## 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 September 4, 2015 (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.

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**

**U.S.$ 10,000,000,000**
**U.S. Medium-Term Note Program**

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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.$ 10,000,000,000 (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). 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 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 2004/39/EC 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 for Notes issued under the Program to be admitted to the Official List (the "**Official List**") and trading on its regulated market. References in this Base Prospectus to Notes being "listed" (and all related references) on the Irish Stock Exchange shall mean that such Notes have been admitted to the Official List and to trading on its regulated market. The regulated market of the Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC. 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 the Irish Stock Exchange 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 RESTRICTIONS*."

***Arranger for the Program***

**BofA Merrill Lynch**

***Dealers***

| | |
|---|---|
| **BofA Merrill Lynch** | **Citigroup** |
| **Danske Bank** | **Goldman, Sachs & Co.** |
| **J.P. Morgan** | **Wells Fargo Securities** |

The date of this Base Prospectus is September 4, 2015

## IMPORTANT INFORMATION

The Bank accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche 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.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Dealers as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any information provided by the Bank in connection with the Program. No Arranger or Dealer accepts any liability in relation to the information contained or incorporated by reference in 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 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 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 Restrictions*."

The rating of certain Tranches 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 Tranche of Notes will be issued by a credit rating agency established in the European Union (the "**EU**") and registered under Regulation (EU) 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 July 10, 2015).

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.

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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: *Finansrådet* (Danish Bankers' Association)) – and one of the largest in the Nordic region – measured by total assets as at June 30, 2015. The Group offers its customers in Denmark and in its other markets a broad range of services that, depending on the market, include services in banking, mortgage finance, insurance, trading, leasing, real estate agency and investment management. The Group has a leading market position in Denmark and is one of the larger banks in Finland and Northern Ireland. The Group also has significant operations in its other main markets of Sweden and Norway. As at June 30, 2015 the Group's total assets amounted to DKK 3,452.2 billion and the Group employed 18,874 full-time equivalent employees. As at the same date, the Group had approximately 3.6 million customers and approximately 2.2 million customers used the Group's online services. The Group had 313 branches as at June 30, 2015.

The Bank is the parent company of the Group. Danske Bank is a Nordic universal bank, and its core markets are Denmark, Sweden, Norway and Finland (through its subsidiary). In these countries, it serves all types of customers, from personal customers and businesses to large institutional clients. In Denmark and Finland, it has market-leading positions, while in Sweden and Norway, it has challenger positions. It also operates in Northern Ireland, Estonia, Latvia and Lithuania, where it serves both personal and business customers, focusing on business banking in the Baltic countries. The Group has additional offices in several other European countries including a subsidiary in Luxembourg and branch offices in Poland, Germany and the UK, 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 New York and has a subsidiary in St. Petersburg serving Nordic corporate banking customers.

### Group Strategy and Mission

The Group's vision is to be "recognized as the most trusted financial partner." The Group's core values are expertise, integrity, value, agility and collaboration. The Group aims to meet and interact with its customers allowing them seamless navigation and connectivity regardless of time or place. As reflected in the Group's corporate responsibility policy, the Group strives to conduct business on the basis of customers' needs in a profitable and sustainable manner.

The Group focuses on strengthening relationships with customers and creating a simpler and more efficient financial institution. For example, the Group aims to create innovative solutions to meet its customers' demand for digital solutions, and constantly offer new solutions and features that enhance the easy banking experience.

The Group's information technology ("**IT**") strategy is a fundamental prerequisite for the Group's ability to develop dynamically and maintain its position as Denmark's leading financial services provider and as a key financial player in the Nordic region.

### Recent Developments

#### *New Operating Model for Northern Ireland*

In July 2015, the Group announced that as part of an ongoing business review, the Group believes that its activities in Northern Ireland would operate more efficiently as a standalone business unit rather than as part of Personal Banking and Business Banking, while still benefiting from cost efficiencies within the Group. Accordingly, the Group's activities in Northern Ireland will be disclosed as a separate business unit effective as of January 1, 2016.

#### *Change to REA Calculation*

In July 2015, Danske Bank Plc received permission from the Finnish Financial Supervisory Authority to use the foundation internal ratings-based approach ("**F-IRB**") for calculating risk exposure amounts ("**REA**") for credit risk for the corporate asset class beginning in the third quarter of 2015. The permission to use F-IRB for the Finnish portfolio also applies on a consolidated basis.

***Share Buy-back Program***

The Bank initiated a share buy-back program on March 30, 2015 pursuant to which it may buy DKK 5 billion in shares during the period ending on December 31, 2015. As at June 30, 2015, the Bank has repurchased 9,765,000 shares for a total purchase amount of DKK 1.9 billion.

***Extension of Internal VaR Model***

In June 2015, the Danish Financial Supervisory Authority (the "**DFSA**") approved the extension of the Group's internal value-at-risk ("**VaR**") model to include specific market risk factors and the Group's new incremental risk model. The new internal VaR model is used to measure the market risk in the Group, that is, both general and specific market risk factors are included in the model. However, credit risk elements, such as default and credit rating migration risks on bond issuers and credit default swap ("**CDS**") names, are estimated in the incremental risk model, which is a separate model.

***Internal Model Method***

In June 2015, the DFSA approved the Group's internal models to calculate counterparty credit exposure and the CVA risk charge for regulatory capital.

**Overview of Key Risk Factors**

An investment in the Notes involves risks. Such risks include, but are not limited to, the risk factors described below and in "*Risk Factors*." Any of these risks could have a material adverse effect on the Bank's business, results of operations, financial position or future prospects or the value of the Notes. Additional risks and uncertainties, including those of which the Bank's executive board (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.
- 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 trading and investment 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 IT systems.
- The Bank's ownership of 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.

Factors that are material for the purpose of assessing the market risks associated with the Notes issued under the Program include, but are not limited to the following:

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

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

- Modification and waiver of the Notes may be made by defined majorities of Holders.
- Changes in law could affect the governing law of the Notes.
- Trading in the Notes could be impacted by denominations involving integral multiples.
- Notes may be subject to optional redemption by the Bank.
- Notes may be redeemed prior to maturity for taxation reasons.
- 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 Bank's covered bonds will have priority over Holders upon bankruptcy of the Bank.

- 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.

## Summary Consolidated Financial Information and Other Data

The consolidated income statement and balance sheet data presented below have been derived from the unaudited consolidated interim financial statements of the Group as at and for the six months ended June 30, 2015, together with comparative figures as at and for the six months ended June 30, 2014, and the audited consolidated financial statements of the Group as at and for the years ended December 31, 2014 and 2013, together with comparative figures as at and for the years ended December 31, 2013 and 2012, respectively. These consolidated financial statements of the Group 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 are incorporated by reference into this Base Prospectus. These consolidated financial statements have been audited by Ernst & Young P/S whose reports thereon are also incorporated by reference herein. At the time of issuing its report on the consolidated financial statements as at and for the year ended December 31, 2013, Ernst & Young P/S was named KPMG Statsautoriseret Revisionspartnerselskab. KPMG Statsautoriseret Revisionspartnerselskab left the KPMG network and joined the EY network on July 1, 2014, in which connection its name was changed to Ernst & Young P/S.

The following information is based on the financial highlights presentation used by the Group when presenting such information in its annual and interim reports, and the ratios and key figures set forth below have been derived from the Group's regularly maintained records and operating systems. The Group's financial highlights deviate from the corresponding figures in the Group's consolidated financial statements due to reclassification of certain items as discussed in more detail under "*Important Information for Investors—Presentation of Financial Information*." See note 2 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015, note 3 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 and note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2013 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 of the Group 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 six months ended June 30,** | | **For the year ended December 31,** | | |
|---|---|---|---|---|---|
| | **2015** | **2014** | **2014** | **2013** | **2012** |
| | | **(restated)[1]** | [2] | **(restated)[3]** | **(restated)[4]** |
| | **(DKK in millions)** | | | | |
| **INCOME STATEMENT DATA** | | | | | |
| Net interest income | 10,829 | 10,836 | 23,107 | 22,077 | 22,778 |
| Net fee income | 6,134 | 5,207 | 10,491 | 9,468 | 8,866 |
| Net trading income | 4,240 | 4,152 | 6,562 | 5,799 | 10,562 |
| Other income | 866 | 674 | 1,344 | 1,308 | 1,285 |
| Net income from insurance business | 1,110 | 927 | 2,362 | 1,088 | 2,171 |
| Total income | 23,179 | 21,797 | 43,866 | 39,740 | 45,662 |
| Operating expenses | (10,750) | (11,021) | (22,641) | (23,794) | (24,642) |
| Goodwill impairment charges | – | – | (9,099) | – | – |
| Profit before loan impairment charges | 12,429 | 10,776 | 12,126 | 15,947 | 21,020 |
| Loan impairment charges | (283) | (1,267) | (2,788) | (4,111) | (7,680) |
| Profit before tax, core | 12,146 | 9,509 | 9,338 | 11,836 | 13,340 |
| Profit before tax, Non-core | 30 | (794) | (1,503) | (1,777) | (4,801) |
| Profit before tax | 12,176 | 8,715 | 7,835 | 10,059 | 8,539 |
| Tax | (2,757) | (1,791) | (3,989) | (2,944) | (3,814) |
| Net profit for the period | 9,419 | 6,924 | 3,846 | 7,115 | 4,725 |
| Net profit for the period before goodwill impairment charges | 9,419 | 6,924 | 12,945 | 7,115 | 4,725 |
| Attributable to additional Tier 1 capital holders and non-controlling interests | 279 | 100 | 261 | – | 4 |

