's portfolios, main risk drivers, stress testing results and regulatory capital in order to support decision-making. This also includes information on the allocation of regulatory capital to the various business units and trading activities. Furthermore, detailed reporting (daily and weekly) provides granular metrics to senior management at C&I and Group Treasury for day-to-day risk management.

Market Risk Profile

The Group manages its market risk by means of three separate frameworks for the following areas:

- trading at C&I;
- xVA at C&I; and
- Asset and Liability Management at Group Treasury.

Market risk associated with activities at Banking DK, Banking Nordic and Wealth Management or in Northern Ireland is either hedged by C&I or managed as part of Group Treasury's market risk positions.

Market risk at Danica Pension and for the Group's defined benefit pension plans is managed separately. For more detailed information, see "*—Insurance Risk*" and "*—Pension Risk*" below.

Trading-related Market Risk at Corporates & Institutions

The activities that involve market risk in the trading portfolio derive mainly from the Group's initiatives to provide C&I clients with risk management solutions (offering all of its products to Nordic customers and core Nordic products to customers outside the Nordic region). Trading market risk also arises from providing institutional clients with euro products, mainly government bonds and simple derivatives. Advanced derivatives are traded predominantly with professional customers, while simple products are distributed to Banking DK and Banking Nordic customers.

Within the trading portfolio, the main activities focus on interest rate risk management, both from a customer and a position-taking point of view. Interest rate risk management includes trading and risk-taking in a range of fixed income assets, money-market instruments and other assets with interest rate risk, including mortgage-related bonds. These transactions form an important part of the activities performed in the Group's domestic markets.

The Group's business activities involve a natural flow of various currencies, 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.

For trading and risk-taking in equity-related assets, the objective is to have a leading market position in the Nordic equity market. However, taking on equity market risk is limited relative to the market risk derived from interest rates.

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 bases, while the total VaR includes diversification effects; confidence level of 95 percent, one-day horizon), by risk category as at the dates indicated:

	As at December 31,		
	2017	**2016**	**2015**
	(DKK in millions)		
Bond spread risk	28	50	51
Interest rate risk	37	51	60
Foreign exchange risk	3	3	2
Equity risk	6	9	7
Diversification effects	(37)	(46)	(62)
Total VaR	37	67	58

The Group continued to maintain a low risk in its trading operations in 2017, only marginally increasing its average trading-related market risk from DKK 44 million in 2016 to DKK 46 million in 2017. 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.

Stand-alone interest rate risk was largely unchanged in 2017. Bond spread risk declined because of a reduction in bond holdings over the year. Foreign exchange risk was largely unchanged, while equity risk doubled.

Market Risk in relation to Fair Value Adjustments

The Group's fair value adjustments xVA cover FVA, CVA and DVA. The Group applies a market-implied approach, which is in line with industry best practice. The Group's strategy is to continue developing the xVA model so that it remains in line with best practice in the market.

In order to reduce profit/loss volatility caused by xVA, the Group pursues a strategy to hedge the risk in 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.

Market Risk in relation to Asset and Liability Management

The Group's exposure to non-trading-related market risk originates from IRRBB, which derives mainly 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 portfolio of unlisted shares relating mainly to private equity funds and banking-related investments.

Interest Rate Risk in the Banking Book

The Group has progressively increased its resources to manage the interest rate risk associated with the Group's banking book activities. All of the components of this risk type have now been consolidated with the activities managed by Group Treasury.

IRRBB is driven by a number of factors: repricing mismatches between asset and liabilities, client behavior, optionality within client products booked within the banking book, and interest rate floors 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 IRRBB.

Group Treasury provides the first line of defense for IRRBB. This involves the day-to-day management of the actual risk against the limit framework. Market Risk provides the second line of defense and maintains the risk management systems used for calculating the IRRBB measure. In addition, Market Risk maintains the limit framework and monitors adherence to the limits. Each month, 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 and monitors both Economic Value and Earnings at Risk metrics.

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 any 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 parallel shift in interest rates, a non-parallel shift in interest rates, contractual floors on customer products and liabilities issued by the Group, and customer behavior. The latter is an important component and encompasses the ongoing assessment of non-maturing demand deposits ("**NMDs**") and net free reserves. The duration assigned to NMDs is reviewed annually. The ALCO reviews and endorses the sensitivity of this duration (any increase or decrease) together with volume adjustments.

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 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

In its risk management of shares outside the trading book, the Group makes a distinction between ordinary open positions (including positions in associated companies), exposure to private equity funds (including exposure in the form of commitments), and banking-related investments. Banking-related investments consist of equity holdings primarily in financial infrastructure businesses.

As at December 31, 2017, the total value of the portfolio was approximately DKK 2.1 billion, as compared to DKK 2.6 billion as at December 31, 2016.

Bond Portfolio

As at March 31, 2018, the Group's bond holdings amounted to DKK 485,203 million (December 31, 2017: DKK 496,739 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 March 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	107,968	3,119	216,558	62,444	8,361	9	398,459
AA+	16,439	580	–	–	71	126	17,216
AA	32,153	1,148	10	–	8	1,136	34,455
AA-	5,983	–	39	–	1	161	6,185
A+	136	–	–	–	–	318	453
A	3,121	–	16	–	660	2,156	5,952
A-	9	–	–	–	–	587	596
BBB+	–	–	–	–	–	707	707
BBB	18,733	–	24	–	–	839	19,596
BBB-	–	–	–	–	–	392	392
BB+	332	–	–	–	–	199	531
BB	–	–	–	–	–	216	216
BB-	–	–	–	–	–	22	22
Sub-investment grade or unrated	322	–	–	–	–	101	423
Total	185,195	4,847	216,647	62,444	9,100	6,970	485,203

	As at December 31, 2017						
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
				(DKK in millions)			
AAA	84,721	2,699	241,350	60,360	11,561	1,693	402,384
AA+	21,127	343	–	–	336	126	21,932
AA	32,258	1,365	57	–	192	782	34,653
AA-	8,362	–	100	–	–	92	8,554
A+	138	–	–	–	130	256	524
A	3,252	–	14	–	857	1,481	5,604
A-	-	–	–	–	–	427	427
BBB+	85	–	–	–	–	391	476
BBB	20,496	–	6	–	–	486	20,989
BBB-	-	–	–	–	–	197	197
BB+	256	–	–	–	–	141	397
BB	-	–	–	–	–	353	353
BB-	-	–	–	–	–	39	39
Sub-investment grade or unrated	31	–	3	–	4	172	209
Total	170,725	4,406	241,530	60,360	13,080	6,637	496,739

	As at December 31, 2016						
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
				(DKK in millions)			
AAA	77,321	1,174	249,851	59,816	13,185	2,856	404,203
AA+	32,417	342	–	–	630	568	33,957
AA	24,128	1,007	57	–	177	875	26,244
AA-	9,520	–	111	–	–	314	9,945
A+	919	–	–	–	101	466	1,486
A	1,628	–	–	–	49	1,357	3,034
A-	2,375	–	1	–	–	128	2,504
BBB+	864	–	–	–	–	449	1,312
BBB	18,632	–	30	–	8	751	19,421
BBB-	–	–	–	–	–	291	291
BB+	84	–	–	–	–	192	276
BB	–	–	–	–	–	289	289
BB-	–	–	–	–	–	20	20
Sub-investment grade or unrated	–	–	–	–	7	487	495
Total	167,888	2,523	250,050	59,816	14,157	9,043	503,477

	As at December 31, 2015						
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
				(DKK in millions)			
AAA	103,778	4,814	249,578	48,027	12,403	849	419,448
AA+	40,696	2,064	–	–	1,249	464	44,474
AA	25,435	1,160	–	–	346	529	27,470
AA-	7,118	–	–	–	–	1,186	8,304
A+	4,769	–	–	–	273	2,602	7,644
A	41	–	–	–	188	4,046	4,275
A-	600	–	–	–	186	1,077	1,863
BBB+	9,288	–	–	–	–	1,709	10,997
BBB	7,412	–	41	–	–	2,136	9,589
BBB-	1	–	–	–	–	346	347
BB+	1,499	–	–	–	–	270	1,769
BB	7	–	–	–	–	366	373
BB-	–	–	–	–	–	33	33
Sub-investment grade or unrated	25	–	–	–	8	236	269
Total	200,668	8,038	249,620	48,027	14,651	15,850	536,854

The following tables set forth a breakdown of the Group's bond portfolio by type and geography as at the dates indicated:

	As at March 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	30,875	–	216,647	–	401	802	248,725
Sweden	34,727	214	–	62,444	–	2,734	100,119
United Kingdom	8,579	–	–	–	1,177	252	10,008
Norway	8,309	144	–	–	4,053	1,474	13,980
United States	7,350	156	–	–	–	15	7,521
Spain	9,468	–	–	–	1	1	9,470
France	18,335	–	–	–	970	554	19,859
Luxembourg	–	3,135	–	–	–	4	3,139
Finland	13,850	1,083	–	–	1,083	551	16,567
Ireland	3,121	–	–	–	5	6	3,132
Italy	7,889	–	–	–	–	2	7,891
Portugal	332	–	–	–	–	–	332
Austria	6,425	–	–	–	–	14	6,439
Netherlands	9,303	–	–	–	188	269	9,760
Germany	21,075	–	–	–	1,088	28	22,190
Belgium	5,411	–	–	–	7	4	5,422
Other	147	113	–	–	128	261	649
Total	185,195	4,847	216,647	62,444	9,100	6,970	485,203

	As at December 31, 2017						
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
				(DKK in millions)			
Denmark	22,830	–	241,527	–	406	2,220	266,983
Sweden	25,882	–	–	60,360	–	1,855	88,097
United Kingdom	5,899	–	–	–	1,787	196	7,883
Norway	4,577	–	3	–	5,781	495	10,855
United States	11,014	158	–	–	–	12	11,184
Spain	12,387	–	–	–	132	–	12,519
France	20,234	–	–	–	955	613	21,802
Luxembourg	-	3,194	–	–	–	4	3,198
Finland	16,390	1,054	–	–	1,685	698	19,827
Ireland	3,252	–	–	–	3	7	3,262
Italy	8,194	–	–	–	–	7	8,201
Portugal	256	–	–	–	–	–	256
Austria	9,070	–	–	–	227	3	9,299
Netherlands	7,457	–	–	–	224	342	8,024
Germany	15,752	–	–	–	1,351	62	17,165
Belgium	7,297	–	–	–	116	4	7,418
Other	234	–	–	–	414	119	768
Total	170,725	4,406	241,530	60,360	13,080	6,637	496,739

	As at December 31, 2016						
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
				(DKK in millions)			
Denmark	21,663	–	250,050	–	–	3,587	275,300
Sweden	19,253	–	–	59,816	3	1,542	80,614
United Kingdom	8,669	1	–	–	2,214	225	11,109
Norway	4,450	–	–	–	6,436	792	11,678
United States	8,638	169	–	–	–	38	8,845
Spain	12,201	–	–	–	210	–	12,411
France	21,311	–	–	–	1,138	448	22,897
Luxembourg	–	2,353	–	–	–	–	2,353
Finland	16,811	–	–	–	2,510	1,076	20,398
Ireland	4,393	–	–	–	32	10	4,435
Italy	7,296	–	–	–	–	–	7,296
Portugal	84	–	–	–	–	–	84
Austria	8,560	–	–	–	227	435	9,222
Netherlands	8,561	–	–	–	271	491	9,323
Germany	17,061	–	–	–	653	58	17,772
Belgium	8,480	–	–	–	128	–	8,608
Other	458	–	–	–	335	340	1,133
Total	167,888	2,523	250,050	59,816	14,157	9,043	503,477

	As at December 31, 2015						
	Central and local government bonds	Quasi-government bonds	Danish mortgage bonds	Swedish covered bonds	Other covered bonds	Corporate bonds	Total
				(DKK in millions)			
Denmark	22,345	–	249,620	–	–	1,652	273,618
Sweden	27,285	–	–	48,027	–	3,719	79,031
United Kingdom	19,548	135	–	–	2,224	1,121	23,027
Norway	5,763	–	–	–	6,914	1,287	13,964
United States	8,081	1,132	–	–	–	771	9,984
Spain	9,502	–	–	–	917	–	10,418
France	20,846	–	–	–	1,123	528	22,497
Luxembourg	–	6,502	–	–	–	11	6,513
Finland	14,593	247	–	–	1,849	1,927	18,616
Ireland	4,618	–	–	–	90	48	4,756
Italy	7,194	–	–	–	–	–	7,194
Portugal	1,506	–	–	–	–	–	1,506
Austria	7,626	–	–	–	224	–	7,850
Netherlands	11,069	–	–	–	86	2,751	13,906
Germany	31,001	–	–	–	589	754	32,344
Belgium	8,873	–	–	–	333	–	9,206
Other	817	23	–	–	302	1,282	2,424
Total	200,668	8,038	249,620	48,027	14,651	15,850	536,854

Value-at-Risk

The following tables set forth information on the Group's daily VaR (calculated at a confidence level of 99 percent and a 10-day horizon) used for calculating the capital requirement for general market risk by risk category as at the dates and for the years indicated:

	For the year ended December 31, 2017							
	Daily VaR				Stressed VaR			
	Average VaR	Minimum VaR	Maximum VaR	December 31	Average VaR	Minimum VaR	Maximum VaR	December 31
				(DKK in millions)				
Interest rate risk	225	122	404	279	409	165	624	227
Bond spread risk	153	104	249	143	483	374	647	524
Foreign exchange risk	13	2	37	13	42	3	124	10
Equity market risk	24	10	53	21	35	10	79	42
Diversification benefit	(178)	–	–	(214)	(398)	–	–	(257)
Total VaR	238	120	402	242	571	397	873	545

	For the year ended December 31, 2016							
	Daily VaR				Stressed VaR			
	Average VaR	Minimum VaR	Maximum VaR	December 31	Average VaR	Minimum VaR	Maximum VaR	December 31
	(DKK in millions)							
Interest rate risk	291	117	499	382	443	270	679	535
Bond spread risk	193	129	301	218	541	390	777	590
Foreign exchange risk	20	9	41	9	30	7	85	36
Equity market risk	12	5	40	22	12	(5)	74	27
Diversification benefit	(204)	–	–	(244)	(442)	–	–	(449)
Total VaR	312	146	489	388	584	388	857	739

	For the year ended December 31, 2015							
	Daily VaR				Stressed VaR			
	Average VaR	Minimum VaR	Maximum VaR	December 31	Average VaR	Minimum VaR	Maximum VaR	December 31
	(DKK in millions)							
Interest rate risk	471	106	903	575	461	179	705	476
Bond spread risk	314	225	488	325	850	617	1,259	824
Foreign exchange risk	16	5	67	8	39	3	96	12
Equity market risk	27	4	185	18	56	9	321	39
Diversification benefit	(402)	–	–	(369)	(644)	–	–	(518)
Total VaR	426	112	788	557	762	176	1,223	833

Liquidity Risk

General

Liquidity risk is the risk of losses because the Group's funding costs become excessive, lack of funding prevents the Group from maintaining its business model or lack of funding prevents the Group from fulfilling its payment obligations. The Group manages this liquidity risk by holding sufficient liquidity to meet its obligations and to support its strategies, business plans and rating ambitions even in stressed situations.

Liquidity Risk Profile

Liquidity risk is inherent in basic banking activities such as accepting deposits and providing loans and credits. The transformation of short-term deposits into long-term loans exposes banks to maturity mismatches that cannot be eliminated. Liquidity risk is broken down into the following two key elements, each of which is addressed through a Liquidity Risk Appetite statement:

- *Distance to default:* Management must have sufficient time to respond to events and developments in order to avoid financial or regulatory default.
- *Market reliance:* The use of wholesale funding instruments reflects the Group's loan-to-deposit shortfall and its maturity transformation profile. If new funding is required too frequently, the Group may be vulnerable to investor sentiments, market stress and market dysfunctionalities.

The Group's liquidity risk appetite is conservative, and the Group must maintain both a strong liquidity position and a strong funding position. 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 costly and 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, which issues mortgage bonds, is largely self-financing, and its liquidity is managed separately from the rest of the Group. Danica Pension's balance sheet includes long-term life insurance liabilities and assets. Most of Danica Pension's assets are readily marketable bonds and shares. Both companies are subject to statutory limits on their exposures to the Bank. In the following sections, "Group" refers to the banking units only; that is, it does not include Realkredit Danmark and Danica Pension.

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 case of a stressed liquidity situation. The indicators consist of 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 scenario.

The risk indicators used for managing market reliance enable the Group to have a prudent composition of its liabilities because they ensure that there is sufficient long-term funding for maturing long-term assets. This reduces any pressure on the Group in a situation involving a liquidity crisis. Until the introduction of the NSFR, the Group's funding ratio will be the key indicator for market reliance. The Group oversees the maturity profile of its long-term funding to keep the portions of long-term funding maturing within a twelve-month horizon at an acceptable level.

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. Danske Bank 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 a newly established subsidiary, Danske Hypotek. The Group is thus in a position to fund future growth in Sweden and Norway by means of covered bonds.

Liquidity Risk Framework

Governance and Organization

The Group manages its liquidity on a daily basis by using a combination of risk indicators, risk triggers and risk policy. Two documents lay the foundation of the Group's liquidity risk management: the Liquidity Policy and Appetite and the Liquidity Instructions. The Liquidity Policy and Appetite contains the overall principles and standards of the Group's liquidity risk management. It covers both the liquidity risk profile and the governance structure. The Liquidity Instructions define the limits and the methods of calculating liquidity risk. Both are issued by the Board of Directors.

In 2016, the liquidity risk organization was expanded with the establishment of the ALCO. The purpose of the ALCO is to manage the Group's balance sheet and funding mix in accordance with the Liquidity Risk Appetite approved by the Board of Directors.

As a subcommittee of the All Risk Committee, the ALCO has a strategic focus on asset and liability management components such as the following: net interest income, funds transfer pricing and interest and currency risk on the balance sheet.

The Group Liquidity Risk Committee (the "**GLRC**") is an ALCO subcommittee. The GLRC oversees the management of liquidity risk and funding at the Group level. Both the ALCO and the GLRC consist of representatives from the Executive Board, Group Treasury, FICC and Group Risk Management.

The GLRC is empowered to challenge the way the Group manages its liquidity risk profile. Group Treasury is responsible for the Group's liquidity and funding. This includes executing the funding plan and managing the liquidity reserve. Short-term liquidity is managed by Danske Markets under the supervision of Group Treasury.

Liquidity management is centralized and conducted on a consolidated basis 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.

Models and Methodologies

Stress tests are a core element of the models and methodologies used by the Group to manage liquidity risk. Four of the seven risk indicators making up the risk profile are based on stressed liquidity scenarios.

The Group conducts stress tests to measure its immediate liquidity risk in order to have sufficient time to respond to possible crises. The stress tests are conducted for various scenarios, including three standard scenarios: a scenario specific to the Group, a general market crisis and a combination of the two. A "stress-to-failure" test is also conducted.