| | As at June 30, 2015 | As at December 31, 2014 [(2)] | 2013 (restated)[(3)] | 2012 (restated)[(4)] |
|---|---|---|---|---|
| | (DKK in millions) | | | |
| **BALANCE SHEET DATA** | | | | |
| **Assets** | | | | |
| Due from credit institutions and central banks | 125,520 | 63,786 | 53,714 | 113,657 |
| Repo loans | 234,139 | 290,095 | 316,079 | 307,177 |
| Loans | 1,601,060 | 1,563,729 | 1,536,773 | 1,640,656 |
| Trading portfolio assets | 596,739 | 742,512 | 695,722 | 812,966 |
| Investment securities | 330,926 | 330,994 | 161,917 | 107,724 |
| Assets under insurance contracts | 269,214 | 268,450 | 246,484 | 241,343 |
| Total assets in Non-core | 30,326 | 32,329 | 41,837 | 33,100 |
| Other assets | 264,289 | 161,120 | 174,531 | 228,326 |
| Total assets | 3,452,213 | 3,453,015 | 3,227,057 | 3,484,949 |
| **Liabilities** | | | | |
| Due to credit institutions and central banks | 114,717 | 126,800 | 132,253 | 241,238 |
| Repo deposits | 337,311 | 400,618 | 331,091 | 359,276 |
| Deposits | 839,690 | 763,441 | 776,412 | 783,759 |
| Bonds issued by Realkredit Danmark | 691,544 | 655,965 | 614,196 | 614,325 |
| Other issued bonds | 345,532 | 330,207 | 310,178 | 340,005 |
| Trading portfolio liabilities | 485,838 | 550,629 | 435,183 | 531,860 |
| Liabilities under insurance contracts | 288,658 | 287,315 | 262,468 | 266,938 |
| Total liabilities in Non-core | 6,065 | 4,950 | 17,476 | 4,831 |
| Other liabilities | 145,956 | 138,943 | 135,924 | 136,928 |
| Subordinated debt | 36,846 | 41,028 | 66,219 | 67,785 |
| Additional Tier 1 capital holders and non-controlling interests | 11,340 | 5,673 | – | 4 |
| Shareholders' equity | 148,715 | 147,445 | 145,657 | 138,004 |
| Total liabilities and equity | 3,452,213 | 3,453,015 | 3,227,057 | 3,484,949 |

| | As at and for the six months ended June 30, 2015 | 2014 (restated)[(1)] | As at and for the year ended December 31, 2014 [(2)] | 2013 (restated)[(3)] | 2012 (restated)[(4)] |
|---|---|---|---|---|---|
| **Ratios and Key Figures** | | | | | |
| Earnings per share,[(5)] DKK | 9.2 | 6.9 | 3.6 | 7.1 | 5.0 |
| Diluted earnings per share,[(6)] DKK | 9.2 | 6.8 | 3.6 | 7.1 | 5.0 |
| Return on average shareholders' equity,[(7)(8)] percent | 12.5 | 9.4 | 2.4 | 5.0 | 3.6 |
| Return before goodwill impairments on average shareholders' equity, percent[(8)(9)] | 12.5 | 9.4 | 8.5 | 5.0 | 3.6 |
| Return on average tangible equity,[(8)(10)] percent | 14.1 | 11.4 | 10.3 | 6.4 | 5.3 |
| Net interest income as percent per annum of loans and deposits | 0.89 | 0.93 | 0.99 | 0.95 | 0.94 |
| Cost/income ratio,[(11)] percent | 46.4 | 50.6 | 72.4 | 59.9 | 54.0 |
| Cost/income ratio before goodwill impairments,[(12)] percent | 46.4 | 50.6 | 51.6 | 59.9 | 54.0 |
| Total capital ratio,[(13)] percent | 18.7 | 18.5 | 19.3 | 21.4 | 21.3 |
| Common equity Tier 1 capital ratio,[(14)] percent | 14.3 | 14.4 | 15.1 | 14.7 | 14.5 |
| Full-time-equivalent staff, end of period[(15)] | 18,874 | 19,172 | 18,478 | 19,122 | 20,126 |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Six Months Ended June 30, 2015*" and "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Consolidated Financial Statements—Six Months Ended June 30, 2015*," the Group has restated the comparative financial highlights and business segment figures as at and for the six months ended June 30, 2014 in the Group's interim report as at and for the six months ended June 30, 2015. The above tables reflect the restated figures.

(2) In the Group's annual report as at and for the year ending December 31, 2015, the comparative figures for the year ended December 31, 2014 will be restated. For more details, see "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Six Months Ended June 30, 2015*" and "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Consolidated Financial Statements—Six Months Ended June 30, 2015*." The above tables do not reflect the restated figures. For restated comparative balance sheet data as at December 31, 2014, see "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Six Months ended and as at June 30, 2015 and 2014—Balance Sheet*."

(3) 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, 2014*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 in the Group's annual report as at and for the year ended December 31, 2014. The above tables reflect the restated figures. The corresponding non-restated financial highlights can be found in note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2013 incorporated by reference into this Base Prospectus.

(4) 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, 2013*" and "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2013*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 in the Group's annual report as at and for the year ended December 31, 2013. The above tables reflect the restated figures.

(5) Net profit for the period divided by the average number of shares outstanding during the period.

(6) Net profit for the period divided by the average number of shares outstanding during the period, including dilutive effect of any share options and conditional shares granted as share-based payment.

(7) Net profit for the period divided by average shareholders' equity during the period calculated on a quarterly basis.

(8) Ratios are calculated as if the additional Tier 1 capital is classified as a liability. Average shareholders' equity is calculated as a quarterly average.

(9) Net profit for the period before goodwill impairments divided by average shareholders' equity during the period calculated on a quarterly basis.

(10) Net profit for the period divided by average shareholders' equity, adjusted for intangible assets during the period. Average tangible equity is calculated as a quarterly average.

(11) Expenses, including goodwill impairment charges, divided by total income.

(12) Expenses, excluding goodwill impairment charges, divided by total income.

(13) Total capital divided by the total REA. Calculated in accordance with the CRD (as defined herein) prior to 2014 and the CRR thereafter.

(14) Common equity Tier 1 capital less statutory deductions divided by risk-weighted assets. Calculated in accordance with the CRR.

(15) Number of full-time-equivalent staff (part-time staff translated into full-time staff) as at the end of the period. The figures do not include the staff of businesses held for sale.

**General Description of the Program**

*This overview 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 overview 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.$ 10,000,000,000 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** | Citigroup Global Markets Inc.<br><br>Danske Bank A/S<br><br>Goldman, Sachs & Co.<br><br>J.P. Morgan Securities LLC<br><br>Merrill Lynch, Pierce, Fenner & Smith Incorporated<br><br>Wells Fargo Securities, LLC<br><br>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** | Arthur Cox Listing Services Limited. |
| **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.<br><br>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, *société anonyme* ("**Clearstream, Luxembourg**").

**Status of the Notes** ...................... The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among Notes of the same Series and at least *pari passu* with all other ordinary, non-preferred unsubordinated and unsecured obligations of the Issuer, present and future, save for certain mandatory exceptions provided by law, including those required as a result of the BRRD as implemented into Danish law.

**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.

**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, U.S. and Irish tax considerations, see "*Taxation*."

**Events of Default**......................... 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.

**Negative Pledge** ........................... None.

**Cross Default**.............................. None.

**Listing and Admission to Trading**..................................... Each Series of Notes may be listed on the Irish Stock Exchange 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.

**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 United Kingdom) 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 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 Limited ("**S&P**"), Moody's Investors Services Limited ("**Moody's**") and Fitch Ratings Limited ("**Fitch**"). 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 Bank's long-term debt credit ratings.<br><br>Tranches of Notes issued under the Program may be rated or unrated. Where a Tranche 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. The deterioration in the economic environment and the turmoil in the global financial markets in 2008 and 2009 was reflected in declining economic growth, increasing rates of unemployment as well as decreasing asset values in all of the Group's markets. The Danish economy picked up in the second half of 2013 and has had positive quarterly growth rates since. The Norwegian economy remained strong, but growth has slowed markedly in Norway because of lower oil prices and a slowdown in the Norwegian housing market at the end of 2014, which has reversed. However, the Swedish economy grew at a slower rate in 2013, and the Finnish economy saw economic contraction again in 2013 because of weak exports and a tight fiscal policy. Northern Ireland experienced slight contraction of its economy in 2013 following slight growth in 2012. The Danish economy experienced slow, modest growth throughout 2014, and the Swedish economy also grew slowly in 2014, mainly because of domestic demand driven by record-low interest rates. The Norwegian economy remained strong in 2014, but the significant drop in oil prices towards the end of 2014 raised concerns about the impact on growth in the Norwegian mainland economy (*i.e.*, excluding oil and gas production). The Finnish economy contracted again in 2014 due to the economic sanctions between Russia and the EU, weak domestic demand and the need to tighten economic policy. During the first six months of 2015, the general economic conditions as a whole remained weak 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. During the same period, Finland experienced slight GDP growth. The Norwegian mainland economy slowed due to spillover effects from lower oil prices. In addition, low interest rates have had, and continue to have, an impact on the Group's net interest income. 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.***

From August 2007 through the early part of 2009, 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. Following a period of stabilization in 2010 and the first half of 2011, the recovery was adversely affected by turmoil and disruptions in the capital markets that were triggered by high sovereign budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain. Despite rescue packages provided to certain of these countries during the past years, uncertainty over the outcome of these measures and worries about sovereign finances continued to persist, which, together with concerns about the overall stability and sustainability of the eurozone, resulted in further volatility in the global credit and liquidity markets. Reflecting these concerns, Moody's, S&P and Fitch downgraded the credit ratings of several EU countries in the beginning of 2012. Market concerns over the direct and indirect exposure of European banks and insurers to these countries as well as to each other also resulted in a widening of credit spreads, increased costs of funding and negative credit ratings outlooks for some European financial institutions. Even though market conditions improved somewhat in the latter part of 2012, the developments in the financial markets were driven mainly by central bank initiatives, and markets remained volatile with uncertainty about future macroeconomic developments. For example, the rescue package offered to Cyprus in March 2013 resulted in increased market volatility and speculation about the stability of the eurozone. The continued modest GDP growth and low inflation experienced in Europe has also raised concerns, as evidenced by the quantitative easing program introduced by the European Central Bank (the "**ECB**") in January 2015, and the uncertainty over the stability of the eurozone following recent negotiations with Greece where the prospect of an exit from the eurozone and the euro was floated, and remaining concerns whether Greece will remain a member, has continued. In the second and third quarters of 2015, stock prices in China have experienced a significant drop and increased volatility, resulting primarily from a continued sell-off of shares trading in the Chinese markets. The volatility in China, combined with concerns about the development of economies in China and other large developing countries, has been followed by volatility in stock markets around the world as well as increased turbulence in commodity markets. Further, China decided to change its exchange rate system in August 2015 implying that the daily reference rate is now market-based and Chinese renminbi should no longer be considered as a U.S. dollar proxy. As a result, the Chinese renminbi depreciated. The People's Bank of China has intervened in the market in order to ensure stability in the Chinese renminbi. In the Bank's view, China is not targeting a major competitive depreciation of its currency. The International Monetary Fund's (the "**IMF**") decision on possible inclusion of Chinese renminbi in IMF's special drawing right (SDR) unit has also affected China's monetary policy. China's change to the exchange rate system was another important step towards a floating exchange rate that is expected to give China more flexibility in its monetary policy and suggests that the USD/CNY exchange rate will to a larger degree reflect relative monetary policy between China and the United States. Any continued sell-off and price decreases in the Chinese stock markets, volatility in the value of the Chinese renminbi or concerns about the general economic outlook may have a further adverse contagion effect across global financial markets. 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 the region of Crimea and eastern Ukraine, which commenced in early 2014, and the effects of the recent significant reduction in global oil prices. 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. It is expected that the U.S. Federal Reserve will begin increasing interest rates in the second half of 2015. Although higher interest rates are expected in the market, the tighter monetary policy in the United States may result in increased uncertainty and volatility. Risks related to the economic development in Europe have also had and, despite the recent periods of moderate stabilization, 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.***

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 46.7 percent of the Group's total income in the six months ended June 30, 2015, 52.7 percent in 2014, 55.6 percent in 2013 and 49.9 percent in 2012. 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 interest rate environment, as discussed in more detail below. Reductions in interest rates, a prolonged period of low 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 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 low interest rate environment.

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 United Kingdom 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 2012, and even reached negative levels in certain jurisdictions. In a low 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**") has lowered the certificate of deposit rate to negative 0.75 percent, which is the lowest level historically. 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 2014 and 2013 was adversely affected by low interest rates, and the low interest rate environment and very low deposit margins continued to put pressure on net interest income in the first six months of 2015. 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 operation 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 trading and investment income.***

The Group's trading portfolio assets amounted to DKK 596,740 million as at June 30, 2015, DKK 742,512 million as at December 31, 2014, DKK 695,722 million as at December 31, 2013 and DKK 812,927 million as at December 31, 2012. 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 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 trading and investment 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 trading and investment income, or result in a trading loss, which, in turn, could have a material adverse effect on the Group's business, results of operations and financial position.

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

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

The Danish Kroner is pegged to the euro. In 2015, the Danish Kroner faced strong appreciation pressure due to the change in monetary policy in Switzerland and the significant current account surplus in Denmark. To ensure a stable currency, the Danish Central Bank lowered interest rates to below the levels in Europe to reduce appreciation pressure as it defended the peg to the euro. As discussed under "*—The Group's profitability may be adversely affected by volatility in interest rates*" above, low 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 some market share in deposits and lending. 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, 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 to lending in Personal Banking, 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, the weak economy in Finland and 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, the Group's financial position will be sensitive to a significant deterioration in credit and general economic conditions in Denmark. 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 growing instability from the conflict in the Ukraine arising from the Russian annexation of Crimea, poses 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 escalation of the crisis, from instability and political uncertainties. Economic relations with the EU have been strained by sanctions imposed and an antagonistic military stance with the North Atlantic Treaty Organization (NATO) in the former Soviet Baltic countries. 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 probable incurred credit losses inherent in its loan portfolio. The Group's loan impairment charges are based on, among other things, its analysis of current and historical delinquency rates and loan management, its customers' likely repayment capacity and the valuation of the underlying assets, as well as numerous other management 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 for the six months ended June 30, 2015 amounted to DKK 283 million. The Group's loan impairment charges for 2014 amounted to DKK 2,788 million, as compared to DKK 4,111 million for 2013 and DKK 7,680 million for 2012. Any significant increase in the size of the Group's loan impairment charges in the future, or loan losses in excess of the Group's loan impairment charges, could have a material adverse effect on its 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 June 30, 2015, the Group held collateral amounting to DKK 1,482 billion, corresponding to 59.8 percent of the Group's gross credit exposure. 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 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 June 30, 2015, the Group's credit exposure to the residential real estate markets in Denmark was DKK 491 billion, corresponding to 20.1 percent of the Group's net credit exposure. As at June 30, 2015, the Group's gross credit exposure to the commercial property sector amounted to DKK 285.6 billion, corresponding to 11.5 percent of Group's gross 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. In 2014, the Group recognized a goodwill impairment charge of DKK 9,099 million consisting of DKK 3,493 million and DKK 1,501 million against the Personal Banking and Business Banking business units in Finland, respectively, owing to a weaker long-term economic outlook in Finland and changes in the assumptions on deposit margins, as well as the full amount of the goodwill related to the Business Banking business unit in Estonia (impairment charge of DKK 2,058 million) and DKK 2,046 million against the Personal Banking business unit in Northern Ireland owing to the positioning of the Group as a Nordic universal bank as well as changes in the assumptions on deposit margins in Northern Ireland. In the first six months of 2015 and in 2013 and 2012, the Group did not recognize any goodwill impairment charges. As at June 30, 2015, the Group's goodwill amounted to DKK 9.5 billion, or 0.3 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 that a bank will be unable to meet its obligations, including funding commitments, as they fall due. 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 experienced volatility in the latter half of 2014, continuing into 2015 until the date of this Base Prospectus due to the financial crisis in Greece and the risk of its exit from the eurozone as well as the recent disturbance on the Chinese stock market and its repercussions for other stock and credit markets and investor confidence generally.