All stress tests are based on the assumption that the Group does not reduce its lending activities. This means that existing lending will continue to require funding. The degree of possible refinancing of the Group's funding base varies depending on the scenario in question and on the specific funding source. To assess the stability of its funding, the Group considers the maturity and makes behavioral assumptions.

Liquidity Risk Management

The Group is in the process of implementing a new asset and liability management system. Combined with other initiatives, this has already resulted in enhanced liquidity risk management. The improvements include the overall and currency-specific LCR calculations as well as the monitoring of intraday liquidity.

Monitoring and Reporting

Monitoring and reporting are conducted separately according to the principle of three lines of defense. Group Treasury, as the first line of defense, reports the risk measures, whereas Group Risk Management, as the second line of defense, monitors compliance with the internal limits. Furthermore, Group Risk Management reviews and validates the models and assumptions used by the first line of defense for reporting risk measures.

Liquidity Risk Management monitors compliance with the risk limits set in the Liquidity Risk Appetite. The LCRs and operational liquidity are monitored and reported on a daily basis, while the other risk indicators are reported on a monthly basis to the GLRC and the All Risk Committee. Risk indicators are reported to the Board of Directors on a quarterly basis.

Liquidity Risk Management reports all limit breaches to the relevant parties and committees. Board limit breaches are reported to the Board of Directors and other relevant stakeholders (such as the GLRC, the All Risk Committee and the Executive Board). All Risk Committee limit breaches are reported to the Executive Board, the All Risk Committee and other relevant stakeholders, including the business units. Lower-level limit breaches are reported to the head of Liquidity 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.

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 current low-interest-rate environment caused by the quantitative easing programs launched by central banks around the world has also had an effect on the composition of the Group's liquidity reserve. The low interest rates mean that a greater proportion is held in cash rather than government bonds. This makes it easier for the Group to mobilize the liquidity reserve because a smaller portion needs to be monetized.

A large number of the bonds held in the reserve are central-bank-eligible instruments, and they are vital for intraday liquidity needs, for overnight liquidity facilities and for defining liquidity in financial markets during stressed periods.

The internal stress tests use different parameters than the LCR to determine the liquidity value of bonds, so the value of the liquidity reserve differs depending on the risk indicator chosen.

Funding Sources

The Group monitors its funding mix to ensure that it is well-diversified in terms of funding sources, maturities and currencies. A well-balanced portfolio of liabilities is intended to generate a stable flow of funding and provides protection against market disruptions.

For additional information on the Group's funding, see "*Operating and Financial Review and Prospects—Funding and Liquidity—Funding*."

Operational Risk

General

Operational risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events, including legal risks. Operational risk events are defined as operational risks which have occurred and may have caused a monetary loss (a loss event) or a reputational impact (a reputational event), or may have caused a loss that was rapidly recovered (a near-miss event). Losses are quantified as gross losses and net losses (gross loss less the amount recovered). As at December 31, 2017, operational risks accounted for 10.1 percent of the Group's total REA.

Operational risks arise from all of the Group's activities. The Group takes on additional operational risks each time it accepts business from new customers, originates new transactions, introduces new products, opens up new markets and hires new staff. New operational risk exposures can also arise from a variety of changes that the Group makes to processes, people and systems and from changes in the Group's external environment.

The Group's approach to operational risk management serves to continually improve its ability to anticipate all material risks and to reduce, with a high degree of confidence, failures in processes. This helps improve the customer experience and reinforces the need for clear ownership and accountability for all risks across Group processes.

While priority is given to risks in the order of their materiality, the Group must seek to improve its processes to improve cost efficiency and to maintain an optimal balance between risks related to customer experience and the costs of control.

Operational Risk Framework

The Group's approach to operational risk management is in accordance with the Group's operational risk framework. It is consistent with the three-lines-of-defense principle and enhances the Group's risk culture.

In 2017, the Group enhanced its operational risk framework by further defining the segregated roles and responsibilities for the first and second lines of defense, simplifying the overall framework and broadening the approach. The enhanced framework changes were approved by the Board of Directors. The Group Operational Risk function is the Group's second line of defense for operational risk. In particular, Group Operational Risk's role is to formulate the Group-wide policy and to challenge and review top risks that threaten the operational risk appetite and to monitor the Group-level operational risk profile against tolerance thresholds.

The Board of Directors approves the principles and standards for the approach to operational risk management in the Operational Risk Policy, which is embedded in the operational risk framework. The Executive Board has set up the ORCO, which is a subcommittee of the All Risk Committee, and it is responsible for overseeing the implementation and maintenance of the Group-wide framework for managing operational risk. The ORCO may make decisions within the authority of the All Risk Committee as set out in the All Risk Charter. As required and on behalf of the All Risk Committee, the ORCO reports and makes recommendations to the All Risk Committee, the Executive Board and the Board of Directors.

Operational Risk Management

The approach to operational risk management is a granular, forward-looking approach designed to identify possible breakdowns in the Group's activities and to take proactive steps to ensure that risks remain within defined levels. This includes all current activities and changes to activities, including changes to processes, new large complex Group projects and new products.

The Group identifies, assesses and manages operational risks on a continual basis. For all risk assessments, the Group must use the Group standard operational risk taxonomy for risk categorization and standard operational risk assessment matrices for inherent and residual risk rating. The Group may also consider scenario analyses, where relevant, to identify, assess and manage exposure to low-frequency, high-severity risks for the purpose of performing stress tests to ensure that top risks remain within the risk appetite and can be used as input to assess the adequacy of operational risk capital.

Operational Risk Appetite

The Group aims to control operational risks within tolerances that are set to ensure that this does not cause material damage to the Group in its pursuit of its business strategy. Top risks and events are monitored to check that they are within risk tolerances, and reports are submitted through the risk governance process to the Executive Board and the Board of Directors.

The Operational Risk Appetite has been aligned with the enterprise risk management framework approved by the All Risk Committee. It sets out the Group's risk appetite approach, which is approved by the Board of Directors.

Operational Risk Classification

Operational risks are identified and categorized by risk type. The Group uses operational risk types principally as a method to ensure comprehensive and consistent identification of operational risks wherever they may arise. The Group's operational risk types are as follows: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; execution, delivery and process management; damage to physical assets; systems and data failure; information technology security; and model risk.

Cybersecurity Risk

Operational cybersecurity risks are categorized as information technology security risks that have consequences for the confidentiality, availability or integrity of information or information systems. Cybersecurity management aims at handling and mitigating cybersecurity risks and establishing a robust cybersecurity platform that is a key component of the Group's IT strategy.

Group IT Security participates in and oversees the implementation of robust cybersecurity measures across the organization. The unit is headed by the CISO, who reports functionally to the CTO with a secondary reporting line to the CRO.

Compliance Risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss or loss of reputation that the Group may suffer as a result of its failure to comply with laws, including the spirit of the law, regulations, generally accepted practices and standards, and financial industry codes of conduct applicable to the Group's activities.

Group Compliance is an independent unit, and it is accountable for identifying, assessing, monitoring and reporting on whether the Group complies with applicable laws, regulations and internal standards. Furthermore, Group Compliance is accountable for providing advice to first-line-of-defense units in relation to the mitigation of compliance risks.

Compliance is a shared responsibility for all Group employees, and it is an integral part of day-to-day business operations. Group Compliance contributes to a strong compliance culture and a high degree of integrity within the Group and aims to ensure that customers are treated fairly.

Group Compliance is led by the head of Group Compliance, who reports to the CEO. The Group Compliance organization reflects the Group's operational model and entails a segregation of roles and responsibilities into units of compliance officers for Banking DK, Banking Nordic, Wealth Management and C&I. Additionally, Group Compliance has teams of compliance officers for Group Functions and Financial Crime and for the compliance framework, awareness and training. Compliance activities also form part of the day-to-day first-line business activities.

In 2017, the Group strengthened the compliance organization by establishing a fintech unit for what has become Banking DK and Banking Nordic Compliance. The fintech unit ensures agile and close compliance coverage of the Group's large-scale digital and technological initiatives and projects. The Group also set up a new compliance unit, International Banking, to address challenges in international market areas. The unit is anchored in the C&I Compliance organization. Furthermore, a new unit, Compliance Incident Management, has been responsible for handling the control and coordination of material incidents across the compliance discipline from January 1, 2018.

The current organization enables Group Compliance to foster the proper awareness and understanding of compliance among managers and employees across the Group and to meet the standards of the European banking industry.

Business units and operational units own the compliance risks associated with their processes. Group Compliance is accountable for the implementation of an effective compliance framework, and its key activities are as follows:

- identifying and assessing compliance risks;
- providing advice on risk mitigation to compliance risk owners in the first line of defense; and
- monitoring the adequacy of risk mitigation and controls in the first line of defense and reporting on the compliance risk status for the Group.

Group Compliance has a Group-wide and risk-based approach to risk assessment, and this contributes to the enhanced management overview.

Insurance Risk

General

Insurance risk consists of the risks originating from the Group's ownership of Danica Pension. Operating under the Solvency II rules, Danica Pension provides pensions as well as life and health insurance products in Denmark, Norway and Sweden.

As part of its product offerings, Danica Pension provides guaranteed life annuities; insurance against death, disability and accident; and cover against adverse investment returns. This exposes Danica Pension to underwriting risks such as longevity and disability risk as well as to market risk. In addition, Danica Pension is exposed to operational and business risk like the rest of the Group.

Underwriting risk is the risk of losses from the insurance business. At Danica Pension, these risks are almost exclusively life insurance risks, and they arise naturally out of the business model. Most underwriting risks materialize over long time horizons during which the gradual changes in biometric factors deviate from those assumed in contract pricing. 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 most prominent type of underwriting risk for Danica Pension. 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.

Market risk is the risk of losses because of changes in prices of traded assets, and it arises from various sources within the business. Shareholders' equity and funds ensuring insurance guarantees in which the shareholders bear all the risk are invested in relatively low-risk instruments that nevertheless are subject to some market risk. In with-profits policies, the customers bear the market risk, but in case of large losses where the customer buffers are depleted, the shareholders will have to step in with funds to ensure the benefits guaranteed to the customers. If the customers bear all the investment risk, losses may reduce assets under management and thus deplete future asset management fees in the long term.

Insurance Risk Framework

Danica Pension continues to strengthen its insurance risk framework and has steadily improved the enterprise-level coordination of various sources and types of risk. Solvency II prescribes a minimum framework for risk management, and Danica Pension has extended and supplemented this framework according to internal needs.

The insurance risk framework is governed by Danica Pension's Board of Directors. The Board of Directors decides on the general strategic goals and on the risk management framework at Danica Pension. It identifies the material risks to which Danica Pension is exposed and sets limits on measures of aggregate risk. The daily risk management activities are based on Danica Pension's risk management policy issued by its Board of Directors.

Danica Pension's risk management activities are overseen by its All Risk Committee, which is responsible for monitoring the complete risk profile across risk types and undertakings. Reporting to the Board of Directors and the Executive Board, the All Risk Committee is chaired by Danica Pension's chief risk officer. Monitoring and reporting on individual risks are performed by specialized functions but coordinated by the All Risk Committee.

The All Risk Committee is supplemented by the Asset and Liability Management Committee, which manages the risks arising from the differences in exposures between assets and liabilities and ensures that lines from the Board of Directors are not breached. The Asset and Liability Management Committee is chaired by Danica Pension's chief financial officer, and it has representatives from three units (risk, actuarial and investment functions).

Risk Related to Danish With-profits Products

The main source of risk at Danica Pension is the Danish with-profits pension product. This product offers policyholders an annuity of a guaranteed minimum amount in nominal terms, but lets customers participate in a fund whose returns may lead to higher benefits than those guaranteed. The present value of the guaranteed benefits depends on the level of interest rates used for discounting. If the fund's value falls below this level, the shareholders' equity will have to cover the shortfall. Managing this product thus involves a combination of managing the risks on behalf of the policyholders and managing the risk that the shareholders will have to cover losses.

Danica Pension uses interest rate hedging to maintain customer buffers and considers any duration mismatch between assets and liabilities to be an active investment decision. The interest rate used for discounting the technical provisions is the Solvency II discount curve. It is based primarily on the euro swap rate and also takes into account the yields on Danish mortgage bonds and government bonds. It is not possible for Danica Pension to invest in instruments that completely hedge the liabilities using this discount curve, and therefore some basis risk remains. The level of the long end of the discount curve, for which no reliable market data are available, is determined by the European Insurance and Occupational Pensions Authority. From the beginning of 2018, this level will be gradually reduced until a revised methodology is phased in. Guaranteed cash flows at Danica Group are not long enough for their values to be strongly affected by the long end of the discount curve, and the effects on customer buffers and Danica Pension's shareholders are thus rather limited.

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 well-rated counterparties.

The guaranteed life annuities included in the with-profits product give rise to longevity risk. Danica Pension generally does not hedge this risk since it is a natural element of the business model but rather focuses on prudent pricing of the risk. Danica Pension manages longevity risk by means of an internal model approved by the DFSA for use in solvency reporting. This model is based on the DFSA life expectancy benchmark and Danica Pension's own longevity observations. The DFSA has decided to change the methodology for its life expectancy benchmark with the intention of making it more responsive to recent increases in improvement rates. When fully phased in, this change will reduce buffers in the with-profits business, but will not materially alter Danica Pension's risk profile.

Risk Related to Other Products

Approximately 80 percent of unit-linked policies have no financial guarantees. For these policies, the policyholders bear all the investment risk. For the rest of the unit-linked policies, which consist mainly of Danica Balance policies, the policyholders have investment guarantees. The guarantees do not apply until the time of retirement, and they are paid for by an annual fee. Danica Pension manages the risk on these guarantees by adjusting the allocation of equities and alternative investments for each individual policy. The adjustments ensure that sufficient funds are available to cover guarantees even after a substantial decline in equities and alternative investments.

Danica Pension's activities in Norway and Sweden accounted for 19 percent of its total provisions as at December 31, 2017. In these markets, Danica Pension offers mainly unit-linked products without guarantees, and this gives rise to relatively little risk.

Financial Risks

Market risk involves the risk of losses on assets in which the shareholders' equity of the Danica Group is invested and the risk of losses on policies with guaranteed benefits because of changes in the fair value of assets and liabilities allocated to these contracts. Such changes in fair value can be caused by changes in interest rates, exchange rates, equity prices, property prices, credit spreads and market liquidity and also by issuer or counterparty defaults. Insurance obligations carry interest rate risk owing to the guarantees issued. For example, if market interest rates drop, the fair value of insurance obligations increases.

The Group monitors the market risk on an ongoing basis and has set maximum risk targets for each asset class. Danica Group conducts internal stress tests to ensure that it can withstand significant losses on its equity and credit exposure and substantial changes in interest rates.

Concentration risk and counterparty credit risk are limited because of internal investing restrictions and the use of collateral management agreements for derivatives.

Danica Group hedges most of its foreign exchange risk. As at December 31, 2017, 62 percent was hedged (December 31, 2016: 90 percent; December 31, 2015, 64 percent).

Early surrender by policyholders may force Danica Group to sell some of its investment assets at a low price. Danica Group reduces this liquidity risk by investing a substantial portion of funds in liquid bonds and shares. The liquidity risk is also modest since Danica Group can, to some extent, adapt the timing of payment upon surrender of pension schemes to the situation in the financial markets.

Policyholders assume the risk on investment assets under unit-linked contracts (Danica Link, Danica Balance and Danica Select) with the exception of policies with investment guarantees. As at December 31, 2017, approximately 16 percent (December 31, 2016: 17 percent) of policyholders had investment guarantees, mainly related to Danica Balance. The guarantees cannot be exercised until the time of retirement and are paid for by an annual fee. Danica Group manages the risk on Danica Link guarantees with derivatives, for example, and by adjusting the investment allocation over the last five years before disbursement. It manages the risk on Danica Balance guarantees by adjusting the investment allocation for the individual policies. Because of these hedging and risk management strategies, Danica Group considers the investment risk on guarantees in unit-linked products to be minor.

Danica Group has set a separate investment strategy for assets in which its shareholders' equity is invested.

Life Insurance Risks

Life insurance risks are linked to trends in mortality, disability, illness and similar factors. For example, an increase in longevity lengthens the period during which benefits are payable under certain pension plans. Similarly, changes in mortality, illness and recoveries affect life insurance and disability benefits. Longevity, or increased life expectancy, is the most significant life insurance risk.

The various risk elements are subject to ongoing actuarial assessment for the purpose of calculating insurance obligations and making relevant business adjustments. Life insurance obligations are calculated on the basis of expected future mortality rates. Estimates are based on the DFSA's benchmark. The rates reflect a likely increase in future life expectancy.

For health and personal accident policies, insurance obligations are calculated on the basis of expected future recoveries and reopenings of old claims. Estimates are based on empirical data from Danica Group's own portfolio of insurance contracts and are updated regularly.

To mitigate life insurance risk, the Danica Group reinsures large individual policy exposures. The Danica Group also reinsures the risk of losses due to disasters.

Sensitivity Analysis

The Danica Group continues to monitor its sensitivity to various shocks from market and underwriting risk, and a number of these shocks are presented in the table below. Losses borne by the shareholders in these scenarios are generally limited since most of the losses are absorbed by buffers or borne by the policyholders themselves.

The following table sets forth the effect on shareholders' equity of separate changes in interest rates, equity prices, real property prices, foreign exchange rates and counterparty defaults as at the dates indicated (comparative information as at December 31, 2015 is not available as sensitivity analysis was changed as from January 1, 2016 as a result of changes made by the DFSA to the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds):

	As at December 31, 2017	2016
	(DKK in billions)	
Change in equity		
Interest rate increase of 0.7–1.0 of a percentage point	(0.2)	(0.3)
Interest rate decrease of 0.7–1.0 of a percentage point	0.0	0.1
Decline in equity prices of 12 percent	(0.1)	(0.1)
Decline in property prices of 8 percent	(0.3)	(0.3)
Foreign exchange risk (VaR 99.0 percent)	0.0	0.0
Loss on counterparties of 8 percent	(0.1)	(0.2)

Pension Risk

Pension risk arises from the Group's liability for defined benefit pension plans established for current and former employees. The Group's risk management strategy is for the plans to maintain a high concentration of fixed income assets that match liabilities to a high degree.

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 the Danica Group, and has no further obligations. The pension entitlement accumulated by the employee depends on the size of the contributions agreed upon, the performance of invested pension funds and associated expenses.

The Group has, to a minor extent, entered into defined benefit pension plans under which the Group has an obligation to pay defined future benefits from the time of retirement. In defined benefit plans, the pension agreement contains a provision stipulating the pension benefit that the employee will be entitled to receive upon retirement. The benefit is typically stated as a percentage of the employee's salary immediately before retirement, but it can also be a percentage of the average salary during the entire period of employment. The pension benefit will typically be payable for the rest of the employee's life, and this increases the Group's uncertainty about the amount of the future obligations.

The following table sets forth an overview of the Group's pension plans as at December 31, 2017:

	As at December 31, 2017			
	Northern Ireland	Ireland	Denmark	Sweden
Pension plan for new employees	Defined contribution	Cash balance	Defined contribution	Defined contribution
Status of defined benefit pension plan	Closed to new members in 2004	Closed to new members in 2008	Closed to new members	Closed to new members in 2013
Gross liability, DKK in millions	10,017	3,869	844	1,721
Assets at fair value, DKK in millions	11,290	4,204	218	1,963
Net assets, DKK in millions	1,273	336	(626)	242
Number of members:				
Active	822	51	109	789
Deferred	1,671	1,247	–	1,467
Pensioners	2,268	552	169	659
Total	4,761	1,850	278	2,915

Note: In Norway, Finland and the Baltics, the Group operates defined contribution plans under which it pays fixed contributions into separate, legally independent entities and afterwards has no further obligations. The Group wound up its Norwegian defined benefit plan in 2005, but still has an early retirement pension obligation. The obligation amounted to DKK 22 million as at December 31, 2017.

As at December 31, 2017, the Group's IFRS aggregate net pension assets amounted to DKK 1,204 million, as compared to DKK 545 million as at December 31, 2016, and DKK 2,107 million as at December 31, 2015.

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.

Because of the complexity of the pension obligations, the Group does not use its normal limit structure for monitoring pension risk. Instead, it manages the market risk on pension plans according to special follow-up and monitoring principles called "business objectives."

The Group has established procedures to be followed in case of deviations from these objectives. The 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 analyze the individual plans' net obligations calculated on the basis of swap rates, sensitivity analyses and the VaR measure. It sets specific limits for the acceptable levels of risk exposure.

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 that is also used by the DFSA, among others. The calculations are subject to ongoing review in order to ensure that the values of the volatility and correlation parameters are set appropriately. As at December 31, 2017, the Group's VaR was DKK 1,394 million (December 31, 2016: DKK 1,594 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 2017	Effect 2016	Effect 2015
		(DKK in millions)		
Equity prices	-20 percent	(526)	(581)	(866)
Interest rates	+1/-1 percent	665/(220)	847/(470)	722/(479)
Life expectancy	+1 year	(354)	(442)	(396)

Pension obligations are measured in the Group's solvency calculation 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.

Business Risk

Business risk is the risk that income cannot cover losses caused by events affecting the Group's profit before loan impairment charges, market losses and operational losses. Business risk exists throughout the Group. It reflects possible changes in general business conditions, such as market environment, customer behavior, the Group's reputation and technological progress, to which the Group may not be able to adjust quickly enough.

The Group believes that capital for business risk should serve as a buffer only when income cannot cover losses arising from other risk types. This is known as the "absolute loss" approach. Unexpected losses arising from other risk types are already covered by capital allocated for credit, market and operational risks.

The method used for calculating a possible Pillar II capital add–on for the Group's business risk involves two steps. First, the quarterly earnings before credit, market and operational losses over the past five years are used for estimating the likelihood of a loss based on current earnings, the historical volatility of the earnings, and expected losses from other risk types. The second step entails an additional strategic risk estimate of the effects of possible future events. For this purpose, the Group has identified strategic scenarios that could cause the largest declines in earnings.

As the Group expands into new areas of business and technology, it considers the costs of failure in terms of both the costs of the failed business and the possible reputational effects on the rest of the business.

When the Group's earnings were stressed according to the absolute loss approach in 2017, the result was positive, and no capital was required for business risk.

DESCRIPTION OF THE GROUP

Overview

The Group is the leading financial service provider in Denmark (source: the DFSA) measured by total working capital (defined as deposits, issued bonds, subordinated debt and shareholders' equity) as at September 30, 2017, and one of the largest in the Nordic region measured by total assets as at March 31, 2018. 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 March 31, 2018, the Group's total assets amounted to DKK 3,539 billion and the Group employed 19,709 full-time equivalent employees. As at the same date, the Group had approximately 3.4 million customers and approximately 2.2 million customers used the Group's online services. The Group had 251 branches as at March 31, 2018.

The Bank is the parent company of the Group. Danske Bank is a Nordic universal bank with strong local roots and 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 personal customers and businesses to large institutional clients. It also operates in Northern Ireland, where it serves both personal and business 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, activities in the Baltic countries serving Nordic companies and global corporates with a significant Nordic footprint and has a subsidiary in Russia serving Nordic corporate banking customers.

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 the period from 1997 to 2007, the Bank strengthened its position in the Nordic region through acquisitions. In 1997, it acquired Östgöta Enskilda Bank in Sweden, in 1999, Fokus Bank A/S in Norway and, in 2000, RealDanmark and its subsidiaries BG Bank A/S and Realkredit Danmark A/S. Furthermore, on March 1, 2005, the Bank acquired Northern Bank Limited in Northern Ireland and National Irish Bank in the Republic of Ireland, and, on February 1, 2007, it acquired Sampo Bank plc in Finland (now Danske Bank A/S, Finland Branch), including Sampo Bank plc's activities in the three Baltic countries and a subsidiary in St. Petersburg, Russia.

Effective June 1, 1998, all branches of Östgöta Enskilda Bank were converted into branches of the Bank and, effective April 1, 2007, Fokus Bank A/S and National Irish Bank were converted into branches of the Bank and, in June 2008, the three Baltic banks, AS Sampo Bank in Estonia, AS Sampo Banka in Latvia and AB Sampo bankas in Lithuania, were converted into branches of the Bank. In November 2012, the Group rebranded its banking units and since then it has marketed all its banking operations under the Danske Bank brand name. With effect from January 1, 2014, the Group refocused its activities in the Republic of Ireland to serve exclusively C&I clients. All other activities in the Republic of Ireland were transferred to the Non-core business unit. With effect from January 1, 2015, the Group refocused its activities in the Baltic countries to serve Business Banking customers. All personal banking customers in the Baltic countries were transferred to the Non-core business unit.

In October 2017, the Danish MobilePay activities were transferred from the Bank to the wholly owned subsidiaries MobilePay A/S and MobilePay Denmark A/S, which hold the intellectual property rights to MobilePay and the Danish MobilePay customers, respectively.

On June 26, 2017, Danske Hypotek was granted a license by the Swedish Financial Supervisory Authority to conduct financing business as a credit market company in Sweden as well as a license to issue covered bonds under the Swedish Covered Bonds Act. Danske Hypotek is a wholly owned subsidiary of the Bank and has been established for the purpose of managing the Group's issuance of covered bonds under the Swedish Covered Bonds Act. The Bank will originate mortgage loans to be contained in the cover pool of Danske Hypotek under the terms of a mortgage loan sale agreement. In addition to acquiring mortgage loans originated by the Swedish Branch of the Bank, Danske Hypotek may, in the future, originate its own Swedish mortgage loans as an original lender. All properties that constitute security for the mortgage loans in the Danske Hypotek cover pool will be located in Sweden.

On October 31, 2017 the mortgage credit banking business of Danske Bank Plc, including the outstanding covered bonds issued by Danske Bank Plc and the relevant mortgage loans contained in the respective cover pool, was transferred to a new company, Danske Mortgage Bank Plc. Danske Mortgage Bank Plc is a wholly owned subsidiary of the Bank and holds a license as a mortgage credit bank under the Finnish Act on Mortgage Credit Bank Operations. Following the completion of this demerger, and as part of efforts to simplify the organization and improve efficiency, the Group merged its remaining activities in Finland, consisting of Danske Bank Plc and Danske Bank A/S, Helsinki Branch, into a single branch, Danske

Bank A/S, Finland Branch. Following the completion of this cross-border merger in December 2017, the Bank will originate mortgage loans to be contained in the cover pool of Danske Mortgage Bank Plc under the terms of a servicing agreement. All properties that constitute security for the mortgage loans in the Danske Mortgage Bank Plc cover pool will be located primarily in Finland.

In December 2017, Danica Pension announced that it will acquire SEB Pension in Denmark. The acquisition is subject to approval by relevant authorities, which is expected in the first half of 2018.

In April 2018, the Bank announced changes to its organization effective as of May 2, 2018 in order to move the Group closer to its customers and strengthen its business development activities. Personal Banking and Business Banking, which had operated as separate business units, were merged into country organizations within two new units: Banking DK and Banking Nordic. The C&I and Wealth Management business units maintain their global organizations. In order to strengthen its business development activities, the Group gathered all development and strategy competencies in a new unit called Group Development.

Also in April 2018, the Group announced that it had decided to align its business activities in the Baltic countries in accordance with the Group's strategy of focusing on customers in the Nordic region. Going forward, the Group will focus exclusively on supporting subsidiaries of Nordic customers and global corporates with a significant Nordic footprint. As a result, all other local Baltic customers were transferred to the Non-core business unit. Over time, this is expected to reduce the size of the Group's business in the Baltic countries. However, the Group intends to continue to serve its local customers for some time as well as ensure that all of its current obligations are fulfilled.

Group Strategy

As of May 2, 2018, the Group has a new strategy called "Nordic Integrator." Integration will be key to realizing the Group's vision of being recognized as the most trusted financial partner. The new strategy is not a change of direction, but a natural next step. It builds on the Group's current strongholds and raises the bar for the role the Group wants to play and the values it wants to create.

Being the Nordic Integrator means that the Group will seek to integrate further on three different levels. Firstly, the Group will integrate with its customers moving even closer to them and become an integral part of their lives or business. Secondly, the Group will integrate internally by moving closer together, breaking down the silos to organize around customers and work together as one Danske Bank. Thirdly, the Group will integrate closer with the societies it is a part of by stepping up its commitment to make a positive impact.

Business Units

From January 1, 2016 until May 2, 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. The Wealth Management business unit includes Danica Pension, Danske Capital and parts of the private banking operations.

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 date and for the year indicated:

	As at and for the three months ended March 31, 2018		As at and for the year ended December 31, 2017	
	Total assets	Profit before tax	Total assets	Profit before tax
	(DKK in millions)	(DKK in millions)	(DKK in millions)	(DKK in millions)
Personal Banking	950,708	1,485	950,205	5,211
Business Banking	1,000,168	2,211	844,505	7,957
C&I	2,770,971	1,429	3,571,792	6,375
Wealth Management	544,294	878	556,809	4,579
Northern Ireland	76,959	125	72,605	1,251
Non-core	4,849	32	4,886	(12)
Other Activities[(1)]	3,028,922	(24)	3,150,062	1,597
Eliminations	(4,838,315)	66	(5,611,336)	(670)
Group total	3,538,555	6,202	3,539,528	26,288

(1) "Other Activities" includes Group Treasury and Group support functions as well as eliminations, including the elimination of returns on own shares.

As of May 2, 2018, the Group has five business units (Banking DK, Banking Nordic, C&I, Wealth Management and Northern Ireland), a Non-core unit and Other Activities.

Banking DK

Banking DK serves personal customers as well as small and medium sized business customers in Denmark. The unit focuses on providing proactive advice to personal customers and making day-to-day banking simple and efficient through innovative digital solutions while at the same time providing business customers with leading solutions within financing, investing, cash management and risk management.

Banking Nordic

Banking Nordic serves personal customers as well as small and medium sized business customers in Finland, Sweden and Norway. The unit focuses on providing proactive advice to personal customers and making day-to-day banking simple and efficient through innovative digital solutions while at the same time providing business customers with leading solutions within financing, investing, cash management and risk management.

Corporates & Institutions

C&I serves large Nordic corporate and institutional customers in the Nordic countries and beyond. This wholesale business unit of the Bank carries out banking activities within General Banking and provides strategic advice, financial solutions and products within Capital Markets, FI&C and Transaction Banking. As at March 31, 2018, the C&I business unit had 1,708 full-time equivalent employees.

Wealth Management

Wealth Management serves the Group's entire customer base and encompasses expertise from Danica Pension, Danske Capital and Private Banking. As at March 31, 2018, the Wealth Management business unit had 1,898 full-time equivalent employees, and the assets managed by Wealth Management amounted to DKK 1,513 billion.

Northern Ireland

Northern Ireland serves personal and business customers through a network of branches in Northern Ireland and digital channels. As at March 31, 2018, the Northern Ireland business unit had 1,257 full-time equivalent employees.

Non-core

Non-core includes certain customer segments that are no longer considered part of the core business. The Non-core business unit is responsible for the controlled winding-up and the divestment of this part of the loan portfolio. The portfolio consists primarily of loans to local customers in the Baltics and liquidity facilities for special purpose vehicles and conduit structures.

Other Activities

Other Activities consists of the following Group resource and service functions: Group Development (including Strategy, Development and Marketing); Group Risk Management; the CFO area (including Group Treasury); the COO area (including IT and Services); Group HR; the Chief of Staff unit (including Legal and Communications); and Group Compliance. These service areas support the main business units, performing tasks that span various customer groups and markets.

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.

Digitalization is a key part of the Group's strategy as it promotes the Group's ability to ensure its competiveness and improve efficiency. The Group's digitalization strategy includes exploring new technologies to disrupt existing service models. For example, the Group launched the mobile payment solution MobilePay in Denmark in 2013, and the Group subsequently launched the solution in Finland and Norway. As at March 31, 2018, there were 4.3 million MobilePay registrations. In October 2016, the Group announced a new partnership model for MobilePay. The Group opened the platform for all interested Nordic banks, and Nordea joined in Denmark and Norway. However, the Group announced in October 2017 that it had decided to terminate MobilePay in Norway. As other banks in Denmark and Finland are expected to join the MobilePay partnership, the Group converted MobilePay into a subsidiary with its own board of directors in 2017, and MobilePay is no longer branded as "by Danske Bank." In 2017, the Group also launched the next generation of Sunday.dk, an online solution for Danish consumers that allows them to get a full overview of their finances, mortgage loans and the value of their current and future homes.

Distribution Channels

As at March 31, 2018, the Group served approximately 3.4 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 March 31, 2018, the Group had 251 branches, including 100 in Denmark, 34 in Sweden, 25 in Norway, 39 in Finland, 44 in Northern Ireland and 9 in the Baltics (4 in Estonia, 1 in Latvia and 4 in Lithuania).

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 March 31, 2018, approximately 2.2 million customers used the Group's online services and approximately 80 percent of the eBanking customers in Denmark used mobile or tablet banking.

Competitive Position and Main Markets

The markets where 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				**Deposits**			
	As at March 31, 2018	**As at December 31,**			**As at March 31, 2018**	**As at December 31,**		
		2017	**2016**	**2015**		**2017**	**2016**	**2015**
	(DKK in billions)							
Denmark	938	940	926	908	316	315	307	289
Sweden	228	229	208	196	72	76	73	70
Norway	182	175	173	150	88	82	71	66
Finland	158	156	150	147	89	88	85	92
Northern Ireland	49	46	46	52	61	59	59	64
Estonia	7	7	7	6	4	4	5	7
Latvia	3	3	2	2	1	1	2	1
Lithuania	5	5	5	4	7	7	7	7
Other	168	163	173	144	301	279	250	221
Total	1,737	1,723	1,689	1,609	940	912	859	817

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				Deposits market share			
	As at March 31, 2018	As at December 31,			As at March 31, 2018	As at December 31,		
		2017	2016	2015		2017	2016	2015
	(percent)							
Denmark[(1)]	26.7	26.6	26.6	26.5	28.0	27.9	28.7	28.3
Sweden[(2)]	5.7	5.6	5.2	4.9	4.2	4.1	3.6	3.8
Norway	n/a[(3)]	6.1	5.9	5.7	n/a[(3)]	6.6	5.4	5.5
Finland	9.6	9.6	9.5	9.6	13.1	13.5	12.7	13.5
Northern Ireland[(4)]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Estonia	6.8	7.0	6.9	7.1	4.3	4.5	4.8	8.9
Latvia[(5)]	2.5	2.4	2.0	2.4	0.9	1.0	1.4	1.4
Lithuania	4.1	4.1	4.0	6.0	5.3	5.3	5.0	6.0

Note: The market shares for Denmark, Finland, Sweden and Norway are based on the MFI3 reporting to the respective central banks. Market shares for Denmark, Finland and Sweden are as at February 28 / December 31, while the market shares for Norway are as at December 31.

(1) Denmark: market shares exclude repo lending and deposits, but include Realkredit Danmark.

(2) Sweden: market shares exclude repo lending and deposits.

(3) As of January 2018, the monthly market share figures issued by Statistics Norway are deferred until June 2018 due to major IT system changes. Consequently, updated data as at March 31, 2018 is not available.

(4) Comparable market share information for Northern Ireland is not available as there is no central bank for Northern Ireland alone.

(5) The non-core portfolio was sold in June 2016.

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 0.65 as at the date of this Base Prospectus, just slightly higher than the negative 0.75 it reached during the strong appreciation pressure on the Danish Kroner in early 2015. As the euro has strengthened against the British pound sterling and against the U.S. dollar, so has Danish Kroner.

In 2017, the Danish economy continued recovering at a moderate pace. Growth was supported by broad progress across public spending, investments, exports and private consumption although the latter two have not increased as much as would be expected considering the increases in real income and exports. In some areas, notably central Copenhagen, strong growth in housing prices has continued, which could reverse. In the beginning of 2018, both private consumption and exports growth have been weak, although real income growth and the basis for foreign demand growth was solid. With solid growth on large export markets and a strong housing market, the current development may improve through 2018. As at December 31, 2017, the Group's market share of lending in Denmark (excluding repo loans and including Realkredit Danmark) was 26.6 percent, while its share of deposits (excluding repo deposits and including Realkredit Danmark) was 27.9 percent.

The Danish economy continued its moderate recovery in 2016 marked by continued job growth but modest GDP growth compared to previous recoveries. The recovery was supported in 2016 by consumer spending as real incomes grew; however, household borrowing experienced very low growth. Low interest rates and real income growth stimulated moderate growth in overall house prices. As at December 31, 2016, the Group's market share of lending in Denmark (excluding repo loans and including Realkredit Danmark) was 26.6 percent, while its share of deposits (excluding repo deposits and including Realkredit Danmark) was 28.7 percent.

In the first quarter of 2015, Denmark attracted a high degree of attention due to the appreciation pressures on the Danish Kroner. The upward pressure prompted four rate cuts and intervention in the foreign exchange market by the Danish Central Bank. The appreciation pressure began to ease in late February 2015 and the Danish Central Bank increased the rate on certificates of deposit to negative 0.65 percent from a historic low of negative 0.75 percent at the beginning of 2016. Overall, the recovery in Denmark continued in 2015 although the economy contracted in the third and fourth quarters of 2015, which was the first time that Denmark experienced negative growth for two consecutive quarters since 2009. Although GDP growth was negative in the second half of 2015, employment continued to grow. As at December 31, 2015, the Group's market share of lending in Denmark (excluding repo loans and including Realkredit Danmark) was 26.5 percent, while its share of deposits (excluding repo deposits and including Realkredit Danmark) was 28.3 percent.

The following table sets forth percentage changes for certain key economic indicators for Denmark for the periods indicated:

	For the three months ended December 31, 2017[1]	For the year ended December 31,		
		2017	2016	2015
		(annual growth, percent)		
GDP	1.3	2.2	2.0	1.6
Private consumption	0.7	1.5	2.3	1.7
Government consumption	2.4	1.2	0.3	1.1
Gross fixed investments	3.9	3.7	6.0	3.1
Exports	(0.4)	4.4	2.8	2.3
Imports	1.9	4.1	3.8	1.9

Source: Statistics Denmark, Danske Bank Research.