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. The Group's existing senior funding programs are used for short- and medium-term funding, while its covered bond issues primarily serve to satisfy long-term funding requirements. 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, A2 and A from S&P, Moody's and Fitch, 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 rating is, pursuant to the current methodologies used by Moody's and S&P, linked to all major markets in which Danske Bank operates (Denmark, Sweden, Norway and Finland (through its subsidiary)). 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 and 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 serviced by a third-party provider. 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 information held on customers 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. It 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 a large part of the Group's IT services are outsourced to third-party partners, in particular to IBM as provider of the Group's IT mainframe services, 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 (*i.e.*, MobilePay) may have a direct impact on retail businesses as they rely on the Group 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 Danica Group exposes the Group to insurance risks.***

The Group operates a life insurance and pensions business through Danica Group, which exposes the Group to market risks as well as insurance risks. The insurance activities are reported in the business unit Danica Pension. 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 June 30, 2015.

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 the six months ended June 30, 2015 and the year ended December 31, 2014 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 first by the collective bonus potential and then by the bonus potential of paid-up policies, the remaining deficit will be provided by funds allocated from shareholders' equity of the relevant entity of 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 Group's net pension obligation as at June 30, 2015 was negative DKK 1,810 million, as compared to negative DKK 1,412 million as at December 31, 2014, negative DKK 1,048 million as at December 31, 2013 and negative DKK 674 million as at December 31, 2012.

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 developing risk management policies, procedures and assessment methods for its banking and other businesses. For these purposes, the Group uses a 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 2.4 percent to DKK 1,601,060 million as at June 30, 2015 from DKK 1,563,729 million as at December 31, 2014, which, in turn, represented an increase of 1.8 percent from DKK 1,536,773 million (restated) as at December 31, 2013. The Group's loans decreased by 5.4 percent to DKK 1,552,645 million as at December 31, 2013 from DKK 1,640,656 million as at December 31, 2012. Developments in the Group's loan portfolio in recent years have been characterized by weak growth and 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, and 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 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 Group's audited consolidated financial statements as at and for the year ended December 31, 2014 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) which 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 as well as the ECB with regard to the Bank's Finnish subsidiary. The Bank and many of the Group companies are also subject to EU regulations with direct applicability 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 approaches for capital requirements for credit, market and operational risk (together with a proposed capital floor based on the revised approaches for banks 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 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 anti-money laundering and terrorist financing laws. The DFSA and the Finnish Financial Supervisory Authority have pending investigations regarding compliance with applicable anti-money laundering laws within their respective jurisdictions, which could lead to orders or reprimands against the Group.

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 fines or in restrictions or limitations on the Group's operations, any of which could result in a material adverse effect on its reputation or 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 final versions of the Regulation No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the "**CRR**") and the CRD IV Directive (as defined herein) were adopted in June 2013. The CRR entered into force on January 1, 2014, whereas the CRD IV Directive was implemented in Denmark in March 2014. The framework implemented among other things Basel III in the EU. 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, a leverage ratio, 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.

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.***

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 (Directive 2014/59/EU) (the "**BRRD**"). The BRRD provides that it should be applied by Member States from January 1, 2015, except for the general bail-in tool (as defined below) and MREL (as defined below), which are to be applied from January 1, 2016. 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 (the "**Danish Resolution Act**") and 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: (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, of a failing institution (the "**general bail-in tool**"), which equity could also be subject to any future application of the general bail-in tool.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial 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 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 that resolution authorities will be required to exercise a "write-down and conversion" power relating to Tier 1 and Tier 2 capital instruments before taking any other form of resolution action. This power provides the resolution authority with the ability 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 conversion into equity may also be subject to any application of the general bail-in tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant 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 would no longer be viable.

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

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 resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution. The requirement for Danish institutions is expected to be based on the EBA methodology. The authorities are expected to determine the exact MREL requirement for the largest Danish banks during 2016 in conjunction with the preparation of their resolution plans. This may require Danish SIFIs and other banks to issue debt that can be bailed in. If an institution does not fulfill the MREL requirement, the relevant authority may withdraw its banking license. Also, a comparable concept for loss absorption, Total Loss Absorbing Capacity ("**TLAC**"), is under discussion internationally, and these discussions and their outcome could influence the implementation of MREL.

The powers set out in the BRRD will 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 has required changes to the current 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.

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 have limited or no rights to challenge any decision of the resolution authority to exercise the bail-in power or to have that decision reviewed by a judicial or administrative process or otherwise. Further, the amendment of such recovery and resolution powers, and/or any implications or anticipation that they may be used, may have a significant adverse effect on the market price of the Notes, even if such powers are not used.

***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). The Group will have to pay additional amounts under deposit guarantee schemes or resolution funds, but the final calibration of the share of each bank's contribution is still pending.

***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 and/or the EU change the financial accounting and 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.

For example, in July 2014, the IASB issued IFRS 9 Financial Instruments, which will replace IAS 39 and IAS 32. IFRS 9 provides principles for classification of financial instruments, provisioning for expected credit losses and the new general hedge accounting model. IFRS 9, which has not yet been adopted by the EU, will be effective from January 1, 2018.

Among other provisions, under IFRS 9, provisioning for expected credit losses on financial assets recognized at amortized cost in the income statement depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the provision equals 12-month expected credit losses. If the credit risk has increased significantly, the provision equals the lifetime expected credit losses. The implementation of IFRS 9 is expected to change the Group's classification and measurement of financial assets, including the bond portfolio, and lead to an increase in the allowance account due to the provisioning for expected credit losses as compared to the incurred loss provisioning under IAS 39. It is not yet possible for the Group to estimate the effect of IFRS 9 on its financial statements.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 18 Revenue and other existing IFRSs on revenue recognition. Under IFRS 15, revenue is recognized when the performance obligations inherent in the contract with a customer are satisfied. IFRS 15 also includes additional disclosure requirements. IFRS 15, which has not yet been adopted by the EU, is effective from January 1, 2018. The Group is assessing the potential impact of IFRS 15 on revenue recognition in the Group and the financial statements. It is not yet possible for the Group to estimate the effect of IFRS 15 on its financial statements.

The IASB may make other changes to financial accounting and reporting standards that govern the preparation of the Group's financial statements, which the Group may adopt if determined to be appropriate by the Group's management, or which the Group may be required to adopt. Any such change in the Group's accounting policies or accounting standards could materially affect its reported results of operations and financial condition.

**Factors that are Material for the Purpose of Assessing the Market Risks Associated with the Notes Issued under the Program**

***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 in this Base Prospectus or any applicable supplement to this Base Prospectus;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant 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.

**Risks Related to the Notes Generally**

***Modification and waiver of the Notes may be made by defined majorities of Holders.***

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.

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

The Conditions are governed by, and construed in accordance with, English law. No assurance can be given as to the impact of any possible judicial decision or change to the English law 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 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.

***Notes may be subject to optional redemption by the Bank.***

An optional redemption feature is likely to limit the market value of Notes. During any period in which the Bank 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 Bank 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.

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

In the event that the Bank 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 Bank would be required to pay additional amounts as provided in Condition 11 (*Taxation*); and such obligation cannot be avoided by the Bank taking reasonable measures available to it, then the Bank may redeem the Notes prior to their maturity.

***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 Bank's covered bonds will have priority over Holders upon bankruptcy of the Bank.***

The Bank has issued covered bonds in accordance with the Danish Financial Business Act. In accordance with the Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended or replaced from time to time (the "**UCITS Directive**") and the CRD (as defined herein), the covered bonds have the benefit of priority over a matched pool of assets upon bankruptcy of the Bank. 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 Bank, including obligations on Notes issued under the Program. 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*" above.

***Credit ratings may not reflect all risks.***

One or more independent credit rating agencies may assign credit ratings to the Notes. 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. 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 Bank may also decide to discontinue its cooperation with a rating agency at any time. In addition, changes in the Bank'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 Bank 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 a non-solicited rating by a rating agency not hired by the Bank 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 Bank 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 Bank.

***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, the Bank 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, 2017, 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 Bank 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 FATCA withholding tax may be triggered if: (i) the Bank is a foreign financial institution (an "**FFI**") under FATCA or any applicable IGA between the United States and certain other countries together with implementing legislation and regulation, and (ii) the Bank, or any paying agent through which payments on the Notes are made, has agreed to provide the U.S. Internal Revenue Service (the "**IRS**") or other applicable authority with certain information on its account holders (making the Bank or such paying agent a "**Participating FFI**," as defined in FATCA) and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI that is making the payment to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such FFI, or (b) any FFI through or to which payments on the Notes are made is not a Participating FFI.

The United States has concluded several IGAs with other jurisdictions in respect of FATCA. On November 19, 2012, the governments of Denmark and the United States signed an Agreement to Improve International Tax Compliance and to Implement FATCA (the "**Danish IGA**"). Under 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 IRS. The Bank is an FFI and provided it complies with the requirements of the Danish IGA and the Danish legislation implementing the Danish IGA, it should not be subject to FATCA withholding on any payments it receives and it should not be required to withhold tax on any "foreign passthru payments" that it makes.