(1) As compared to the three months ended December 31, 2016.

The following table sets forth certain additional economic indicators for Denmark for the periods indicated:

	For the three months ended December 31, 2017	For the year ended December 31,		
		2017	2016	2015
		(percent)		
Inflation, CPI[1]	1.2	1.1	0.3	0.5
Unemployment rate	4.2	4.3	4.1	4.5
General government budget balance, as percentage of GDP	n/a	1.0	(0.9)	(1.7)
Current account (4Q sum), as percentage of GDP	7.3	7.9	7.3	9.2

Source: Statistics Denmark, Danske Bank Research.

(1) Consumer price index.

Sweden

2017 started off on a strong note in Sweden as growth was supported by solid private consumption and strong exports and investments, particularly in housing. In the third quarter of 2017, house prices started declining and have continued to decline in the first quarter of 2018. This is likely to adversely affect housing investments as well as private consumption in the future. The economy remains supported by an accommodative stance from the Swedish central bank and weakening of the Swedish Kronor in the first quarter of 2018. As at November 30, 2017, the Group's market share of lending in Sweden (excluding repo loans) was 5.6 percent, while its share of deposits (excluding repo deposits) was 4.1 percent.

Growth in Sweden slowed in 2016, but remained on the strong side as compared to other European countries. Domestic consumption was supported by growth in real wages and employment, as well as house price growth, which, in turn, was supported by low interest rates. The repo rate was decreased from negative 0.35 percent to negative 0.5 percent in April 2016 as inflation remained below the Swedish central bank target. Low rates contributed to a significant weakening of the Swedish Kroner during most of 2016. House price growth slowed in 2016 following years of substantial increases. As at November 30, 2016, the Group's market share of lending in Sweden (excluding repo loans) was 5.2 percent, while its share of deposits (excluding repo deposits) was 3.6 percent.

In 2015, economic growth in Sweden remained solid. Focus was on the Swedish central bank, which lowered the repo rate below zero and introduced a quantitative easing program as inflation and inflation expectations remained well below the inflation target. House and apartment prices have increased significantly due to the low interest rates. As at November 30, 2015, the Group's market share of lending in Sweden (excluding repo loans) was 4.9 percent, while its share of deposits (excluding repo deposits) was 3.8 percent.

The following table sets forth percentage changes for certain key economic indicators for Sweden for the periods indicated:

	For the three months ended December 31, 2017(1)	For the year ended December 31,		
		2017	2016	2015
		(annual growth, percent)		
GDP	3.3	2.4	3.2	4.5
Private consumption	2.7	2.4	2.2	3.2
Government consumption	0.5	0.4	3.1	2.4
Gross fixed investments	5.6	6.0	5.6	6.9
Exports	4.0	3.7	3.3	5.7
Imports	5.4	5.0	3.4	5.2

Source: Statistics Sweden, Danske Bank Research.
(1) As compared to the three months ended December 31, 2016.

The following table sets forth certain additional economic indicators for Sweden for the periods indicated:

	For the three months ended December 31, 2017	For the year ended December 31,		
		2017	2016	2015
		(percent)		
Inflation, CPI(1)	1.9	1.8	1.0	0.0
Unemployment rate	6.5	6.7	6.9	7.4
General government budget balance, as percentage of GDP	n/a	n/a	1.2	0.2
Current account (4Q sum), as percentage of GDP	2.9	3.2	4.0	4.5

Source: Statistics Sweden, Danske Bank Research.
(1) Consumer price index.

Norway

Growth in Norway picked up through 2017 as headwinds from oil investments reversed and private consumption remained strong. During 2017, house prices began to decrease moderately, which caused weakening of the Norwegian Kroner. In the first quarter of 2018, there have been clear signs of stabilization though, primarily due to a better balance between supply and demand. Along with indications the economy is continuing its positive momentum in 2018, this has also contributed to a strengthening of the Norwegian Kroner in the first quarter of 2018. There is, however, still a risk to the housing market if interest rates rise faster than expected. High levels of household debt, combined with variable mortgage rates, mean that debt-servicing capacity is vulnerable to rapid interest rate increases. As at November 30, 2017, the Group's market share of lending in Norway was 5.9 percent, while its share of deposits was 6.5 percent.

The decline in oil prices since 2014 and related marked decline in oil investments continued to materially impact the Norwegian economy in 2016. However, oil prices increased somewhat towards the end of 2016. Growth has remained positive, supported by lower interest rates, a weaker currency, government spending and continued growth in household consumption despite higher inflation. House price growth in 2016 was high, supported by low interest rates and supply constraints. Regulatory measures have been taken to slow growth in house prices. As at November 30, 2016, the Group's market share of lending in Norway was 5.9 percent, while its share of deposits was 5.4 percent.

In 2015, the decline in oil investments began to have a clear adverse impact on the Norwegian mainland economy. This was, however, partly offset through exports supported by the weaker Norwegian Kroner, resilient private consumption and more expansionary fiscal policy. The housing market remained tight supported by even lower interest rates. As at November 30, 2015, the Group's market share of lending in Norway was 5.7 percent, while its share of deposits was 5.5 percent.

The following table sets forth percentage changes for certain key economic indicators for Norway for the periods indicated:

	For the three months ended December 31, 2017[(1)]	For the year ended December 31,		
		2017	2016	2015
		(annual growth, percent)		
GDP (mainland)	2.6	1.8	1.0	1.4
Private consumption	2.8	2.4	1.5	2.3
Government consumption	2.4	2.0	2.1	2.4
Gross fixed investments (total)	3.5	3.5	(0.2)	(4.8)
Exports	(2.2)	0.8	1.8	4.7
Imports	3.3	2.2	2.3	1.6

Source: *Statistics Norway, Danske Bank Research.*
(1) As compared to the three months ended December 31, 2016.

The following table sets forth certain additional economic indicators for Norway for the periods indicated:

	For the three months ended December 31, 2017	For the year ended December 31,		
		2017	2016	2015
		(percent)		
Inflation, CPI[(1)]	1.7	1.8	3.6	2.1
Unemployment rate	3.8	4.1	4.7	4.4
General government budget balance, as percentage of GDP	n/a	4.4	3.1	5.9
Current account (4Q sum), as percentage of GDP	5.6	6.2	4.5	9.4

Source: *Statistics Norway, Danske Bank Research.*
(1) Consumer price index.

Finland

2017 was a strong year for the Finnish economy. The government pursued a policy of "internal devaluation" that culminated in the so-called competitiveness pact, formed together with labor organizations. Private consumption was strong, but the main drivers of growth were private investment and exports as export industries benefited from growth in the eurozone and improved domestic price competitiveness. During the first quarter of 2018, consumer confidence has been high and the economy performed well in the beginning of the year. As at November 30, 2017, the Group's market share of lending in Finland was 9.6 percent, while its share of deposits was 12.8 percent.

After a prolonged financial crisis, growth in Finland accelerated in 2016, supported by private consumption and investments. A plan to restore competitiveness should improve longer-run growth prospects. House prices increased at a moderate pace nationwide but more markedly in urban centers. As at November 30, 2016, the Group's market share of lending in Finland was 9.5 percent, while its share of deposits was 12.7 percent.

The Finnish economy grew slightly in 2015 primarily by private consumption, but the economy remained weak and continued to be adversely affected by both cyclical and structural factors. Certain signs that the situation in the housing market was stabilizing emerged. Unemployment increased further, although it started to decline again in the second half of the year. As at November 30, 2015, the Group's market share of lending in Finland was 9.6 percent, while its share of deposits was 13.5 percent.

The following table sets forth percentage changes for certain key economic indicators for Finland for the periods indicated:

	For the three months ended December 31, 2017[(1)]	For the year ended December 31, 2017	2016	2015
		(annual growth, percent)		
GDP	2.2	2.6	2.1	0.1
Private consumption	2.1	1.6	1.8	1.7
Government consumption	(1.4)	1.3	1.8	0.2
Gross fixed investments	3.2	6.3	7.4	0.7
Exports	7.8	7.8	3.5	0.9
Imports	2.6	3.5	5.7	3.2

Source: Statistics Finland, Danske Bank Research.
(1) As compared to the three months ended December 31, 2016.

The following table sets forth certain additional economic indicators for Finland for the periods indicated:

	For the three months ended December 31, 2017	For the year ended December 31, 2017	2016	2015
		(percent)		
Inflation, CPI[(1)]	0.5	0.7	0.4	(0.2)
Unemployment rate	8.4	8.4	8.7	9.2
General government budget balance, as percentage of GDP	1.1	(0.6)	(1.8)	(2.8)
Current account (4Q sum), as percentage of GDP	2.4	0.7	(0.3)	(0.7)

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. Although the outcome of claims, lawsuits or other legal proceedings against the Bank or the Group cannot be predicted with certainty, 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 Prospectus, a significant effect on the financial position or profitability of the Bank or of the Group.

The Group has concluded that, in the period from 2007 to 2015, it was not sufficiently effective in preventing the branch in Estonia from potentially being used for money laundering and that this was due to critical deficiencies in governance and controls. As a result, comprehensive investigations into conditions at the Estonian branch during the period in question were launched in the autumn of 2017. The investigations focus on two separate things: A thorough review of customers and transactions during the period, and an examination of the course of events, including whether managers and employees lived up to their responsibilities to a sufficient degree from a governance perspective. The investigations are expected to be completed in September 2018 at the latest. These investigations and the events that took place in the Estonian branch are being discussed with public authorities such as the DFSA and the Estonian FSA.

The Bank has continuous dialogues with the supervisory authorities in the markets where the Group is active. As part of the ongoing dialogue with the authorities in various markets, the Bank has discussed the AML matters at its branch in Estonia, and several other authorities have asked questions pertaining to the Bank's alleged involvement in the so-called "Russian Laundromat" and "Azerbaijan Laundromat." In Denmark, supervisory orders and reprimands are publicly available.

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 the Danish Public Prosecutor for Serious Economic and International Crime, 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.

As announced in October 2017, the Bank was placed under investigation by the French Tribunal de Grande Instance de Paris court in relation to suspicions of money laundering concerning transactions carried out by customers of Danske Bank Estonia from 2008 to 2011. The investigation relates to transactions in the amount of approximately EUR 15 million that was transferred to France during 2008–2011 by former customers at Danske Bank Estonia. The customers were part of the portfolio of foreign customers at Danske Bank Estonia (non-resident customers). The Bank has subsequently terminated all accounts in that portfolio. The transactions are included in the Bank's ongoing investigation of the situation at its Estonian branch, as discussed above. On January 25, 2018, the French court Tribunal de Grande Instance de Paris changed the status of the Bank in the investigation to that of an assisted witness. This means that the Bank is no longer placed under formal investigation, but still forms part of the case as an assisted witness.

On May 3, 2018, the DFSA published a 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 contains 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 its decision, 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 Board of Directors and the Executive Board must submit a written report to the DFSA by June 30, 2018 stating how the Group has ensured compliance with the orders. 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. The DFSA noted in its decision document dated May 3, 2018 that the Bank's ongoing investigations into the conditions at the Estonian branch could lead to new assessments and supervisory actions by the DFSA.

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 March 31, 2018, the Group's total assets included tangible assets and investment property of DKK 7.1 billion and DKK 3.3 billion, respectively, which together represented 0.3 percent of the Group's total assets. Tangible assets as at March 31, 2018 included the Group's own domicile property (not held for sale) of DKK 0.2 billion, plant and equipment of DKK 0.6 billion and lease assets of DKK 6.3 billion.

In addition, the Group has under other assets recognized assets held for sale, which together amounted to DKK 0.4 billion as at March 31, 2018, consisting of tangible assets and assets of Group undertakings 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. Further, loans that are marketed for sale are included in assets held for sale.

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 Prospectus, 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 13.0 billion as at March 31, 2018, 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, except for the subsidiaries in the Baltic countries, 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.

Employees

As at March 31, 2018, the Group had a total of 19,709 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 March 31, 2018	As at December 31, 2017	2016	2015 (restated)[1]
Personal Banking	4,161	4,517	4,623	5,120
Business Banking	2,773	2,625	2,662	2,761
C&I	1,708	1,808	1,796	1,832
Wealth Management	1,898	1,851	1,948	1,952
Northern Ireland	1,257	1,260	1,289	1,287
Other Activities	7,790	7,586	6,831	5,820
Non-core	123	122	153	277
Total	19,709	19,768	19,303	19,049

(1) The financial highlights and business segment figures as at and for the year ended December 31, 2015 were restated in the Group's Annual Report 2016 to reflect the establishment of Wealth Management and Northern Ireland as separate business units and changes in the presentation of income from equity finance. 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, 2016*."

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

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.

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 Business and Growth 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.

Banking and Other Financial Institutions

Denmark's banking system includes commercial banks, such as the Bank, savings banks (in Danish: *sparekasser*) and cooperative savings banks (in Danish: *andelskasser*). As at December 31, 2016, there were 78 commercial and savings banks in Denmark (including the Faroe Islands and Greenland) with total assets totaling approximately DKK 3,584 billion.

Other principal financial institutions in Denmark include mortgage credit institutions, insurance companies and pension funds. As at December 31, 2016, the aggregate principal amount of bonds outstanding issued by mortgage credit institutions was approximately DKK 2,700 billion (fair value).

Regulation

Overview of the Regulation Framework

Danish banks are subject to the CRR and the CRD IV Directive, which were implemented into the Danish Financial Business Act in March 2014. Each of the CRR and the CRD IV Directive, which implemented, among other things, Basel III in the EU, covers a wide range of prudential requirements for banks across Member States, including capital requirements, stricter and aligned definitions of capital, REA, large exposure framework and liquidity and funding requirements. The CRD IV Directive covers the overall supervisory framework for banks (including the individual risk assessment) and other measures, such as the combined capital buffer requirements, SIFI, governance and remuneration requirements. Further, banks are subject to the Danish Companies Act (Consolidated Act. No. 1089 of September 14, 2015, as amended) (the "**Danish Companies Act**") and a number of other legal acts.

The DFSA is the public agency 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).

The CRR and the CRD IV Directive and the regulations issued pursuant thereto set up safeguards to protect depositors by establishing total capital ratios that require banks to have sufficient own funds such as common equity or subordinated debt in relation to assets. In addition, liquidity rules require banks to maintain sufficient liquid assets to meet depositor claims on demand or otherwise. To further protect the assets of banks, the Danish Financial Business Act establishes rules limiting the ability of a bank to concentrate its assets in lending or other exposures to single customers or customer groups. See "*Risk Management—Credit Risk*." The solvency rules apply to Danish banks individually as well as on a consolidated basis.

The total capital requirement applicable to a bank is established by measuring all exposures weighted according to credit, market, counterparty and operational risk (as defined in the regulations) against the capital of the relevant bank. Accordingly, the capital of a bank must amount to a certain minimum percentage (as described below) of the risk-weighted exposure amount (which includes the calculated items associated with market risk) of such bank (see below), subject to a minimum of EUR 5 million.

The standard method for credit risk assessment is based on the defined credit risks of various groups of assets, taking into consideration the nature of the counterparty and the counterparty's obligation. The CRR allows a bank to apply a standard method or an advanced IRB method to calculate credit risks. According to the standard method, claims on OECD governments and Danish local authorities are given a risk weighting of zero, whereas unsecured claims on corporate and private customers are typically risk weighted within a range of 20 percent to 150 percent. The advanced method normally varies between these two extremes. In 2016, the Group also expanded the use of internal models for the calculation of the total REA. In January 2016, the Group received approval from the DFSA to implement revised internal models according to the 2013 DFSA orders.

In addition to credit risk assessment, Danish banks are required to maintain a certain minimum capital with respect to the market risks that may arise from changes in interest rates, exchange rates and share prices. Market risks include the risk of loss with respect to on- and off-balance sheet positions resulting from market price movements involving debt instruments and equity securities in a bank's trading portfolio, as well as foreign exchange risk and commodities risk incurred by such bank. The CRR allows internal models in an institution to be approved by the DFSA for the purpose of calculation of market risk. The Bank has obtained such approval that requires strict back testing.

For purposes of complying with the capital requirements of the CRR, the capital base is divided into three main categories, namely CET1 capital, additional tier 1 capital and tier 2 capital. CET1 capital consists of equity capital adjusted for statutory deductions whereas the tier 1 capital consists of CET1 capital plus additional tier 1 capital adjusted for statutory deductions. CET1 capital primarily includes paid-up share capital and reserves (excluding revaluation reserves), and is reduced by, among other items, losses (if any) incurred during the current financial year and the bank's holdings of its own shares. Certain capital interests in other financial institutions in excess of certain limited amounts have to be deducted from the total amount of CET1 capital, additional tier 1 capital and tier 2 capital. Under the CRR, institutions are required to hold a minimum amount of regulatory capital equal to 8 percent of REA (of which at least 4.5 percent must be CET1 capital, and at least 6 percent must be tier 1 capital). In addition to these so-called "minimum own funds" Pillar I requirements, the CRD IV Directive introduces capital buffer requirements, which must be met with CET1 capital. The capital buffer is comprised of five elements (referred to collectively as the "combined buffer"): (i) the capital conservation buffer; (ii) the institution-specific countercyclical buffer; (iii) the G-SII–buffer; (iv) the other systemically important institutions buffer; and (v) the systemic risk buffer.

Tier 2 capital for banks consists of subordinated debt instruments that may be issued by a bank. Subordinated debt instruments are debt obligations, which, in case of a bankruptcy or liquidation, are subordinated to ordinary claims on the issuing bank (which in turn are at least equal to the claims of depositors). Subordinated debt instruments must include interest deferral and principal reduction features, and can, therefore, be applied towards covering losses of the issuing bank even if that bank is allowed to carry on its business. However, the subordinated debt instruments may not contain any incentive to redeem or repurchase before five years after the date of issuance. In addition, the instrument must be amortized beginning on the first day of the final five year period of the contractual maturity. The CRR and the CRD IV Directive provide for another form of capital, denominated additional tier 1 capital instruments, which may be included in tier 1 capital to meet the solvency/total capital requirements, subject to certain conditions and limitations. The limitations and conditions are that additional tier 1 capital must be converted during emergency situations and may be converted at the initiative of the competent authority or if a certain contractual capital trigger is reached. Additionally, additional tier 1 capital instruments may not contain any incentive for the credit institution to redeem and must be perpetual.

Under the CRR, institutions are required to hold a minimum amount of regulatory capital equal to 8 percent of REA (of which at least 4.5 percent must be CET 1 capital, and at least 6 percent must be tier 1 capital). In addition to these so-called the minimum own funds Pillar I requirements, the CRD IV Directive (including, but not limited to, Article 104(i)(a)128) contemplates that competent authorities may require additional Pillar II capital to be maintained by an institution relating to elements of risks which are not fully captured by the minimum own funds Pillar I requirements or to address macro-prudential requirements.