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 U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, none of the Bank, 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.

## 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 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.

**Notice to New Hampshire Residents**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

**United Kingdom Restrictions**

This Base Prospectus does not constitute an offer of Notes to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Notes. Consequently this document is being distributed in the United Kingdom 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.

**Notice to Investors in the European Economic Area**

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area ("**EEA**") which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final Terms which specifies that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or Final Terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Bank nor any Dealer have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Bank or any Dealer to publish or supplement a prospectus for such offer. As used in this paragraph, the expression "**Prospectus Directive**" means Directive 2003/71/EC, as amended, including by Directive 2010/73/EU, and includes any relevant implementing measure in the Relevant Member State.

**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 Issuer 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 Issuer, 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 Issuer or such persons or to enforce, in United States courts, judgments against the Issuer 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 Issuer 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:

"**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.

"**BRRD**" ........................................... Directive (2014/59/EU) of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms dated May 15, 2014 and published in the Official Journal of the EU on June 12, 2014 (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time.

"**Clearstream, Luxembourg**" .......... Clearstream Banking, *société anonyme*.

"**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.

"**Danica Group**" .............................. Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 and its subsidiaries.

"**Danica Pension**" ............................ Danica Pension, the business unit carrying out the insurance activities of the Group.

"**Danish Central Bank**".................... Danmarks Nationalbank.

"**Danish Kroner**" or "**DKK**" ........... the currency of Denmark.

"**Danske Capital**" ............................ Danske Capital, a division of the Bank.

"**Deloitte**" .......................................... Deloitte Statsautoriseret Revisionspartnerselskab.

"**DFSA**" ............................................. the Danish Financial Supervisory Authority.

"**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.

"**Fitch**"............................................... Fitch Ratings Limited.

"**Group**" ............................................ the Bank and its consolidated subsidiaries.

"**IASB**" .............................................. International Accounting Standards Board.

"**IFRS**"............................................... International Financial Reporting Standards issued by the IASB as adopted by the EU.

"**IRB**"................................................. Internal Ratings-Based.

"**Moody's**"......................................... Moody's Investors Services Limited.

"**Nordic countries**" or "**Nordic region**" ............................ Denmark, Sweden, Norway and Finland.

"**Realkredit Danmark**" .................... Realkredit Danmark A/S.

"**S&P**"................................................ Standard & Poor's Credit Market Services Limited.

"**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), as amended or replaced from time to time.

"**UCITS Directive**" .......................... Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended or replaced from time to time.

"**U.S. dollar**" or "**U.S.$**".................... the currency of the United States.

**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 Issuer (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 *http://www.danskebank.com/en-uk/ir/debt/fundingprogrammes/pages/us-mtn.aspx* (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 Issuer at *www.danskebank.com*:

(i) the Group's consolidated financial statements incorporated by reference into this Base Prospectus (see "*Incorporation by Reference*" for more details); and

(ii) any other documents incorporated herein by reference from time to time.

Except as set forth under "*—Incorporation by Reference*" below, no other information or documents included on the website of the Issuer 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 the Irish Stock Exchange's regulated market will be available at the website of the Irish Stock exchange at *www.ise.ie*.

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

The Issuer 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*

The audited consolidated financial statements of the Group as at and for the year ended December 31, 2014, together with the comparative figures as at and for the year ended December 31, 2013, and the audited consolidated financial statements as at and for the year ended December 31, 2013, together with the comparative figures as at and for the year ended December 31, 2012, have been prepared in accordance with IFRS, and are incorporated by reference into this Base Prospectus. These consolidated financial statements have been audited by Ernst & Young P/S whose reports thereon are also incorporated by reference herein. At the time of issuing its report on the consolidated financial statements as at and for the year ended December 31, 2013, Ernst & Young P/S was named KPMG Statsautoriseret Revisionspartnerselskab. KPMG Statsautoriseret Revisionspartnerselskab left the KPMG network and joined the EY network on July 1, 2014, in which connection its name was changed to Ernst & Young P/S. Ernst & Young P/S is a member of "FSR – Danske Revisorer" (Association of State Authorized Public Accountants).

At the 2015 Annual General Meeting of the Bank, Deloitte Statsautoriseret Revisionspartnerselskab ("**Deloitte**") was elected as the Group's independent auditor. The unaudited consolidated interim financial statements of the Group as at and for the six months ended June 30, 2015, together with the comparative figures as at and for the six months ended June 30, 2014, have been prepared in accordance with IAS 34 "Interim Financial Reporting," as adopted by the EU and Danish disclosure requirements for listed financial companies, and are incorporated by reference into this Base Prospectus. These consolidated interim financial statements have been reviewed by Deloitte whose report thereon is also incorporated by reference herein. Deloitte is a member of "FSR – Danske Revisorer" (Association of State Authorized Public Accountants).

The discussion of the results of operations of the Group included in "*Overview of Consolidated Financial Information and Other Data*" and "*Operating and Financial Review and Prospects*" is based on the financial highlights presentation used by the Group when presenting such information. The Group's financial highlights deviate from the figures in the consolidated financial statements of the Group due to reclassification of certain items, as discussed in more detail under "*—Financial Highlights and Segment Reporting*" below.

Financial information set forth in a number of tables in this Base Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables 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 as adopted by the EU.

### *Financial Highlights and Segment Reporting*

The discussion of the results of operations of the Group included in "*Overview of Consolidated Financial Information and Other Data*" and "*Operating and Financial Review and Prospects*" is based on the financial highlights presentation used by the Group when presenting such information in its annual and interim reports. The Group's financial highlights deviate from the corresponding figures in the consolidated financial statements of the Group due to reclassification of certain items as follows:

- In the financial highlights, earnings contributed by Fixed Income, Commodities and Currencies ("**FICC**") and trading income in Capital Markets (part of C&I) is presented as net trading income, whereas it is presented as net interest income, net fee income, net trading income and other income in the consolidated income statement. Similarly, earnings in Group Treasury (part of Other Activities) except the internal bank and the hold-to-maturity portfolio are presented as net trading income in the financial highlights and as net interest income, net fee income, net trading income and other income in the consolidated income statement. The distribution of earnings 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, and hence, the earnings contributed by FICC, the trading income of Capital Markets and the earnings in Group Treasury are presented net in the financial highlights as net trading income.

- Income and expenses from Danica Pension are consolidated on a line-by-line basis in the consolidated income statement. The return on conventional insurance activities accruing to the Group is determined by the contribution principle. Since the Group's return cannot be derived directly from the individual income statement items, income contributed by Danica Pension is presented on a single line in the financial highlights as net income from insurance business.

- 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.

- Operating lease costs, excluding property leasing, are presented on a net basis under other income in the financial highlights to better reflect the development in the cost basis. In the consolidated financial statements, gains or losses on the sale of operating lease assets, excluding properties, are presented on a gross basis. In the financial highlights, those gains or losses are presented net under other income to better reflect the development in the cost base.

- Other income in the financial highlights includes net earnings contributed by fully consolidated subsidiaries taken over by the Group under non-performing loan agreements.

See note 2 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015, note 3 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 and note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2013 incorporated by reference into this Base Prospectus for information on reconciling the consolidated income statements and the financial highlights presentation. See also "*Overview of Consolidated Financial Information and Other Data*."

***Restatements and Reclassifications of Financial Highlights and Segment Reporting***

*Six Months Ended June 30, 2015*

The financial highlights as at and for the year ended December 31, 2014 and as at and for the six months ended June 30, 2014 were restated in the Group's interim report as at and for the six months ended June 30, 2015 to reflect the following changes:

- During the third quarter of 2014, the Group's liquidity portfolio was transferred from FICC (part of C&I) to Group Treasury (part of Other Activities). When the liquidity portfolio was held by FICC, the cost of holding the liquidity portfolio was booked under net trading income. At Group Treasury, the cost of holding the liquidity portfolio is borne by the internal bank and has been booked under net interest income since January 1, 2015. Further, the restatement covers a change in the disclosure of the internal bank result.

- Prior to the Group's interim report as at and for the six months ended June 30, 2015, the Group disclosed brokerage and debt capital markets fees in Capital Markets (part of C&I) as net trading income. Income from these services is net fee income and has been disclosed as such since January 1, 2015.

On January 1, 2015, the Group transferred Baltic personal banking customers to Non-core business unit as the Group decided to exit its personal banking operations in the Baltics. Comparative figures for 2014 have not been restated as the effect of the transfer was immaterial.