Pursuant to the Danish Financial Business Act, the board of directors and management of a bank shall ensure that the bank has adequate base capital and has internal procedures for risk measurement and risk management for regular assessments and maintenance of a base capital of a size, type and distribution adequate to cover the risks of the institution.

The board of directors and management of a bank shall, on the basis of the above-mentioned assessment pursuant to the Danish Financial Business Act, calculate the individual solvency need of the bank (ICAAP procedure). The solvency need shall be expressed as the adequate base capital as a percentage of the REA. The solvency need may not be less than the solvency requirement and the minimum capital requirement.

The DFSA may lay down a higher individual solvency requirement than 8 percent if the DFSA finds that the calculated solvency need does not reflect the risk of the bank's activities.

The Bank discloses to the public its total capital ratio as a note to its balance sheet statements as at March 31, June 30, September 30 and December 31 of each year. Prior to such disclosure, the total capital ratio and the basis for the calculation thereof must be filed with the DFSA. The Bank is also obliged to submit the total capital ratio to the DFSA and publish the individual solvency need that the Bank has calculated with the same intervals.

CRD IV introduced a combined buffer that applies in addition to the Pillar I and Pillar II capital requirement and will be phased in from 2015 to 2019. The combined buffer consists of a countercyclical buffer, a capital conservation buffer and a SIFI 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 being gradually phased in to a final level of 2.5 percent in 2019. The countercyclical buffer requirement is calculated as a weighted average of the national buffers in effect in the jurisdictions in which a bank has credit exposures.

The Bank was designated as a SIFI in Denmark in 2014. Consequently, the Bank is subject to stricter capital requirements than non-SIFI banks. The fully phased-in SIFI buffer requirement in 2019 will be 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, and thus the final level of the Danish SIFI capital requirements will be assessed no later than 2017 after evaluating these other countries' final requirements.

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 "discretionary payments" (which are defined broadly by the CRD IV Directive as 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.

According to the current implementation of the CRD IV Directive in Denmark, the combined buffer requirement is stacked on top of the Pillar II capital requirements. If the combined buffer requirement is breached, the institution must submit a capital conservation plan for approval by the DFSA. However, for the purpose of determining automatic restrictions on discretionary payments (*i.e.*, the MDA), Pillar II capital requirements should not be taken into account. Nonetheless, the DFSA may choose to impose restrictions on discretionary payments on the basis of the submitted capital conservation plan. There can be no assurance as to the relationship between any of the aforementioned or future incremental own funds requirements, any combined buffer requirement and the associated restrictions on discretionary payments. According to the European Commission's proposal to amend the CRD IV Directive in the EU Banking reform package, the Pillar II capital requirements should be taken into account when the combined buffer requirement is breached and the MDA is determined. Furthermore, according to the European Commission's proposal for an EU Banking Reform, the combined buffer is also stacked on top of the MREL requirement. Consequently, MREL also needs to be taken into account in the calculation of the MDA, subject to a six-month grace period in case of inability to issue eligible debt, during which restrictions relating to MDA would not be triggered, but authorities would be able to take other appropriate measures.

In addition, the CRD IV Directive includes a requirement for credit institutions to calculate, report, monitor and publish their leverage ratios, defined as their tier 1 capital as a percentage of their total exposure measure. According to the current rules defined in the CRR, the Bank had a leverage ratio of 4.4 percent as at December 31, 2017. A minimum leverage ratio requirement is expected to be implemented at the EU level with the implementation of the EU Banking reform package, and until such time regulators may apply such measures as they consider appropriate. In Denmark, the risk of excessive leverage is addressed as part of the Pillar II capital requirements.

The phase-in of the capital requirements follows the path in the CRR until 2018 to 2021 unless required earlier in applicable Danish legislation.

As regards liquidity, the European Commission imposed two liquidity ratios: the LCR and the NSFR. The LCR stipulates that banks must have a liquidity buffer that ensures a survival horizon of at least 30 calendar days in the case of a seriously stressed liquidity situation. The NSFR is intended to ensure a sound funding structure by promoting an increase in long-dated funding. The NSFR stipulates that at all times banks must have stable funding equal to the amount of their illiquid assets for one year ahead.

Danish SIFIs must have an LCR of at least 100 percent. This requirement was enforced by October 2015. With an LCR of 156 percent at the end of 2017, 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 sufficient liquidity buffer for more than the coming twelve months. The enforcement of the NSFR is expected to be implemented at the EU level with the implementation of the EU Banking reform package.

In accordance with EU directives, Denmark established a deposit protection scheme in 1987. Payments under the scheme will be met by the Danish Guarantee Fund. The scheme covers in full deposits made on certain pension accounts established according to Danish law, and up to EUR 100,000 of a customer's aggregate ordinary deposits with any bank. Certain types of deposits are provided with a temporary coverage above EUR 100,000 (six to twelve months, respectively). Investors who hold securities in institutions that are not able to redeliver the securities to the investors as a result of suspended payment or the filing for compulsory winding-up are covered up to the equivalent of EUR 20,000 per investor.

In 2010, the DFSA introduced the "Supervisory Diamond" (in Danish: *Tilsynsdiamanten*), which identifies a series of special risk areas with associated limits. The limits are included in the DFSA's organization of supervisory activities. The DFSA makes an individual and specific assessment of whether there should be issued a so-called "risk warning" in situations where the institution exceeds the "Supervisory Diamond" limits. This risk warning must be published.

Danish insurance companies are subject to the rules set forth in the Danish Financial Business Act and the Danish Companies Act. The DFSA is the public agency responsible for the supervision of insurance companies.

Danish mortgage institutions are subject to the rules set forth in the CRR and the CRD IV Directive, the Danish Mortgage Credit Act and, if organized as a limited liability company, the Danish Companies Act, and they are supervised by the DFSA.

Pursuant to the Danish Financial Business Act, Danish banks must adopt the form of a public limited company and, accordingly, are subject to the rules of the Danish Companies Act, except for certain areas that are governed by special provisions of the Danish Financial Business Act.

The Group is subject to similar regulation in jurisdictions other than Denmark, including other Member States, including Finland, Ireland, Luxembourg, Norway, Sweden, and the U.K. that have also implemented the EU directives mentioned above. Typically, the Group is subject to stand-alone requirements in each of the jurisdictions in which it operates, but according to the cooperation agreement between EU regulators, the Bank is mainly regulated by the DFSA.

On November 23, 2016, the European Commission published its proposal for an EU Banking Reform as part of the finalization of the Basel III framework and its implementation in the EU. The European Commission's proposal for an EU Banking Reform also includes proposals to amend the CRR and the CRD IV Directive. The proposed amendments include, *inter alia*, changes to the market risk by implementing the FRTB and counterparty credit risk framework, introduction of a formal minimum leverage ratio requirement and an 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 Group does not expect that the proposed changes will have any significant effect on its overall capital requirements.

An agreement on the transition of IFRS 9 effect on prudential capital was reached in November 2017 with effect from January 1, 2018. The implementation of IFRS 9 is expected to have a limited impact on the Group's capital ratios. Measured at January 1, 2018, the transitional impact was 0.1 percentage points (fully phased in: 0.2 percentage points). Finalization of the remaining EU Banking Reform is not expected before well into 2018.

Regulatory Initiatives to Secure Financial Stability

The Bank Recovery and Resolution Directive (BRRD)

On May 15, 2014, the European Parliament and the Council of the EU adopted a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (*i.e.*, the BRRD). 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 any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest, the relevant resolution authority may use the following resolution tools and powers alone or in combination without the consent of the institution's creditors, including the Holders: (i) sale of business – which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables resolution authorities to transfer 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 relating to eligible liabilities – which gives resolution authorities the power to write down or convert to equity all or a part of certain claims of unsecured creditors, including the Holders, and to write-down or convert to equity certain unsecured debt claims (including the Notes) (*i.e.*, the general bail-in tool), which equity could also be subject to any future application of the general bail-in tool.

The BRRD also provides for a Member State as a last resort, after having assessed and 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 resolution tools, which may result in cancellation or dilution of the shareholding.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution 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.

In March 2018, the DFSA published its decision to set the MREL for the Group. As expected, the requirement was set to be equivalent to two times the capital requirement including capital buffer requirements. 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 legislative proposal that is currently being processed will introduce a new layer in the creditor hierarchy for financial institutions, so-called non-preferred senior debt. 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 also takes effect from 2019. The Group is currently not identified as a G-SII.

On March 14, 2018, a bill proposing that, effective from 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 presented to the Danish Parliament. The bill is not expected to significantly impact the Bank, as the sum of the MREL requirement for the Group, excluding Realkredit Danmark, the capital requirement and debt buffer requirement for Realkredit Danmark, is expected to exceed the floor of 8 percent of all liabilities. However, as the bill has not been adopted, the exact content of the final rules are presently not known.

The European Commission's EU Banking Reform also includes proposals to implement TLAC into EU legislation. The incorporation of the TLAC standard into the existing MREL framework is expected to provide clarity in the regulatory framework surrounding MREL and TLAC, both in terms of the framework for setting banks' requirements as well as the instruments that can be used to fulfill such requirements. The implementation of a TLAC requirement for G-SII in the EU could influence the implementation of MREL and therefore could impact the required MREL for the Group. Furthermore, the reform of the existing MREL framework in the BRRD may impact the interaction between the MREL requirement and the combined capital buffer requirement to the extent that a breach of MREL may lead to restrictions on the MDA.

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. The BRRD establishes a preference in the ordinary insolvency hierarchy, firstly, for insured depositors and, secondly, for all other deposits of individuals and micro, small and medium-sized enterprises held in EEA or non-EEA branches of an EEA bank. These preferred deposits rank ahead of all other unsecured senior creditors of the 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 on the basis of its size and risk relative to other financial institutions in Denmark. The first contributions to the Danish resolution fund were paid in the fourth quarter of 2015. If the Danish resolution fund incurs losses, the annual contribution may be increased or continued/resumed after December 31, 2024. 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 would rank below the most senior debt and other senior liabilities for the purposes of resolution (a so-called "non-preferred senior debt"). The directive is currently being transposed into national laws in the Member States, including into Danish law. On March 14, 2018, a bill proposing implementation of the directive was presented in the Danish Parliament. According to the bill as published, the rules will not affect the existing stock of bank debt and will apply to issuances of bank debt made from January 1, 2018 or later in the concerned category following the date of application of the amendment. However, as the bill has not been adopted, the exact content of the final rules are presently not known.

Bank Packages

In Denmark, certain schemes have been introduced in recent years to facilitate the orderly resolution of distressed banking institutions. After the implementation of the BRRD as described above, only Bank Package IV (as described below) remains in force as at the date of this Base Prospectus. The Act on a Depositor and Investor Guarantee Scheme, Act No. 334 of March 31, 2015, amending, *inter alia*, the Act on Financial Stability (Consolidated Act No. 875 of September 15, 2009 on Financial Stability, as further amended from time to time), allows for the Danish Guarantee Fund to contribute –

under certain conditions – with a financial inducement to encourage a sound bank to take over all activities of a distressed bank, including all unsubordinated and unsecured claims.

Solvency II (Insurance)

The new international insurance rules, Solvency II, took effect on January 1, 2016. The rules are intended to protect customer funds, and they will generally increase capital requirements. Danica Pension was well prepared. While the previous Solvency I capital requirements were volume based, the Solvency II requirements are risk based. As a forerunner of the Solvency II rules, the DFSA introduced individual solvency need requirements in 2007. Under these requirements, which are also risk based, Danish insurance companies were required to meet the higher of Solvency I and individual solvency need requirements. The individual solvency need requirements have been changed gradually in the period up to 2014 to bring Danish requirements closer to the Solvency II requirements.

Other Regulatory Initiatives

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

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 the Group'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 at least six weeks before the General Meeting takes place or within one week of the publication of the annual report.

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 and to conclude debates.

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.

Bank's Board of Directors

The Board of Directors has the overall responsibility for the management of the Bank and supervises the Executive Board. Under the current management structure, the Board of Directors outlines the overall principles governing the affairs of the Group, whereas the Executive Board 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 eight). Directors are eligible for re-election. According to Danish law, the members of the Executive Board 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 Board, the Group Chief Auditor and the Secretary to the Board of Directors. The Board of Directors has established Rules of Procedure for the Executive Board 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 Board, 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 15, 2018, the annual General Meeting re-elected Ole Andersen, Lars-Erik Brenøe, Jørn P. Jensen, Rolv Erik Ryssdal, Carol Sergeant and Hilde Tonne as members of the Board of Directors and elected Jens Due Olsen and Ingrid Bonde as new members of the Board of Directors.

The members of the Board of Directors as at the date of this Base Prospectus are as follows:

	First elected to the Board of Directors	**Expiration of current term**
Ole Andersen, Chairman	2010	2019
Carol Sergeant, Vice Chairman	2013	2019
Ingrid Bonde	2018	2019
Lars-Erik Brenøe	2016	2019
Jørn P. Jensen	2012	2019
Jens Due Olsen	2018	2019
Rolv Erik Ryssdal	2014	2019
Hilde Tonne	2016	2019
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.

Ole Andersen has been a member of the Board of Directors since 2010 and has been the Chairman of the Board of Directors since 2011. Mr. Andersen is the chairman of the boards of directors of Bang & Olufsen A/S and Chr. Hansen Holding A/S. Mr. Andersen is also a member of Nasdaq Nordic Ltd.'s Nomination Committee, the Danish Committee on Corporate Governance, an adjunct professor at Copenhagen Business School and a member of the boards of directors of DenmarkBridge and the Human Practice Foundation.

Within the last five years, Mr. Andersen has been the chairman of the boards of directors of Zebra A/S, ISS A/S and ISS World Services A/S, and a partner in Esplanaden I/S. Mr. Andersen has also been the chief executive officer of Lilo ApS and of his wholly owned companies OGA Holding ApS, OGA Holding/D1 ApS and OGA Holding/D4 ApS, and a senior advisor in EQT Partners.

Carol Sergeant has been a member of the Board of Directors since 2013. Ms. Sergeant is a member of the board of directors of TP ICAP plc. and BNY Mellon SA/NV and a company director of Threadneedle Solutions Ltd. Ms. Sergeant is also the chairman of the British Standards Institute Policy, 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). Ms. Sergeant is also company director of A2 Kingsway.

Within the last five years, Ms. Sergeant has been a member of the boards of directors of Tullet Prebon plc., Secure Trust Bank Plc, Martin Currie (Holdings) Limited, Martin Currie Inc. and Martin Currie Investment Management Ltd. Ms. Sergeant has also held a number of public policy positions as well as charity and academic positions.

Ingrid Bonde has been a member of the Board of Directors since 2018. Ms. Bonde is the chairman of the board of directors of Hoist Finance and a member of the boards of directors of Loomis AB and Securitas AB. Ms. Bonde is also the chairman of the Climate Policy Council and a member of the Swedish Corporate Governance Board.

Within the last five years, Ms. Bonde has been the Deputy CEO and Chief Financial Officer of Vattenfall AB.

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 board of directors of A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond, a member of Maersk Broker K/S, the chairman of four affiliated undertakings of Maersk Broker K/S and a member of the boards of directors or the executive boards of seven affiliated undertakings of the A.P. Møller and Chastine Mc-Kinney Møller Foundation. Mr. Brenøe is also a member of the boards of directors of LINDØ port of Odense A/S, A.P. Møller og Hustru Chastine Mc-Kinney Møllers Familiefond and Fonden Lindoe Offshore Renewables Center, a member of the council of The Confederation of Danish Industry and the vice chairman of The Danish Committee on Foundation Governance.

Within the last five years, Mr. Brenøe has been the chairman of the boards of directors of Estemco A/S and Aktieselskabet Klema, the chief executive officer 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 a 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.

Jørn P. Jensen has been a member of the Board of Directors since 2012. Mr. Jensen is the Chief Financial Officer and a member of the boards of directors of several affiliated undertakings of Dyson James Group Limited. In addition, Mr. Jensen is a member of the board of directors and the chairman of the audit committee of VEON Ltd.

Within the last five years, Mr. Jensen has been the deputy chief executive officer and the chief financial officer of Carlsberg A/S and Carlsberg Breweries A/S, and the chairman, vice chairman or a member of the boards of directors of a number of subsidiaries of Carlsberg Group or Carlsberg Byen P/S. Mr. Jensen has also been chairman of the board of directors of Trifork Holding AG and a member of the boards of directors of GreenMobility A/S and Dong Energy A/S.

Jens Due Olsen has been a member of the Board of Directors since 2018. Mr. Olsen is the chairman of the boards of directors of KMD A/S, Bladt Industries A/S, NKT A/S, Nilfisk A/S and Auris III Luxembourg SA (Sivantus GmbH) and a member of the board of directors of Cryptomathic A/S. Mr. Olsen is also the chairman of BørneBasketFonden and vice chairman of the Danish Committee on Corporate Governance. During 2018, Mr. Olsen will step down from the boards of directors of Bladt Industries A/S and Cryptomathic A/S.

Within the last five years, Mr. Olsen has been the interim Chief Financial Officer of Sivantos Inc.

Rolv Erik Ryssdal has been a member of the Board of Directors since 2014. Mr. Ryssdal is the chief executive officer of Schibsted ASA and the chairman of the boards of directors of several subsidiaries of Schibsted Media Group.

Within the last five years, Mr. Ryssdal has been the chairman or a member of the boards of directors of subsidiaries of Schibsted ASA and a member of the board of directors of J.E. Pedersen & Co AS.

Hilde Tonne has been a member of the Board of Directors since 2016. Ms. Tonne is the Executive Director and Chief Innovation Officer of Ramboll Group. Ms. Tonne is also the chairman of the board of directors of Hafslund AS.

Within the last five years, Ms. Tonne has been the chief executive officer of a joint venture between Telenor and TeliaSonera and the executive vice president, Group Industrial Development/Global Operations of Telenor Group. Ms. Tonne has been a member of the boards of directors of Vattenfall AB, Nordea AS and Stiftelsen Det Norske Veritas and its subsidiaries Det Norske Veritas Holding AS and DNV GL Group AS.

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 a member of the board of directors of Danske Kreds.

Within the last five years, Ms. Bang has held no other relevant positions.

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 Danske Kreds, Danske Kreds' Jubilæumsfond and Danske Unions, a member of the boards of directors of Danske Banks Pensionskasse for Førtidspensionister and Danske Banks Velfærdsfond as well as a member of the executive committee of the Financial Services Union in Denmark.

Within the last five years, Ms. Brich has held no other relevant positions.

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 Team Lead Regulation & CX, Business Banking, 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 senior personal adviser at Danske Bank.

Within the last five years, Ms. Hoffmann has held no other relevant positions.

Bank's Executive Board

The Executive Board is in charge of the day-to-day management of the Group as laid down in the Rules of Procedure.

The members of the Executive Board as at the date of this Base Prospectus are as follows:

	Position	Year of birth	Year employed by the Bank[(1)]	Appointed on the Executive Board
Thomas F. Borgen	Chief Executive Officer	1964	1997	2009
Jesper Nielsen	Head of Banking DK	1968	1996	2016
Glenn Söderholm	Head of Banking Nordic	1964	1998	2013
Jakob Groot	Head of C&I	1967	2015	2018
Jacob Aarup-Andersen	Head of Wealth Management	1977	2012	2016
Frederik Gjessing Vinten	Head of Group Development	1979	2011	2018
James Ditmore	Chief Operating Officer (Head of Group Services & Group IT)	1960	2014	2014
Carsten Rasch Egeriis	Head of Group Risk Management	1976	2017	2017
Henriette Fenger Ellekrog	Head of Group HR	1966	2014	2018

(1) Includes employment in Group companies and entities acquired by the Bank.

Morten Mosegaard will until October 2018 carry out the tasks as interim Head of the CFO area; however, he will not be joining the Executive Board.

The business address for the current members of the Executive Board is Danske Bank A/S, 2-12 Holmens Kanal, DK-1092 Copenhagen K, Denmark.

Thomas F. Borgen joined the Executive Board in 2009 and is the Chief Executive Officer. Mr. Borgen is vice chairman of the Association of 31 December 2016 and Finans Danmark. Mr. Borgen is also a member of the boards of directors of Kong Olav V's Fond and FR I af 16. september 2015 A/S.

Within the last five years, Mr. Borgen has been the vice chairman of Danish Ship Finance A/S (Danmarks Skibskredit A/S) and a member of the board of directors of VP Securities A/S. Mr. Borgen has also been the chairman of the subsidiaries Northern Bank Ltd and Sampo Pankki Oyj, Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 and its subsidiary Danica Pension, Livsforsikringsaktiesselskab.

Jesper Nielsen joined the Executive Board in 2016 and is the Head of Banking Denmark. Mr. Nielsen is the chairman of the boards of directors of E-Nettet A/S, Realkredit Danmark A/S, MobilePay A/S and MobilePay Denmark A/S.

Within the last five years, Mr. Nielsen has been the Head of Personal Banking at the Bank, a member of the board of directors of home A/S and the deputy chief executive officer and head of business development of National Irish Bank.

Glenn Söderholm joined the Executive Board in 2013 and is the Head of Banking Nordic. Mr. Söderholm is the chairman of the boards of directors of Danske Hypotek AB, Danske Leasing A/S and Danske Mortgage Bank Plc. Mr. Söderholm is also a member of the board of directors of NASDAQ Nordic Ltd.

Within the last five years, Mr. Söderholm has been the Head of C&I at the Bank and a member of the board of directors of Danish Ship Finance A/S (Danmarks Skibskredit A/S).

Jakob Groot joined the Executive Board in 2018 and is the Head of C&I. Mr. Groot is a member of the board of directors of Realkredit Danmark A/S.

Within the last five years, Mr. Groot has been the global head of FICC at the Bank. Mr. Groot has also been the global head of institutional distribution of UniCredit, London.

Jacob Aarup-Andersen joined the Executive Board in 2016 and is the Head of Wealth Management. Mr. Aarup-Andersen is the chairman of the boards of directors of Danica Pension, Livsforsikringsaktieselskab, Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, Danske Invest Management A/S and Kreditforeningen Danmarks Pensionsafviklingskasse. Mr. Aarup-Andersen is also the vice chairman of the board of directors of Realkredit Danmark A/S.

Within the last five years, Mr. Aarup-Andersen has been the chief financial officer of the Bank, the chief financial officer of Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 and its subsidiary Danica Pension, Livsforsikringsaktiesselskab and the chief portfolio manager in the Bank, Danske Capital. Mr. Aarup-Andersen has also been a principal in TPG-Axon Capital (UK) LLP. Mr. Aarup-Andersen has also been the chief executive officer of his 50 percent owned company Circus Road Capital ApS, and a member of the executive board of his 50 percent owned company Monterey River Capital ApS. Mr. Aarup-Andersen has also been the chairman of Danske Hypotek AB (publ) and Danske Mortgage Bank Plc.

Frederik Gjessing Vinten joined the Executive Board in 2018 and is the Head of Group Development. Mr. Gjessing Vinten is a member of the boards of directors of GateTu, MobilePay A/S and MobilePay Denmark A/S.

Within the last five years, Mr. Gjessing Vinten has been the head of group strategy and the head of business development, business banking, both positions at the Bank. Mr. Gjessing Vinten has also been the senior director and head of strategy of Maersk Line and the first vice president, group executive office at the Bank. Mr. Gjessing Vinten has also been the chairman of the board of directors of Sunshine 14 A/S.

James Ditmore joined the Executive Board in 2014 and is the Chief Operating Officer (Group Services & Group IT). Mr. Ditmore is a member of the board of directors of Northern Bank Limited and a member of the customer advisory board of ITPeopleNetwork. Mr. Ditmore is also a member of the boards of directors of MobilePay A/S and MobilePay Denmark A/S.

Within the last five years, Mr. Ditmore has been the chief technology officer of Allstate Insurance and the chief information officer of Barclays UK.

Carsten Rasch Egeriis joined the Executive Board in 2017 and is the Head of Group Risk. Mr. Egeriis is a member of the board of directors of Northern Bank Limited.

Within the last five years, Mr. Egeriis has been the chief risk officer of Barclays UK, the chief risk officer of Personal and Corporate Bank and the chief risk officer of UK and Europe Retail and Business Banking, all positions at Barclays Bank in London.

Henriette Fenger Ellekrog joined the Executive Board in 2018 and is the Head of Group HR. Ms. Fenger Ellekrog is the chairman of the board of directors of the Danish Employers' Association for the Financial Sector and a member of the Confederation of Danish Industry's Advisory Board for "Women on Board." Ms. Fenger Ellekrog is also a member of the boards of directors of Realkredit Danmark A/S and The Danish-Norwegian Collaboration Foundation.

Within the last five years, Ms. Fenger Ellekrog has been the Deputy President, Executive Vice President, HR & Communication at SAS AB and a member of the board of directors of DSB (Danish State Railways). Ms. Fenger Ellekrog has also been a member of the boards of directors of DSB (Danish State Railways), Danske Bank Plc., Svenskt Flyg, Svenska Flygbranschen, Widerøes Flyveselskab ASA, Daycatch A/S and Arctic Green Food A/S.

On April 6, 2018, the Group announced that it has appointed Christian Baltzer the new Chief Financial Officer. He is expected to join the Executive Board on October 15, 2018.

Christian Baltzer (born 1978) is currently the Group CFO of Tryg A/S.

Within the last five years, Mr. Baltzer has been the director of analytics, the director of financial management and the director of strategic business development, all positions at Tryg A/S.

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 Board 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. Board members 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 Board members are expected to allocate to discharge their obligations as Board members. No pension contributions are payable on Board members' fees.

The members of the Board of Directors receive a basic fee. The Chairman of the Board of Directors receives three and a half times the amount of the basic fee and the Vice Chairman one and a half times the amount of the basic fee. In addition to the basic 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, 2017:

	For the year ended December 31, 2017
	(DKK in thousands)
Ole Andersen	2,284
Urban Bäckström	884
Lars-Erik Brenøe	658
Jørn P. Jensen	793
Rolv Erik Ryssdal	643
Carol Sergeant	973
Martin Tivéus(1)	529
Hilde Merete Tonne	778
Dorte Annette Bielefeldt(2)	131
Kirsten Ebbe Brich	523
Carsten Eilertsen	523
Charlotte Hoffmann	643
Trond Ø. Westlie(3)	223
Steen Lund Olsen(4)	391
Total remuneration	9,973
of which remuneration for committee work	2,200

(1) Member of the Board of Directors from March 16, 2017.
(2) Member of the Board of Directors from September 29, 2017.
(3) Member of the Board of Directors until March 16, 2017.
(4) Member of the Board of Directors until September 29, 2017.

Remuneration of the Executive Board

According to the Group's Remuneration Policy, the remuneration of the members of the Executive Board is intended to ensure the Group's continued ability to attract and retain the most qualified Executive Board members. In connection with the annual assessment of the remuneration of the members of the Executive Board, developments in market practice are assessed.

The Remuneration Committee makes recommendations on adjustments of the remuneration of the members of the Executive Board to the Board of Directors. The remuneration of the members of the Executive Board may consist of fixed salary and supplements, fixed salary payable in shares, short- and long-term incentive programs and pension schemes. Subject to individual agreement, the members of the Executive Board are also entitled to a company car, phone and other fixed benefits. The members of the Executive Board are not entitled to severance pay.

The variable remuneration of the Executive Board is provided as part of a short-term incentive program (the "**Short-term Incentive Program**") and a long-term incentive program (the "**Long-term Incentive Program**"). The Short-term Incentive Program is structured as the program for other material risk takers, with short-term (one year) goals, including goals at Group, business unit and individual levels as well as financial and non-financial goals. The performance of the members of the Executive Board is assessed once a year based on written performance agreements containing both financial and non-financial KPIs. Payments under the Short-term Incentive Program are split into cash and equity shares and, according to EBA regulations, the rights to the shares are deferred for five years, followed by a one-year retention period before the shares are available to trade. 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 will be in 2018, based on the performance in 2015, 2016 and 2017. The current 2017 Long-term Incentive Program vests over three years (2017–2019). After the vesting period, part of the shares will be paid out. The remaining shares are deferred for five years, followed by a one-year retention period before the shares are available to trade. The deferred remuneration is subject to back-testing and claw-back. The individual total performance-based pay cannot exceed 50 percent of the individual's fixed compensation, not including the value of benefits.

The members of the Executive Board are subject to rules for material risk takers. A significant part of the performance-based remuneration is deferred and may be forfeited pursuant to applicable regulation and the Group's Remuneration Policy. The deferral period is four years, compared to three years for other material risk takers. 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 Board 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.

The following table sets forth the remuneration of the members of the Executive Board (as at December 31, 2017) for the year ended December 31, 2017:

	For the year ended December 31, 2017					
	Fixed salary(1)	Pension	Variable cash payment(2)	Variable share-based payment(3)	Total expensed	Total paid(4)
	(DKK in millions)					
Thomas F. Borgen	11.5	2.2	0.8	2.9	17.4	15.4
Jacob Aarup-Andersen	6.8	0.3	0.4	1.1	8.6	8.0
Tonny Thierry Andersen	7.0	1.3	0.3	1.5	10.1	9.3
James Ditmore	7.6	–	0.5	1.6	9.7	9.4
Carsten Rasch Egeriis(5)	3.3	–	5.4	0.3	9.0	8.6
Lars Mørch	6.5	1.3	0.4	1.6	9.8	8.6
Jesper Nielsen	5.0	1.0	0.3	0.7	7.0	6.4
Glenn Söderholm	6.6	1.3	0.5	1.6	10.0	9.5

(1) Fixed salary includes fixed cash salary, fixed salary shares and other benefits.
(2) Variable cash payment includes sign-on fees.
(3) The variable share-based payment for 2017 includes deferred performance-based payments from the Short-term Incentive Program to be paid in future financial years, in accordance with EBA regulations, and prorated provisions for the Long-term Incentive Program.
(4) Total paid comprises fixed salary, 2017 payments to pension plans, variable cash payments for 2016, pay-out of deferred cash payment for previous financial years and exercised rights to conditional shares for previous financial years.
(5) Carsten Rasch Egeriis joined the Executive Board on August 1, 2017.

Gilbert Kohnke resigned from his position as member of the Executive Board on July 31, 2017. In the period from January 1, 2017 to July 31, 2017, the remuneration earned by Gilbert Kohnke was DKK 4.6 million, which consists of fixed salary of DKK 4.1 million, pension of DKK 0.0 million, variable cash payment of DKK 0.2 million and variable share-based payment of DKK 0.3 million. Paid remuneration amounted to DKK 4.5 million. Mr. Kohnke's employment with the Group ended on August 31, 2017. From August 1, 2017 to August 31, 2017, Mr. Kohnke earned a further DKK 0.7 million, which is included as remuneration to other material risk takers.

For additional information regarding remuneration of the members of the Board of Directors and the Executive Board, see note 33 to the 2017 Financial Statements incorporated by reference into this Base Prospectus.

Severance Terms for the Executive Board

Thomas F. Borgen may terminate his service contract by giving 12 months' notice. All other members of the Executive Board may terminate their service contracts by giving nine months' notice. The Bank may terminate the service contract of any member of the Executive Board with 18 months' notice. The members of the Executive Board are not entitled to any severance pay other than salary while under notice.

Thomas F. Borgen is subject to a non-competition undertaking for a period of 24 months following his termination of employment with the Bank. The other members of the Executive Board are subject to a non-competition undertaking for a period of 12 months following their termination of employment with the Bank.

Employee Performance-based Share Remuneration Program

Effective from 2010, the Group has granted rights to conditional shares under the bonus structure for material risk takers and other employees (including members of the Executive Board as discussed under "*—Remuneration of the Executive Board*" above) as part of their performance-based remuneration. Such employees have a performance agreement based on the performance of the Group, the business unit and the individual employee. Between 40 percent and 60 percent of performance-based payments are deferred for a minimum of three years (four years for members of the Executive Board), as recommended by the EBA. Rights to the shares in the Bank for material risk takers vest three years after being granted (four years for the members of the Executive Board), 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, back-testing is conducted to assess whether the initial criteria for granting the bonus three years ago (or four years ago for members of the Executive Board) 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 performance-based remuneration are subject to a lock-up period of six months.

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 Board as at the date of this Base Prospectus:

	Number of the Bank's shares	Options	Conditional shares
Board of Directors			
Ole Andersen	53,199	–	–
Carol Sergeant	5,073	–	–
Ingrid Bonde	2,000	–	–
Lars-Erik Brenøe	14,302	–	–
Jørn P. Jensen	2,098	–	–
Jens Due Olsen	7,600	–	–
Rolv Erik Ryssdal	1,250	–	–
Hilde Tonne	1,000	–	–
Bente Bang	213	–	–
Kirsten Ebbe Brich	2,208	–	–
Thorbjørn Lundholm Dahl	1,488	–	–
Charlotte Hoffmann	2,175	–	–
Total	92,606	–	–
Executive Board			
Thomas F. Borgen	40,849	–	18,121
Jesper Nielsen	12,792	–	9,105
Glenn Söderholm	27,346	–	7,199
Jakob Groot	9,464	–	–
Jacob Aarup-Andersen	11,589	–	3,596
Frederik Gjessing Vinten	–	–	1,368
James Ditmore	22,102	–	44,601
Carsten Rasch Egeriis	1,144	–	–
Henriette Fenger Ellekrog	2,600	–	–
Total	127,886	–	83,990

Under the Market Abuse Regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse), the acquisition and sale of shares in the Bank by persons discharging managerial responsibility ("**PDMR's**") 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 Board (PDMR's) and related parties.

Board 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 Board. Generally, the members of the Executive Board 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.

Members of the Board of Directors and the Executive Board cannot be present during discussions 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 Board has a significant 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. Finally, the Executive Board cannot be present in case the Board wishes to discuss the business of the Bank without their presence.

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.

The Board of Directors is kept informed of the auditors' work on an ongoing basis through submission of audit reports to the Board, and the Board evaluates this work upon the signing of the reports.

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 Board. These guidelines must, as a minimum, contain the following:

- the framework for the risks that the Executive Board may put on the Bank;
- the principles upon which different types of risk are determined;
- which transactions the Executive Board may execute without the approval of the Board of Directors; and
- the procedure for the Executive Board's reporting to the Board of Directors with regard to the risks associated with the Bank's activities.

The Rules of Procedure contain the information required by the Danish Financial Business Act.

Committees

General

The Board of Directors has established four board committees: the Risk Committee, the Audit Committee, the Remuneration Committee and the Nomination 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, 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, reports from both internal and external auditors, whistleblowing, compliance and anti-money laundering activities. The Audit Committee convenes at least four times a year.

The Audit Committee currently consists of Jørn P. Jensen (Chairman), Ingrid Bonde and Jens Due Olsen. The Audit Committee held six meetings in 2017.

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 Board and the Board of Directors. The committee evaluates the work and performance of the Executive Board, 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 Ole Andersen (Chairman), Carol Sergeant and Lars-Erik Brenøe. The Nomination Committee held two meetings in 2017.

Remuneration Committee

The Remuneration Committee operates as a preparatory committee for the Board of Directors with respect to general remuneration matters, with a focus on the remuneration of the members of the Board of Directors, the Executive Board, material risk takers, 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. The committee monitors the incentive programs to ensure that they support the strategy of Danske Bank and create value for the shareholders. The Remuneration Committee convenes at least twice a year.

The Remuneration Committee currently consists of Ole Andersen (Chairman), Charlotte Hoffmann, Rolv Erik Ryssdal and Hilde Merete Tonne. The Remuneration Committee held four meetings in 2017.

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 on the Group's risk appetite, risk policies, risk instructions, capital levels and allocation, leverage (ratio), liquidity, solvency need, recovery requirements, business continuity plans, impairment levels and new product approval processes. Furthermore, the Risk Committee reviews the use of internal models, the adequacy of risk management resources and incentive programs. The Risk Committee convenes at least four times a year.

The Risk Committee currently consists of Carol Sergeant (Chairman), Ole Andersen, Ingrid Bonde and Jens Due Olsen. The Risk Committee held eight meetings in 2017.

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 Recommendations on Corporate Governance issued by the 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 was that the Bank complies with all of the Recommendations.