The restated financial highlights as at for the year ended December 31, 2014 and as at and for the six months ended June 30, 2014 in the Group's interim report as at and for the six months ended June 30, 2015 also reflect the restatement related to changes to the accounting of a pension scheme discussed under "*—Restatements and Reclassifications of Consolidated Financial Statements—Six Months Ended June 30, 2015*" below.

For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

<u>Comparability of Financial Information</u>

The financial information in the discussion of the results of operations of the Group under "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013—Income Statement*" and "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012—Income Statement*" does not reflect the restatements discussed above, nor does it reflect the restatements discussed under "*—Restatements and Reclassifications of Consolidated Financial Statements—Six Months Ended June 30, 2015*" below. Therefore, the financial information used in the discussion under "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013—Income Statement*" and "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012—Income Statement*" is not fully comparable with the restated financial information as at and for the year ended December 31, 2014 included in the Group's interim report as at and for the six months ended

June 30, 2015 and the discussion of the financial information of the Group under "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Six Months ended and as at June 30, 2015 and 2014*." The financial information as reported as at and for the year ended December 31, 2014 on a non-restated basis has been provided for purposes of the presentation in "*Summary Consolidated Financial Information and Other Data*," "*Overview of Consolidated Financial Information and Other Data*," and for purposes of the discussion under "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Year Ended and as at December 31, 2014 and 2013*" and elsewhere in this Base Prospectus where 2014 financial data is compared to 2013 financial data. The financial information as reported as at and for the year ended December 31, 2014 should be read together with the restated financial information as at and for the year ended December 31, 2013 included in the Group's interim report as at and for the six months ended June 30, 2015.

*Year Ended December 31, 2014*

Comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 were restated in the Group's annual report as at and for the year ended December 31, 2014 to reflect the following change:

- Effective as of October 31, 2013, the Group discontinued Personal Banking and Business Banking in the Republic of Ireland to focus exclusively on customers in C&I. Accordingly, the Group transferred Personal Banking and Business Banking customers in Ireland to the Non-core unit with effect from January 1, 2014 in accordance with its strategy to place Non-core activities in a separate business unit. The change affected the financial highlights and business segment reporting, whereas the consolidated income statement, balance sheet, total equity, earnings per share information and statement of capital were not affected. In the Group's annual report as at and for the year ended December 31, 2014, comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 were restated.

For additional information, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

<u>Comparability of Financial Information</u>

The financial information in the discussion of the results of operations of the Group under "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012—Income Statement*" do not reflect this restatement, and the financial information used in that discussion is not fully comparable with the restated financial information as at and for the year ended December 31, 2013 included in the Group's annual report as at and for the year ended December 31, 2014 and the financial information used in the discussion of the results of operations of the Group under "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013—Income Statement*." The financial information as reported as at and for the year ended December 31, 2013 has been provided for purposes of the presentation in "*Summary Consolidated Financial Information and Other Data*," "*Overview of Consolidated Financial Information and Other Data*" and for purposes of the discussion under "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012*" and elsewhere in this Base Prospectus where 2013 financial data is compared to 2012 financial data. The financial information as reported as at and for the year ended December 31, 2013 should be read together with the restated financial information as at and for the year ended December 31, 2013 included in the Group's annual report as at and for the year ended December 31, 2014.

*Year Ended December 31, 2013*

Comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 were restated in the Group's annual report as at and for the year ended December 31, 2013 to reflect the following changes:

- In June 2012, the Group reorganized its business unit structure as part of its revised strategy to focus on customer attention, simplicity and efficiency, switching from operations based on geography to operations based on customer segments. Banking activities were split into three new business units: Personal Banking, Business Banking and C&I. In addition, the non-core activities were transferred to a separate business unit: Non-core. The non-core activities consisted of Irish property exposures and securitization transactions (conduits) not considered part of the Bank's core business. The reorganization was reflected in the Group's financial reporting effective from January 1, 2013.

- In June 2012, the Group also changed the allocation of capital to each business unit and to its internal funds transfer pricing model. Core Tier 1 capital had previously been allocated on the basis of each unit's share of Group risk-weighted assets calculated prior to transition to the CRD. Effective as of January 1, 2013, total equity has been allocated to the business units assuming that goodwill is financed by equity. Core Tier 1 capital is allocated on the basis of the CRD, with capital for credit risk being allocated on the basis of the internal economic capital framework. The capital allocation model and the internal funds transfer pricing model were updated in 2012 to better reflect the risks associated with the individual business units.

- In addition, the presentation of operational leasing, excluding property leasing, was changed to be presented on a net basis under other income to better reflect the development in the cost basis.

These changes affected financial highlights and business segment reporting as at and for the year ended December 31, 2013 and comparative figures as at and for the year ended December 31, 2012 were restated. The consolidated income statement, balance sheet, shareholders' equity, earnings per share information and statement of capital were unaffected.

For additional information, see note 39 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2013 incorporated by reference into this Base Prospectus.

***Restatements and Reclassifications of Consolidated Financial Statements***

*Six Months Ended June 30, 2015*

The comparative financial information as at and for the year ended December 31, 2014 and as at and for the six months ended June 30, 2014 were restated in the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 to reflect the following change:

- As at June 30, 2015, the Group had a pension scheme for approximately 200 current and 1,100 former employees of the Bank held with Danica Group. The Bank has guaranteed a real return on policyholders' savings. In continuation of a dialogue with the DFSA, Danica Group changed the accounting treatment in its annual report 2014 from net presentation of the scheme and the financial guarantee to gross presentation with the financial guarantee recognized as an asset at an amount representing the expected payments. The change was implemented through a restatement of comparative financial information as at and for the year ended December 31, 2014 and as at and for the six months ended June 30, 2014 in the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015.

The restatement reduced the Group's shareholders' equity as at January 1, 2014 by DKK 839 million. The effect on the consolidated balance sheet as at December 31, 2014 was an increase in insurance liabilities of DKK 1,037 million, a reduction of other liabilities of DKK 73 million, a reduction in tax liabilities of DKK 228 million and a reduction of shareholders' equity of DKK 736 million As a result of the change, the Group's net profit for the year ended December 31, 2014 increased by DKK l03 million, comprising an increase in net trading income of DKK l34 million and a decrease in tax of DKK 3l million. For the six months ended June 30, 2014 net profit increased by DKK 65 million. The restatement did not affect the Group's net profit for the six months ended June 30, 2015.

For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

Comparability of Financial Information

The financial information in the discussion of the consolidated financial information of the Group under "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013*" and "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012*" does not reflect the restatements discussed in the preceding paragraph above nor does it reflect the restatements discussed under "*—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Six Months Ended June 30, 2015*" above, and the financial information used in the discussion under "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013*" and "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012*" is not fully comparable with the restated financial information as at and for the year ended December 31, 2014 included in the Group's interim report as at and for the six months ended June 30, 2015 and the discussion of the financial information of the Group under "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the six months ended and as at June 30, 2015 and 2014*." The financial information as reported as at and for the year ended December 31, 2014 is no longer current as IFRS requires the effects of the changed accounting policy described above to be reflected on a retrospective basis. The financial information as reported as at and for the year ended December 31, 2014 on a non-restated basis has been provided for purposes of the presentation in "*Summary Consolidated Financial Information and Other Data*," "*Overview of Consolidated Financial Information and Other Data*," and for purposes of the discussion under "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013*" and elsewhere in this Base Prospectus where 2014 financial data is compared to 2013 financial data. The financial information as reported as at and for the year ended December 31, 2014 should be read together with the restated financial information as at and for the year ended December 31, 2014 included in the Group's interim report as at and for the six months ended June 30, 2015.

*Year Ended December 31, 2013*

The Group adopted the amended IAS 19, Employee Benefits, as of January 1, 2013. IAS 19 eliminates the option of deferring the recognition of actuarial gains and losses on defined benefit pension plans, known as the "corridor method." The present value of pension obligations and the fair value of pension plan assets must instead be recognized in the balance sheet on a net basis. The comparative financial information as at and for the year ended December 31, 2012 was restated in the Group's audited consolidated financial statements as at and for the year ended December 31, 2013.

**Non-IFRS Measures of Financial Performance**

The discussion of the results of operations of the Group included in "*Overview of Consolidated Financial Information and Other Data*" and "*Operating and Financial Review and Prospects*" is based on the financial highlights 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 adjusted to take into account certain accounting items as described under "*—Presentation of Financial Information*" above.

Although the financial information based on the financial highlights presentation has been derived from the Group's regularly maintained records and operating systems, certain of the information related to income statement items and corresponding ratios is not presented in accordance with IFRS. Certain of the income statement information and ratios that are presented based on the financial highlights presentation deviate from the corresponding figures in the Group's consolidated financial statements due to reclassification of certain items as discussed in more detail under "—*Presentation of Financial Information*" above. These measures are non-IFRS financial measures.

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 figures presented by the Group and the IFRS equivalent figures are described in note 2 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015, notes 1(c) and 3 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 and notes 1 and 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2013, which are 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 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 impairments on average shareholders' equity, return on average tangible equity, net interest income as percent per annum of loans and deposits, cost/income ratio, cost/income ratio before goodwill impairments and average shareholder's equity. See "*Overview of Consolidated Financial Information and Other Data*" for a description of how these non-IFRS measures are calculated.

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 in, and form part of, this Base Prospectus:

| Information | Source |
|---|---|
| Income Statement for the Group for the six months ended June 30, 2015 ............ | Interim report – first half 2015 page 26 |
| Statement of Comprehensive Income for the Group for the six months ended June 30, 2015........................................................................................... | Interim report – first half 2015 page 27 |

| Information | Source |
|---|---|
| Balance Sheet for the Group as at June 30, 2015 | Interim report – first half 2015 page 28 |
| Statement of Capital for the Group for the six months ended June 30, 2015 | Interim report – first half 2015 pages 29–31 |
| Cash Flow Statement for the Group for the six months ended June 30, 2015 | Interim report – first half 2015 page 32 |
| Notes to the financial statements for the Group as at and for the six months ended June 30, 2015 | Interim report – first half 2015 pages 33–57 |
| Statement by the Management as at and for the six months ended June 30, 2015 | Interim report – first half 2015 page 66 |
| Independent Auditors' Review Report for the Group as at and for the six months ended June 30, 2015 | Interim report – first half 2015 page 67 |
| Income Statement for the Group for the year ended December 31, 2014 | Annual Report 2014 page 46 |
| Statement of Comprehensive Income for the Group for the year ended December 31, 2014 | Annual Report 2014 page 47 |
| Balance Sheet for the Group as at December 31, 2014 | Annual Report 2014 page 48 |
| Statement of Capital for the Group for the year ended December 31, 2014 | Annual Report 2014 pages 49–51 |
| Cash Flow Statement for the Group for the year ended December 31, 2014 | Annual Report 2014 page 52 |
| Notes to the financial statements for the Group as at and for the year ended December 31, 2014 | Annual Report 2014 pages 53–157 |
| Statement by the Management as at and for the year ended December 31, 2014 | Annual Report 2014 page 177 |
| Internal Audit's Report as at and for the year ended December 31, 2014 | Annual Report 2014 page 178 |
| Independent Auditors' Report for the Group as at and for the year ended December 31, 2014 | Annual Report 2014 page 179 |
| Income Statement for the Group for the year ended December 31, 2013 | Annual Report 2013 page 64 |
| Statement of Comprehensive Income for the Group for the year ended December 31, 2013 | Annual Report 2013 page 65 |
| Balance Sheet for the Group as at December 31, 2013 | Annual Report 2013 page 66 |
| Statement of Capital for the Group for the year ended December 31, 2013 | Annual Report 2013 pages 67–69 |
| Cash Flow Statement for the Group for the year ended December 31, 2013 | Annual Report 2013 page 70 |
| Notes to the financial statements for the Group as at and for the year ended December 31, 2013 | Annual Report 2013 pages 71–165 |
| Statement by the Management as at and for the year ended December 31, 2013 | Annual Report 2013 page 187 |
| Internal Audit's Report as at and for the year ended December 31, 2013 | Annual Report 2013 page 188 |
| Independent Auditors' Report for the Group as at and for the year ended December 31, 2013 | Annual Report 2013 page 189 |

The Interim report – first half 2015 that includes information incorporated in this Base Prospectus relating to the six months ended and as at June 30, 2015 as described in the above cross reference list can be viewed online at *http://www.danskebank.com/en-uk/ir/Documents/2015/Q2/InterimreportQ22015.pdf*.

The Annual Report 2014 that includes information incorporated in this Base Prospectus relating to the year ended and as at December 31, 2014 as described in the above cross reference list can be viewed online at *http://www.danskebank.com/en-uk/ir/Documents/2014/Q4/Annualreport-2014.pdf*.

The Annual Report 2013 that includes information incorporated in this Base Prospectus relating to the year ended and as at December 31, 2013 as described in the above cross reference list can be viewed online at *http://www.danskebank.com/en-uk/ir/Documents/2013/Q4/Annualreport-2013.pdf*.

The Annual Report 2013 is an English translation of the original report in the Danish language. The Bank accepts responsibility for the English translation of the Annual Report 2013. In case of discrepancies, the Danish version prevails.

Where only certain parts of a document are incorporated by reference in 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 in 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 in 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/en-uk/ir 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.

Incorporated documents 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 Investor Relations, 2-12 Holmens Kanal, DK-1092 Copenhagen K, Denmark.

All references to the 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** |
| 2010 | 7.447 | 7.459 | 7.438 | 7.454 |
| 2011 | 7.451 | 7.459 | 7.432 | 7.434 |
| 2012 | 7.444 | 7.461 | 7.430 | 7.460 |
| 2013 | 7.458 | 7.464 | 7.452 | 7.460 |
| 2014 | 7.455 | 7.467 | 7.437 | 7.444 |
| 2015 (until August 31, 2015) | 7.458 | 7.472 | 7.435 | 7.463 |

*Source: Danish Central Bank.*

| | Reference rates of Danish Kroner per U.S. dollar | | | |
|---|---|---|---|---|
| | **Average** | **High** | **Low** | **Period-end** |
| 2010 | 5.626 | 6.229 | 5.109 | 5.613 |
| 2011 | 5.362 | 5.773 | 5.011 | 5.746 |
| 2012 | 5.797 | 6.154 | 5.527 | 5.659 |
| 2013 | 5.616 | 5.837 | 5.400 | 5.413 |
| 2014 | 5.619 | 6.121 | 5.349 | 6.121 |
| 2015 (until August 31, 2015) | 6.704 | 7.081 | 6.181 | 6.654 |

*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 June 30, 2015, the Bank's consolidated capitalization and indebtedness:

| | **As at June 30, 2015** |
|---|---|
| | **(DKK, in millions)** |
| Due to credit institutions and central banks | 312,871 |
| Deposits | 984,409 |
| Bonds issued by Realkredit Danmark. | 691,544 |
| Other issued bonds | 345,532 |
| Total | 2,334,356 |
| Secured debt | 1,028,855 |
| Subordinated capital | 36,846 |
| Total debt and subordinated capital | 2,371,202 |
| Share capital | 10,086 |
| Foreign currency translation reserve | (605) |
| Reserve for available-for-sale financial assets | (353) |
| Retained earnings | 139,587 |
| Shareholders of Danske Bank A/S | 148,715 |
| Additional Tier 1 capital holders | 11,340 |
| Total equity | 160,055 |
| Total debt, subordinated capital and equity | 2,531,257 |

The table above should be read in conjunction with the financial statements incorporated by reference hereto. There have been no material changes affecting the Bank's consolidated capitalization and indebtedness between June 30, 2015 and the date of this Base Prospectus.

## 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 unaudited consolidated interim financial statements of the Group as at and for the six months ended June 30, 2015, together with comparative figures as at and for the six months ended June 30, 2014, and the audited consolidated financial statements of the Group as at and for the years ended December 31, 2014 and 2013, together with comparative figures as at and for the years ended December 31, 2013 and 2012, respectively. These consolidated financial statements of the Group have been prepared in accordance with IFRS, as adopted by the EU, and are incorporated by reference into this Base Prospectus. These consolidated financial statements have been audited by Ernst & Young P/S whose reports thereon are also incorporated by reference herein. At the time of issuing its report on the consolidated financial statements as at and for the year ended December 31, 2013, Ernst & Young P/S was named KPMG Statsautoriseret Revisionspartnerselskab. KPMG Statsautoriseret Revisionspartnerselskab left the KPMG network and joined the EY network on July 1, 2014, in which connection its name was changed to Ernst & Young P/S.