RELATED PARTY TRANSACTIONS

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 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,		
	2017	2016	2015
	(DKK in millions)		
Loans and irrevocable loan commitments	1,956	2,227	3,927
Securities and derivatives	7,246	6,513	9,595
Deposits	205	432	461
Derivatives	–	–	946
Guarantees issued	2	2	–
Guarantees and collateral received	423	138	740
Interest income	78	74	205
Interest expense	–	6	–
Fee income	3	2	7
Dividend income	93	323	546
Other income	1	1	1
Loan impairment charges	(1)	6	2

Transactions with associated companies covers transactions with the following companies: Aquaporin A/S, Automatia Pankkiautomaatit Oy, Bankernes Kontantservice A/S, BAB Bankernas Automatbolag AB, BDB Bankernas Depå AB, BKS Kontantcenter A/S, DAN-SEB 1 A/S, DNP Ejendomme Komplementarselskab ApS, DNP Ejendomme P/S, E/F Store Kongensgade 49, Ejendomsaktieselskabet af 22. juni 1966, Interessentskabet af 23. dec. 1991, Komplementarselskabet CØ ApS, Komplementarselskabet GateTu ApS, LR Realkredit A/S, Max Schön GmbH, MB Equity Fund Ky, Meglerhuset Nylander AS, Sanistål A/S, Tapio Technologies 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 2017, 2016 and 2015, 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 2018 until the date of this Base Prospectus, 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,		
	2017	2016	2015
	(DKK in millions)		
Loans and loan commitments	10,310	7,318	6,081
Securities and derivatives	1,020	1,655	1,392
Deposits	1,403	415	975
Derivatives	197	167	114
Guarantees issued	615	758	847
Guarantees and collateral received	524	681	901
Interest income	94	50	23
Interest expense	14	25	–
Fee income	17	10	10
Dividend income	5	19	7
Other income	6	15	–
Sales of Danske Bank shares	2,348	4,143	–

Transactions with the Board of Directors and the Executive Board

The following table sets forth the Group's transactions with the members of the Board of Directors and the Executive Board as at the dates and for the years indicated:

	As at and for the year ended December 31,		
	2017	2016	2015
	(DKK in millions)		
Board of Directors			
Loans and loan commitments	21	33	15
Deposits	24	55	20
Guarantees and collateral received	20	31	14
Fee income	1	–	1
Acquisitions of Danske Bank shares	–	1	4
Sales of Danske Bank shares	–	–	1
Executive Board			
Loans and loan commitments	52	32	16
Deposits	14	12	12
Guarantees and collateral received	49	33	15
Interest income	1	1	–
Acquisitions of Danske Bank shares	–	1	–
Sales of Danske Bank shares	8	5	3

The following table sets forth the average interest rates on credit facilities granted to members of the Board of Directors and the Executive Board for the years indicated:

	For the year ended December 31,		
	2017	2016	2015
	(percent)		
Board of Directors	2.3	1.7	1.7
Executive Board	1.8	2.0	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 Final Terms for each Tranche of Notes) will be endorsed upon, or attached to, each Note. The relevant Final Terms 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 Final Terms 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.$ 15,000,000,000 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 final terms document (the "**Final Terms**") 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 Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

1.3 The Notes are subject to an amended and restated fiscal and paying agency agreement dated as of May 23, 2018 (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 registrar for the Notes (the "**Registrar**") 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 May 23, 2018 (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 Final Terms. Copies of the Final Terms 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 Final Terms 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 are available for inspection by Holders during normal business hours at the corporate trust office of 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 Final Terms, 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 10.3 (*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 Final Terms;

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

(i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognized or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or

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

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

"**Applicable Business Center(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Applicable Financial Center(s)**" means the city or cities specified as such in the relevant Final Terms;

"**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 IV, 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;

"**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 European Union 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;

"**Business Day**" means 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 Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**," "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

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

"**Calculation Amount**" has the meaning given to such term in the relevant Final Terms;

"**Call Option**" has the meaning given in the relevant Final Terms;

"**CIBOR**" means the Copenhagen interbank offered rate;

"**Clearstream, Luxembourg**" means Clearstream Banking S.A.;

"**Contractual Currency**" has the meaning given to such term in Condition 21 (*Currency Indemnity*);

"**CRD IV**" means, as the context requires, any or any combination of the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

"**CRD IV 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 European Union 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;

"**CRD IV 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 IV 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 European Union on June 27, 2013, as amended or replaced from time to time;

"**Danish Bankruptcy Act**" means the Danish Bankruptcy Act (Consolidated Act No. 11 of January 6, 2014, as amended);

"**Danish Financial Business Act**" means the Danish Financial Business Act (Consolidated Act No. 1140 of September 26, 2017, as amended);

"**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 Final Terms 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:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D1 will be 30; and

"**D2**" 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 D1 is greater than 29, in which case D2 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:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" 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 D2 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:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**D1**" 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 D1 will be 30; and

"**D2**" 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 D2 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 Final Terms as being applicable and (ii) Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the period of time designated in the relevant Reference Rate;

"**Determination Date(s)**" has the meaning given in the relevant Final Terms;

"**DFSA**" means the Danish Financial Supervisory Authority;

"**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 Final Terms;

"**Early Termination Amount**" 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 Final Terms;

"**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;

"**Events of Default**" has the meaning given to such term in Condition 12 (*Events of Default*);

"**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 Final Terms;

"**Fixed Interest Amount**" has the meaning given in the relevant Final Terms;

"**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 IV requirements;

"**HIBOR**" means the Hong Kong interbank offered rate;

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

"**Interest Amount**" means, in relation to 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 Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

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

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms 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 Tranche (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**LIBOR**" means the London interbank offered rate;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

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

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**MREL/TLAC Disqualification Event**" means, in respect of a Series of Non-Preferred Senior 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; 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 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 Amendment Legislation**" means legislation that expressly provides for the possibility that, upon the insolvency of a Regulated Entity which is an issuer of debt securities, the obligations under certain unsubordinated and unsecured liabilities (the "**Non-Preferred Senior Liabilities**") may rank below other unsubordinated and unsecured liabilities with higher priority ranking;

"**Non-Preferred Senior Notes**" means the Notes (i) specified as such in the relevant Final Terms 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 Final Terms;

"**Optional Redemption Amount (Put)**" 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 Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"**Ordinary Shares**" means fully paid-up ordinary shares in the capital of the Issuer;

"**Outstanding Principal Amount**" means, in respect of a Note, its principal amount;

"**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 Final Terms and, if TARGET is an Applicable Financial Center, a TARGET Settlement Day;

"**Permitted Status Legislation Change**" means the Non-Preferred Senior Amendment Legislation has become effective in Denmark;

"**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 Final Terms 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;

"**Put Option**" has the meaning given in the relevant Final Terms;

"**Put Option Notice**" means a notice, in the form available from the corporate trust office of the Paying Agent(s) which must be delivered to a Paying Agent by any Holder wanting to exercise its right to require the Issuer to redeem a Note;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Holder upon deposit of a Note with such Paying Agent by any Holder wanting to exercise its right to require the Issuer to redeem a Note;

"**Qualifying Non-Preferred Senior Notes**" means, in respect of a Series of Non-Preferred Senior 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 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

(ii) carry the same rate of interest as the relevant Notes prior to the relevant substitution or variation pursuant to Condition 9.10 (*Substitution and Variation of Non-Preferred Senior Notes*); and

(iii) have the same Specified Denomination(s) and Outstanding Principal Amounts as the relevant Notes prior to the relevant substitution or variation pursuant to Condition 9.10 (*Substitution and Variation of Non-Preferred Senior Notes*); and

(iv) 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 9.10 (*Substitution and Variation of Non-Preferred Senior Notes*); and

(v) have at least the same ranking as the relevant Notes prior to the relevant substitution or variation pursuant to Condition 9.10 (*Substitution and Variation of Non-Preferred Senior Notes*); and

(vi) shall not, immediately following the relevant substitution or variation pursuant to Condition 9.10 (*Substitution and Variation of Non-Preferred Senior Notes*) be subject to a MREL/TLAC Disqualification Event and/or a tax event referred to in Condition 9.2 (*Early Redemption Following a Tax Event*); and

(vii) 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 9.10 (*Substitution and Variation of Non-Preferred Senior Notes*), the issue date of the relevant securities or (b) in the case of a variation of the relevant Notes pursuant to Condition 9.10 (*Substitution and Variation of Non-Preferred Senior Notes*), the date such variation becomes effective; and

(viii) if (A) the relevant Notes were listed or admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a Regulated Market or (B) the relevant Notes were listed or admitted to trading on a recognized stock exchange other than a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognized stock exchange (including, without limitation, a Regulated Market), 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 Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"**Record Date**" has the meaning given to such term in Condition 10 (*Payments – Notes*);

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

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

"**Reference Price**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" has the meaning given in the relevant Final Terms, subject as provided in Condition 7.10 (*Reference Rate Replacement*), and shall be LIBOR, 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 7.10 (*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;

"**Regulated Market**" means a regulated market for the purposes of Directive 2014/65/EU;

"**Relevant Amounts**" means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts (as described in Condition 11 (*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 Relevant Resolution Authority;

"**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 Final Terms;

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

(i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or

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

"**Relevant Regulator**" means the DFSA and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer, and/or (in the case of Non-Preferred Senior Notes) the Relevant Resolution Authority (if applicable), in any case as determined by the Issuer;

"**Relevant Resolution Authority**" means the resolution authority with the ability to exercise any Danish Statutory Loss Absorption Powers in relation to the Issuer;

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

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Restricted Securities**" has the meaning given to such term in Rule 144(a)(3) under the United States Securities Act 1933;

"**SHIBOR**" means the Shanghai interbank offered rate;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**STIBOR**" means the Stockholm interbank offered rate;

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

"**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 9.2 (*Early Redemption Following a Tax Event*);

"**Treaty**" means the Treaty establishing the European Communities, as amended; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

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 11 (*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 11 (*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 Final Terms, but the relevant Final Terms 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 Final Terms specify 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 Final Terms 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 Final Terms) 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 9 (*Redemption and Purchase*).

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

5.1 *Status – Preferred Senior Notes:* 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:* Following the occurrence of a Permitted Status Legislation Change, Non-Preferred Senior Notes are intended to constitute MREL/TLAC Eligible Liabilities and Non-Preferred Senior Liabilities.

Unless a Permitted Status Legislation Change has occurred, the Non-Preferred Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank:

(a) *pari passu* without any preference among themselves; and

(b) 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 Non-Preferred Senior Notes).

Following the occurrence of a Permitted Status Legislation Change, the Non-Preferred Senior Notes will at all times rank (to the extent permitted by the Non-Preferred Senior Amendment Legislation):

(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, 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.

By virtue of its subscription and/or purchase and holding of the relevant Series of Non-Preferred Senior Notes, each Holder of Non-Preferred Senior Notes will be deemed to have irrevocably accepted the status of the Non-Preferred Senior Notes arising from a Permitted Status Legislation Change as described in this Condition 5.2.

The Issuer shall give notice to the Holders in accordance with Condition 20 (*Notices*) if the status of the Non-Preferred Senior Notes has changed, or is to change, in accordance with this Condition 5.2, following the occurrence of a Permitted Status Legislation Change, which notice might be given after the date when the Permitted Status Legislation Change occurs.

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 Prospectus 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."

5.3 *Waiver of Set-off (Non-Preferred Senior Notes)*

This Condition 5.3 is only applicable in relation to Non-Preferred Senior Notes.

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 Final Terms 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 10 (*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 Final Terms, 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. 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.

7. Floating Rate Note Provisions

7.1 This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

7.2 *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 10 (*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 7 (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).

7.3 *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms 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 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 7.3(i) above, such rate does not appear on that page or, in the case of Condition 7.3(ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

  (a) request the principal Relevant Financial 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 European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

7.4 *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms 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 Final Terms;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

7.5 *Linear Interpolation:* Where Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the relevant Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

7.6 *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

7.7 *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.

7.8 *Calculation of other amounts:* If the relevant Final Terms 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 Final Terms.

7.9 *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.

7.10 *Reference Rate Replacement:*

If:

(i) Reference Rate Replacement is specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined; and

(ii) notwithstanding the provisions of Condition 7.3 (*Screen Rate Determination*), the Calculation Agent (in consultation with the Issuer) determines that the Reference Rate has ceased to be published on the

Relevant Screen Page as a result of the Reference Rate ceasing to be calculated or administered when any Rate of Interest (or component thereof) remains to be determined by reference to the Reference Rate,

then the following provisions shall apply to the relevant Series of Notes:

(a) the Issuer shall use reasonable endeavors to appoint an Independent Adviser to determine:

(A) a Successor Reference Rate; or

(B) if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 7.10 during any other future Interest Period(s));

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

(A) a Successor Reference Rate; or

(B) if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 7.10 during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(c) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 7.10:

(A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7.10);

(B) if the relevant Independent Adviser or the Issuer (as applicable):

(x) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7.10); or

(y) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7.10); and

(C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

(x) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) the Applicable Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Center, Relevant Screen Page and/or Relevant Time 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; and

(y) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7.10); and

(d) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 7.10(c)(C) to the Fiscal Agent, the Calculation Agent and the Holders in accordance with Condition 20 (*Notices*).

No consent of the Holders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 7.10 or such other relevant changes pursuant to Condition 7.10(c)(C), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement.

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 7.10 prior to the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 7.3 (*Screen Rate Determination*).

Notwithstanding any other provision of this Condition 7.10, in the case of Non-Preferred Senior Notes only, 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 7.10, 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 Relevant Regulator treating the next Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

7.11 *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, in the circumstances described in Condition 7.10 (*Reference Rate Replacement*), an Independent Adviser will (in the absence of 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, such Independent Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. Zero Coupon Note Provisions

8.1 This Condition 8 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

8.2 *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).

9. Redemption and Purchase

9.1 *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 10 (*Payments – Notes*).

9.2 *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 Final Terms, the Issuer would be required to pay additional amounts as provided in Condition 11 (*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, in the case of Non-Preferred Senior Notes, to Condition 9.11 (*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 of the Notes in accordance with Condition 20 (*Notices*) (which notice shall be irrevocable), 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.

The Issuer may not exercise any such option in respect of any Note which is the subject of the prior exercise by the Holder of its Put Option (if applicable) pursuant to Condition 9.6 (*Redemption at the Option of Holder*).

9.3 *Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event:* This Condition 9.3 is only applicable to Non-Preferred Senior Notes.

In relation to a Series of Non-Preferred Senior Notes, if the MREL/TLAC Disqualification Event Redemption Option is specified in the relevant Final Terms as being applicable, upon the occurrence of a MREL/TLAC Disqualification Event, the Issuer may, at its option (but subject to Condition 9.11 (*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 20 (*Notices*) (which notice shall be irrevocable), 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.

9.4 *Redemption at the Option of the Issuer:* If a Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer but in the case of Non-Preferred Senior Notes, subject to Condition 9.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*) in whole or, if so specified in the relevant Final Terms, 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 Final Terms to the Holders in accordance with Condition 20 (*Notices*) (which notice shall be irrevocable 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 9.4 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 Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder of its Put Option pursuant to Condition 9.6 (*Redemption at the Option of Holder*).

9.5 *Partial Redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9.4 (*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.

9.6 *Redemption at the Option of Holder:* This Condition 9.6 is only applicable to Preferred Senior Notes. If a Put Option is specified in the relevant Final Terms as being applicable, upon a Holder of any Preferred Senior Note giving not less than the minimum period nor more than the maximum period of notice specified in the relevant Final Terms to the Issuer, the Issuer will redeem such Note on the Optional Redemption Date (Put) at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date.

In order to exercise the option contained in this Condition 9.6, the Holder of such Note must, within the notice period set out above, deposit at the corporate trust office of a Paying Agent such Note and a duly completed Put Option Notice in the form obtainable from any Paying Agent specifying the aggregate Outstanding Principal Amount in respect of which such option is exercised. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Holder. No Preferred Senior Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9.6, may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Holder at such address as may have been given by such Holder in the relevant Put Option Notice and shall hold such Note at its corporate trust office for collection by the depositing Holder against surrender of the relevant Put Option Receipt. For so long as any outstanding Preferred Senior Note is held by a Paying Agent in accordance with this Condition 9.6, the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

The Holder of a Preferred Senior Note may not exercise such Put Option in respect of any such Note which is the subject of an exercise by the Issuer of its Call Option.

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.

9.7 *Early Redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, 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 Final Terms for the purposes of this Condition 9.7 or, if none is so specified, a Day Count Fraction of 30E/360.

9.8 *Purchase:* The Issuer or any of its Subsidiaries may (but, in the case of Non-Preferred Senior Notes, subject to Condition 9.11 (*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.

9.9 *Cancellation:* All Notes which are redeemed will forthwith (but, in the case of Non-Preferred Senior Notes, subject to Condition 9.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*) be cancelled. All Notes so cancelled, and any Notes purchased pursuant to Condition 9.8 (*Purchase*) above that are cancelled, shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

9.10 *Substitution and Variation of Non-Preferred Senior Notes:* This Condition 9.10 is only applicable to Non-Preferred Senior Notes.

Subject to Condition 9.11 (*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 20 (*Notices*), if the MREL/TLAC Disqualification Event Substitution/Variation Option is specified in the relevant Final Terms as being applicable and a MREL/TLAC Disqualification Event has occurred and is continuing, the Issuer may substitute all (but not some only) of the Non-Preferred Senior Notes or vary the terms of all (but not some only) of the Non-Preferred Senior Notes, without any requirement for the consent or approval of the Holders, so that they become or remain Qualifying Non-Preferred Senior 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 Non-Preferred Senior Notes. Such substitution or variation will be effected without any cost or charge to the Holders.

9.11 *Conditions to Redemption etc. Prior to Maturity Date (if any):* This Condition 9.11 is only applicable to Non-Preferred Senior Notes.

Such Notes may only be redeemed, purchased, cancelled, substituted, varied or modified (as applicable) pursuant to Condition 9.2 (*Early Redemption Following a Tax Event*), Condition 9.3 (*Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event*), Condition 9.4 (*Redemption at the option of the Issuer*), Condition 9.8 (*Purchase*), Condition 9.9 (*Cancellation*) or Condition 9.10 (*Substitution and Variation of Non-Preferred Senior Notes*), as the case may be, if:

(i) in the case of any such substitution, variation or modification, the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has not objected to, such substitution, variation or modification (as applicable) in accordance with the CRD IV requirements;

(ii) in the case of any such redemption, purchase or cancellation, the Issuer has notified the Relevant Regulator of, and, if then required by CRD IV, the Relevant Regulator has given permission to, such redemption, purchase or cancellation (as applicable); and

(iii) in the case of a redemption of such Notes as a result of a MREL/TLAC Disqualification Event or a redemption event occurring under Condition 9.2 (*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.

10. Payments – Notes

10.1 *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.

10.2 *Principal and Interest:* Except as otherwise provided in Condition 10.3 (*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.

10.3 *Payments on Foreign Currency Notes:* Unless otherwise specified in the relevant Final Terms, 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 Final Terms, 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.

10.4 *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 11 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.

10.5 In this Condition, "**business day**" means:

(i) Relevant Banking Day; or

(ii) Payment Business Day.

11. Taxation

11.1 *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, 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.

11.2 *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.

11.3 *Non-Preferred Senior Notes:* This Condition 11.3 is only applicable in relation to Non-Preferred Senior Notes. Notwithstanding the foregoing, Condition 11.1 (*Gross up*) will be limited to payments of interest in respect of the Non-Preferred Senior Notes.

11.4 References in these Conditions to "interest," "Outstanding Principal Amount" or "Redemption Amounts" shall be deemed to include additional amounts payable under this Condition 11 and references in these Conditions to the "Issuer" shall be deemed to include any successor entity.

12. Events of Default

This Condition 12 is only applicable in relation to Preferred Senior Notes.

12.1 The following events or circumstances as modified by, and/or such other events as may be specified in, the relevant Final Terms (each an "**Event of Default**") shall be acceleration events in relation to any Series of Preferred Senior Notes, namely:

(i) the Issuer fails to pay any amount of principal or interest in respect of the Preferred Senior Notes of the relevant Series or any of them on the due date for payment thereof and such default continues for a period of five days on which banks are open for business in Copenhagen after written notice has been given by the Fiscal Agent or the Holder of any such Preferred Senior Note to the Issuer; or

(ii) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes of the relevant Series of Preferred Senior Notes and (except in any case where such default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such default remains unremedied for thirty days after written notice requiring such default to be remedied has been received by the Issuer from the Fiscal Agent or the Holder of any such Preferred Senior Note; or

(iii) a distress, execution, seizure before judgment or other legal process is levied or enforced or sued out upon or against any part of the property, assets or revenues of the Issuer which is material in its effect upon the operation of the Issuer and is not discharged or stayed within sixty days of having been so levied, enforced or sued out; or

(iv) (A) an application for the commencement of bankruptcy against the assets of the Issuer is filed and the application has been filed by or on behalf of the Issuer, or (B) a third party has filed an application for the commencement of bankruptcy against the assets of the Issuer and (the earlier of) either (1) the DFSA advises the competent court to open up bankruptcy proceedings, or (2) the competent court opens bankruptcy proceedings against the assets of the Issuer, or (C) under Section 233 of the Danish Financial Business Act, the DFSA permits liquidators of the Issuer appointed pursuant to Sections 227 or 228 of the Danish Financial Business Act to file a petition for bankruptcy under and pursuant to Section 17 of the Danish Bankruptcy Act in relation to the Issuer, or (D) under Sections 233 or 234 of the Danish Financial Business Act, the DFSA files a petition for bankruptcy under and pursuant to Section 17 of the Danish Bankruptcy Act in relation to the Issuer; or

(v) under Section 238 of the Danish Financial Business Act, the DFSA files a petition for the suspension of payments of the Issuer.

12.2 *Acceleration*: If any Event of Default (other than an Event of Default specified in Condition 12.1(iv)) shall occur in relation to any Series of Preferred Senior Notes, unless the principal amount of the relevant Series of Preferred Senior Notes shall have already become due and payable, the Holders of not less than 25 percent in aggregate principal amount of such Series of Preferred Senior Notes then outstanding may, by written notice to the Issuer (effective upon receipt), at the specified office of the Fiscal Agent, declare that such Series of Preferred Senior Notes and (if such Series of Preferred Senior Notes is interest-bearing) together with all interest (if any) accrued thereon, shall be forthwith due and payable, whereupon the same shall become immediately due and payable at the relevant Early Termination Amount, together with all interest (if any) accrued thereon, without presentment, demand, protest or other notice of any kind, all of which the Issuer expressly waives, anything contained in such Preferred Senior Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the relevant Series of Preferred Senior Notes shall have been cured.

13. Enforcement Events

This Condition 13 is only applicable in relation to Non-Preferred Senior Notes.

13.1 *No Events of Default:* There are no events of default in respect of the Non-Preferred Senior Notes. Holders of such Notes shall not be entitled at any time to file for bankruptcy or liquidation of the Issuer.

13.2 *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 such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such bankruptcy or liquidation of the Issuer together with any interest accrued and unpaid on such Note from (and including) the Interest Payment Date immediately preceding the occurrence of such Enforcement Event and any other amounts payable on such Note (including any damages payable in respect thereof). Such claim shall rank as provided in Condition 5 (*Status of the Notes*).

13.3 *Enforcement of Obligations:* Subject to Condition 13.1 (*No Events of Default*) and without prejudice to Condition 13.2 (*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.

14. 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.

15. 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.

16. Agents

16.1 *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.

16.2 *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 Final Terms. 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 Final Terms, the Issuer shall at all times maintain a Calculation Agent with an office located in such place as may be required by the 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.

17. Meetings of Holders; Modification and Waiver

17.1 *Meetings of Holders:* The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of Holders of Notes of any Series to consider 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 11 (*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 11 (*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 11 (*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 Notes 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.

In the case of Non-Preferred Senior Notes, any modification to these Conditions pursuant to the operation of the provisions described in this Condition 17.1 is subject to Condition 9.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*).

17.2 *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 9.11 (*Conditions to Redemption etc. Prior to Maturity Date (if any)*) in the case of Non-Preferred Senior Notes, 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.

18. 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.

19. 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.

20. 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 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.ise.ie*).

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.

21. Currency Indemnity

The currency in which the Notes are denominated or, if different, payable, as specified in the relevant Final Terms (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.

22. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms):

(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.

23. 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.

24. Governing Law and Jurisdiction

24.1 *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 9.2 (*Early Redemption Following a Tax Event*), Condition 9.3 (*Early Redemption upon the Occurrence of a MREL/TLAC Disqualification Event*) and Condition 13 (*Enforcement Events*), which shall be governed by, and shall be construed in accordance with, Danish law.

24.2 *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.

24.3 *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.

24.4 *Rights of the Holders to Take Proceedings outside England:* Condition 24.2 (*English Courts*) is for the benefit of the Holders only. As a result, nothing in this Condition 24 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.

24.5 *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 paragraph 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.

24.6 *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 24.6, 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 Relevant Resolution Authority 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 Relevant Resolution Authority, 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 Relevant Resolution Authority, to give effect to the exercise of any Danish Statutory Loss Absorption Powers by the Relevant Resolution Authority.

25. 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 FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Program.

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 Directive 2014/65/EU (as amended, "**MiFID II**") or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. 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.

MiFID II Product Governance / Professional investors and ECPs 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 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.

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

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

[Date]

DANSKE BANK A/S

U.S.$ 15,000,000,000

U.S. Medium-Term Note Program

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated May 23, 2018 [and the Prospectus Supplement No. [●] dated [●]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC, as amended, including by Directive 2010/73/EU (the "**Prospectus Directive**"). [This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.][1] Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at, and copies may be obtained from, the Central Bank of Ireland's website at *www.centralbank.ie* for a period of 12 months following the date of the Base Prospectus.

[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. Italics denote guidance for completing the Final Terms.]

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

[The following alternative language applies if the first Tranche of an issue of Notes which is being increased was issued under a Base 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 Prospectus dated [*original date*] [*together with any supplements which amend the Conditions*], which are incorporated in the Base Prospectus dated [*current date*] [and the Prospectus Supplement No. [●] dated [●]], which [together] constitute[s] a base prospectus (the "**Current Base Prospectus**") for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Directive and must be read in conjunction with the Current Base Prospectus, including the Conditions which are incorporated by reference in the Current Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Current Base Prospectus. The Current Base Prospectus is available for viewing at, and copies may be obtained from, the Central Bank of Ireland's website at *www.centralbank.ie*. The Final Terms are available for viewing at the website of Euronext Dublin at *www.ise.ie*.

(1) Remove if the Notes will not be listed.

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 16 (ii) 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] [[[[ ]-month] [*currency*] LIBOR/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]])
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] and/or [16 below]] if details are included there*]
13	Call/Put Options:	[Call Option/Put Option/Not Applicable] [(see paragraphs [19] and/or [20] below)]
14.	(i) Status of the Notes:	[Preferred Senior Notes/Non-Preferred Senior Notes]
	[(ii) Date [Board] approval for issuance of Notes obtained:	[ ]] (*N.B. Only relevant where Board (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 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.	**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*)	
	– Reference Rate:	[[[ ]-month] [*currency*] LIBOR/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]	
	– Interest Determination Date(s):	[ ]	
	– 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 7.5 (*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:	[●]
17.	**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

18.	**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: [ ] days Maximum period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent*)
19.	**Put Option**		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s) (Put):	[ ]

	(ii)	Optional Redemption Amount (Put):	[ ] per Calculation Amount
	(iii)	Notice period:	Minimum period: [ ] days Maximum period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems 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] (*N.B. Only relevant for Non-Preferred Senior Notes*)
21.	**Final Redemption Amount**		[[ ] per Calculation Amount/Not Applicable]
22.	(i)	**Early Redemption Amount**	
		Early Redemption Amount payable on redemption for taxation reasons:	[As set out in the Conditions/[ ] per Calculation Amount]
	(ii)	**Early Termination Amount**	
		Early Termination Amount payable on Event of Default:	[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] (*N.B. Only relevant for Non-Preferred Senior Notes*)

[[*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: .... *Duly authorized*	By: .... *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/None]
(ii)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on Euronext Dublin's regulated market 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 these Final Terms. 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.

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 Prospectus, 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 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:	[ ]
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*]

(1) Complete section only if applicable. Otherwise delete and re-number sections accordingly.

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. However, if there is an Event of Default under the Notes, DTC reserves the right to exchange the Global Notes for Notes in registered definitive form ("**Definitive Notes**"), and to distribute such Notes to its Participants (as described below).

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 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 or (iii) DTC so requests after there shall have occurred and been continuing an Event of Default with respect to the relevant Tranche of 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 Final Terms, 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 Prospectus and the relevant Final Terms. 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 10.3 (*Payments on Foreign Currency Notes*).

THIS BASE PROSPECTUS 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 PROSPECTUS 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 Prospectus 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 Final Terms.

Purchase

Unless otherwise indicated in the relevant Final Terms, 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 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 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 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 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 (a) none of the Issuer, the Arranger, the Dealers, the Listing Agent and Fiscal Agent and their respective affiliates (collectively, the "**Transaction Parties**") has provided or will provide any advice in a fiduciary capacity with respect to the Plan's decision to acquire and hold the Notes and (b) the decision to acquire and hold the Notes has been made be a duly authorized Plan Fiduciary who is independent of the Transaction Parties and who (i) is a (A) bank as defined in Section 202 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") or similar institution that is regulated and supervised and subject to periodic examination by a state or federal agency of the United States, (B) insurance carrier which is qualified under the laws of more than one state of the United States to perform the services of managing, acquiring or disposing of assets of such a Plan, (C) an investment adviser registered under the Advisers Act or, if not registered an as investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state (referred to in such paragraph (1)) in which it maintains its principal office and place of business, (D) broker-dealer registered under the Securities Exchange Act of 1934, as amended or (E) an "independent fiduciary" within the meaning of U.S. Code of Federal Regulations 29 C.F.R. Section 2510.3-21(c), as amended from time to time, that holds or has at least USD 50 million of assets under management or control and will at all times that the Plan holds the Notes hold or have under management or control, total assets of at least USD 50 million, (ii) in the case of a Plan that is an individual retirement account ("**IRA**"), is not the IRA owner, beneficiary of the IRA or relative of the IRA owner or beneficiary, (iii) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the Notes, (iv) is a "fiduciary" within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, with respect to the decision of the Plan to acquire and hold the Notes, (v) has exercised independent judgment in evaluating whether to invest the assets of the Plan in the Notes, (vi) understands and has been fairly informed of the existence and the nature of the financial interests of the Transaction Parties in connection with the Plan's acquisition of the Notes, (vii) understands that the Transaction Parties are not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity to the Plan, in connection with the Plan's acquisition of the Notes, and (viii) confirms that no fee or other compensation will be paid directly to any of the Transaction Parties by the Plan or the Plan Fiduciary for the provision of investment advice (as opposed to other services) in connection with the Plan's acquisition of the Notes. The above representations in this paragraph are intended to comply with the Department of Labor's regulation, Sections 29 C.F.R. 2510.3-21(a) and (c)(1) as promulgated on April 8, 2016 (81 Fed. Reg. 20,997). To the extent these regulations are revoked, repealed or no longer effective, these representations shall be deemed to be no longer in effect.

PLAN OF DISTRIBUTION

The Notes are being offered on a continuous basis for sale by the Issuer to or through BNP Paribas Securities Corp., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Danske Bank A/S, Goldman Sachs & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, UBS Securities LLC and Wells Fargo 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 May 23, 2018 (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 Final Terms, 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 Final Terms, 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 any person acting on behalf of any Stabilizing Manager(s)) in the relevant Final Terms 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, there is no assurance that the Stabilizing Manager(s) (or any person acting on behalf of any Stabilizing Manager) will undertake stabilization action. 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 be ended 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 any person acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws, regulations 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. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of 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 Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus 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 Prospectus 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 Prospectus as completed by the relevant Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

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

    (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

    (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will 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 Financial Services and Markets Act 2000) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 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 Financial Services and Markets Act 2000 with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

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 in compliance with the Danish Consolidated Act No. 12 of January 8, 2018 on Trading in Securities, as amended, supplemented or replaced from time to time, and any Executive Orders issued thereunder and in compliance with Executive Order 330 of April 7, 2016, as amended, supplemented or replaced from time to time, 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 Prospectus (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.

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 Prospectus.

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 Prospectus or any other offering material or any set of Final Terms, 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 Prospectus, any other offering material or any set of Final Terms 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 Prospectus, 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 Final Terms or a supplement to this Base Prospectus 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 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 Final Terms or in a supplement to this Base Prospectus.

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).

Prospective investors should consult their own tax advisor with respect to the U.S. federal, state, local and foreign 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 Final Terms or in a supplement to this Base Prospectus, 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

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 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 original issue discount ("**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 Final Terms 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 Final Terms or a supplement to this Base Prospectus 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 Final Terms and any supplement to this Base Prospectus 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 Final Terms and any supplement to this Base Prospectus 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 that was created on or before the Grandfather Date (the "**original 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 the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Short-Term Notes

In the case of Notes having a term of one year or less ("**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 is taken into account only to the extent of total gain or loss realized on the transaction (including with respect to amounts received attributable to accrued interest). 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. 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 Non-Preferred Senior Notes

The terms of the Non-Preferred Senior Notes provide that, in certain circumstances, the Issuer may substitute all (but not some only) of such Notes or vary the terms of such Notes without any requirement for the consent or approval of the Holders. Depending on their terms, certain substitutions or variations might be treated for U.S. federal income tax purposes as a deemed disposition of such Non-Preferred Senior 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 the Non-Preferred Senior Notes, and the 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 Non-Preferred Senior 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 Final Terms or a supplement to this Base Prospectus.

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, non-publicly traded debt or equity interest in 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.

2017 Legislation

Under recently enacted legislation, for tax years beginning on or after January 1, 2018, certain U.S. Holders that use an accrual method of accounting for tax purposes may be required to conform their income inclusions to their financial statements and therefore to accrue income earlier than would be the case under the general tax rules described above. U.S. Holders that use an accrual method of accounting should consult with their tax advisors regarding the potential application of this legislation to their particular situation.

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 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*," 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 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 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.

The FTT proposal remains subject to negotiation between the participating Member States and 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.

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.

In addition, each Plan Fiduciary will be deemed to have represented and agreed that (a) none of the Transaction Parties has provided or will provide any advice in a fiduciary capacity with respect to the Plan's decision to acquire and hold the Notes and (b) the decision to acquire and hold the Notes has been made be a duly authorized Plan Fiduciary who is independent of the Transaction Parties and who (i) is a (A) bank as defined in Section 202 of the Advisers Act or similar institution that is regulated and supervised and subject to periodic examination by a state or federal agency of the United States, (B) insurance carrier which is qualified under the laws of more than one state of the United States to perform the services of managing, acquiring or disposing of assets of such a Plan, (C) an investment adviser registered under the Advisers Act or, if not registered an as investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state (referred to in such paragraph (1)) in which it maintains its principal office and place of business, (D) broker-dealer registered under the Securities Exchange Act of 1934, as amended or (E) an "independent fiduciary" within the meaning of U.S. Code of Federal Regulations 29 C.F.R. Section 2510.3-21(c), as amended from time to time, that holds or has at least USD 50 million of assets under management or control and will at all times that the Plan holds the Notes hold or have under management or control, total assets of at least USD 50 million, (ii) in the case of a Plan that is an IRA, is not the IRA owner, beneficiary of the IRA or relative of the IRA owner or beneficiary, (iii) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the Notes, (iv) is a "fiduciary" within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, with respect to the decision of the Plan to acquire and hold the Notes, (v) has exercised independent judgment in evaluating whether to invest the assets of the Plan in the Notes, (vi) understands and has been fairly informed of the existence and the nature of the financial interests of the Transaction Parties in connection with the Plan's acquisition of the Notes, (vii) understands that the Transaction Parties are not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity to the Plan, in connection with the Plan's acquisition of the Notes, and (viii) confirms that no fee or other compensation will be paid directly to any of the Transaction Parties by the Plan or the Plan Fiduciary for the provision of investment advice (as opposed to other services) in connection with the Plan's acquisition of the Notes.

The above representations in this paragraph are intended to comply with the Department of Labor's regulation, Sections 29 C.F.R. 2510.3-21(a) and (c)(1) as promulgated on April 8, 2016 (81 Fed. Reg. 20,997). To the extent these regulations are revoked, repealed or no longer effective, these representations shall be deemed to be no longer in effect.

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.

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 interim financial statements of the Group as at and for the three months ended March 31, 2018 have been reviewed by Deloitte and the consolidated financial statements of the Group as at and for the years ended December 31, 2017 and 2016 have been audited by Deloitte, as stated in their reports incorporated by reference into this Base Prospectus.

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.

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 15, 2018 are, and the Full-year 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 to Euronext Dublin for Notes issued under the Program to be admitted to the Official List and trading on its regulated 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 regulated market of Euronext Dublin or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

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 regulated market of Euronext Dublin.

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 increase in the Program amount from U.S.$ 10,000,000,000 to U.S.$ 15,000,000,000 was authorized by a resolution of the Board of Directors of the Issuer passed on May 15, 2018. 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

On May 3, 2018, the DFSA ordered the Board of Directors and the Executive Board to reassess the Issuer'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.

(i) Save as outlined immediately above, there has been no significant change in the financial position of the Issuer or of the Issuer and its subsidiaries taken as a whole since March 31, 2018, the last day of the financial period in respect of which the most recent financial statements of the Issuer have been prepared; and

(ii) there has been no material adverse change in the prospects of the Issuer since December 31, 2017, 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

DANSKE BANK A/S
2-12 Holmens Kanal
DK-1092 Copenhagen K
Denmark

ARRANGER

Merrill Lynch, Pierce, Fenner & Smith Incorporated
One Bryant Park
New York, NY 10036
United States

DEALERS

BNP Paribas Securities Corp.
787 Seventh Avenue
New York, NY 10019
United States

Citigroup Global Markets Inc.
388 Greenwich Street
New York, NY 10013
United States

Credit Suisse Securities (USA) LLC
11 Madison Avenue
New York, NY 10010
United States

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

Goldman Sachs & Co. LLC
200 West Street
New York, NY 10282
United States

HSBC Securities (USA) Inc.
HSBC Tower
452 Fifth Avenue
New York, NY 10018
United States

J.P. Morgan Securities LLC
383 Madison Avenue
New York, NY 10179
United States

Merrill Lynch, Pierce, Fenner & Smith Incorporated
One Bryant Park
New York, NY 10036
United States

Morgan Stanley & Co. LLC
1585 Broadway, 29th Floor
New York, NY 10036
United States

UBS Securities LLC
1285 Avenue of the Americas
New York, NY 10019
United States

Wells Fargo Securities, LLC
550 South Tryon Street
Charlotte, NC 28202
United States

LEGAL ADVISORS

To the Issuer:

As to United States and English law:

White & Case LLP

1221 Avenue of the Americas New York, NY 10020 United States	5 Old Broad Street London EC2N 1DW United Kingdom	Aleksanterinkatu 44 FI-00100 Helsinki Finland

As to Danish law:

Flemming S. Pristed
Group General Counsel
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2-12 Holmens Kanal
DK-1092 Copenhagen K
Denmark

To the Dealers:

As to United States and English law:

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5 Aldermanbury Square
London EC2V 7HR
United Kingdom

AUDITOR

To the Issuer:

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Weidekampsgade 6
DK-2300 Copenhagen S
Denmark

LISTING AGENT

Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

FISCAL AGENT

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100 Wall Street
New York, NY 10005
United States