The following information is based on the financial highlights presentation used by the Group when presenting such information in its annual and interim reports, and the ratios and key figures set forth below have been derived from the Group's regularly maintained records and operating systems. The Group's financial highlights deviate from the corresponding figures in the Group's consolidated financial statements due to reclassification of certain items as discussed in more detail under "*Important Information for Investors—Presentation of Financial Information*." See note 2 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015, note 3 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 and note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2013 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 of the Group 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 six months ended June 30, | | For the year ended December 31, | | |
|---|---|---|---|---|---|
| | 2015 | 2014 (restated)[1] | 2014 [2] | 2013 (restated)[3] | 2012 (restated)[4] |
| | (DKK in millions) | | | | |
| **INCOME STATEMENT DATA** | | | | | |
| Net interest income | 10,829 | 10,836 | 23,107 | 22,077 | 22,778 |
| Net fee income | 6,134 | 5,207 | 10,491 | 9,468 | 8,866 |
| Net trading income | 4,240 | 4,152 | 6,562 | 5,799 | 10,562 |
| Other income | 866 | 674 | 1,344 | 1,308 | 1,285 |
| Net income from insurance business | 1,110 | 927 | 2,362 | 1,088 | 2,171 |
| Total income | 23,179 | 21,797 | 43,866 | 39,740 | 45,662 |
| Operating expenses | (10,750) | (11,021) | (22,641) | (23,794) | (24,642) |
| Goodwill impairment charges | – | – | (9,099) | – | – |
| Profit before loan impairment charges | 12,429 | 10,776 | 12,126 | 15,947 | 21,020 |
| Loan impairment charges | (283) | (1,267) | (2,788) | (4,111) | (7,680) |
| Profit before tax, core | 12,146 | 9,509 | 9,338 | 11,836 | 13,340 |
| Profit before tax, Non-core | 30 | (794) | (1,503) | (1,777) | (4,801) |
| Profit before tax | 12,176 | 8,715 | 7,835 | 10,059 | 8,539 |
| Tax | (2,757) | (1,791) | (3,989) | (2,944) | (3,814) |
| Net profit for the period | 9,419 | 6,924 | 3,846 | 7,115 | 4,725 |
| Net profit for the period before goodwill impairment charges | 9,419 | 6,924 | 12,945 | 7,115 | 4,725 |
| Attributable to additional Tier 1 capital holders and non-controlling interests | 279 | 100 | 261 | – | 4 |

| | As at June 30, 2015 | As at December 31, 2014[(2)] | 2013 (restated)[(3)] | 2012 (restated)[(4)] |
|---|---|---|---|---|
| | | (DKK in millions) | | |
| **BALANCE SHEET DATA** | | | | |
| **Assets** | | | | |
| Due from credit institutions and central banks | 125,520 | 63,786 | 53,714 | 113,657 |
| Repo loans | 234,139 | 290,095 | 316,079 | 307,177 |
| Loans | 1,601,060 | 1,563,729 | 1,536,773 | 1,640,656 |
| Trading portfolio assets | 596,739 | 742,512 | 695,722 | 812,966 |
| Investment securities | 330,926 | 330,994 | 161,917 | 107,724 |
| Assets under insurance contracts | 269,214 | 268,450 | 246,484 | 241,343 |
| Total assets in Non-core | 30,326 | 32,329 | 41,837 | 33,100 |
| Other assets | 264,289 | 161,120 | 174,531 | 228,326 |
| Total assets | 3,452,213 | 3,453,015 | 3,227,057 | 3,484,949 |
| **Liabilities** | | | | |
| Due to credit institutions and central banks | 114,717 | 126,800 | 132,253 | 241,238 |
| Repo deposits | 337,311 | 400,618 | 331,091 | 359,276 |
| Deposits | 839,690 | 763,441 | 776,412 | 783,759 |
| Bonds issued by Realkredit Danmark | 691,544 | 655,965 | 614,196 | 614,325 |
| Other issued bonds | 345,532 | 330,207 | 310,178 | 340,005 |
| Trading portfolio liabilities | 485,838 | 550,629 | 435,183 | 531,860 |
| Liabilities under insurance contracts | 288,658 | 287,315 | 262,468 | 266,938 |
| Total liabilities in Non-core | 6,065 | 4,950 | 17,476 | 4,831 |
| Other liabilities | 145,956 | 138,943 | 135,924 | 136,928 |
| Subordinated debt | 36,846 | 41,028 | 66,219 | 67,785 |
| Additional Tier 1 capital holders and non-controlling interests | 11,340 | 5,673 | – | 4 |
| Shareholders' equity | 148,715 | 147,445 | 145,657 | 138,004 |
| Total liabilities and equity | 3,452,213 | 3,453,015 | 3,227,057 | 3,484,949 |

| | As at and for the six months ended June 30, 2015 | 2014 (restated)[(1)] | As at and for the year ended December 31, 2014[(2)] | 2013 (restated)[(3)] | 2012 (restated)[(4)] |
|---|---|---|---|---|---|
| **Ratios and Key Figures** | | | | | |
| Earnings per share,[(5)] DKK | 9.2 | 6.9 | 3.6 | 7.1 | 5.0 |
| Diluted earnings per share,[(6)] DKK | 9.2 | 6.8 | 3.6 | 7.1 | 5.0 |
| Return on average shareholders' equity,[(7)(8)] percent | 12.5 | 9.4 | 2.4 | 5.0 | 3.6 |
| Return before goodwill impairments on average shareholders' equity, percent[(8)(9)] | 12.5 | 9.4 | 8.5 | 5.0 | 3.6 |
| Return on average tangible equity,[(8)(10)] percent | 14.1 | 11.4 | 10.3 | 6.4 | 5.3 |
| Net interest income as percent per annum of loans and deposits | 0.89 | 0.93 | 0.99 | 0.95 | 0.94 |
| Cost/income ratio,[(11)] percent | 46.4 | 50.6 | 72.4 | 59.9 | 54.0 |
| Cost/income ratio before goodwill impairments,[(12)] percent | 46.4 | 50.6 | 51.6 | 59.9 | 54.0 |
| Total capital ratio,[(13)] percent | 18.7 | 18.5 | 19.3 | 21.4 | 21.3 |
| Common equity Tier 1 capital ratio,[(14)] percent | 14.3 | 14.4 | 15.1 | 14.7 | 14.5 |
| Full-time-equivalent staff, end of period[(15)] | 18,874 | 19,172 | 18,478 | 19,122 | 20,126 |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Six Months Ended June 30, 2015*" and "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Consolidated Financial Statements—Six Months Ended June 30, 2015*," the Group has restated the comparative financial highlights and business segment figures as at and for the six months ended June 30, 2014 in the Group's interim report as at and for the six months ended June 30, 2015. The above tables reflect the restated figures.

(2) In the Group's annual report as at and for the year ending December 31, 2015, the comparative figures for the year ended December 31, 2014 will be restated. For more details, see "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Six Months Ended June 30, 2015*" and "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Consolidated Financial Statements—Six Months Ended June 30, 2015*." The above tables do not reflect the restated figures. For restated comparative balance sheet data as at December 31, 2014, see "*Operating and Financial Review and Prospects—Review of Consolidated Financial Information for the Six Months ended and as at June 30, 2015 and 2014—Balance Sheet*."

(3) 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, 2014*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 in the Group's annual report as at and for the year ended December 31, 2014. The above tables reflect the restated figures. The corresponding non-restated financial highlights can be found in note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2013 incorporated by reference into this Base Prospectus.

(4) 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, 2013*" and "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2013*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 in the Group's annual report as at and for the year ended December 31, 2013. The above tables reflect the restated figures.

(5) Net profit for the period divided by the average number of shares outstanding during the period.

(6) Net profit for the period divided by the average number of shares outstanding during the period, including dilutive effect of any share options and conditional shares granted as share-based payment.

(7) Net profit for the period divided by average shareholders' equity during the period calculated on a quarterly basis.

(8) Ratios are calculated as if the additional Tier 1 capital is classified as a liability. Average shareholders' equity is calculated as a quarterly average.

(9) Net profit for the period before goodwill impairments divided by average shareholders' equity during the period calculated on a quarterly basis.

(10) Net profit for the period divided by average shareholders' equity, adjusted for intangible assets during the period. Average tangible equity is calculated as a quarterly average.

(11) Expenses, including goodwill impairment charges, divided by total income.

(12) Expenses, excluding goodwill impairment charges, divided by total income.

(13) Total capital divided by the total REA. Calculated in accordance with the CRD prior to 2014 and the CRR thereafter.

(14) Common equity Tier 1 capital less statutory deductions divided by risk-weighted assets. Calculated in accordance with the CRR.

(15) Number of full-time-equivalent staff (part-time staff translated into full-time staff) as at the end of the period. The figures do not include the staff of businesses held for sale.

## OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*Except for certain information derived from the financial highlights presentation used by the Group as discussed below, the following discussion is based on and should be read in conjunction with the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015, together with the comparative figures as at and for the six months ended June 30, 2014, the Group's audited consolidated financial statements as at and for the year ended December 31, 2014, together with the comparative figures as at and for the year ended December 31, 2013, and the Group's audited consolidated financial statements as at and for the year ended December 31, 2013, together with the comparative figures as at and for the year ended December 31, 2012, as well as the accompanying notes thereto, incorporated by reference into this Base Prospectus. Such consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU. The following discussion of the results of operations of the Group is based on the financial highlights presentation used by the Group when presenting such information. The Group's financial highlights deviate from the corresponding figures in the consolidated financial statements due to reclassification of certain items. See "—Description of Consolidated Financial Information" below.*

*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: *Finansrådet* (Danish Bankers' Association)) – and one of the largest in the Nordic region – measured by total assets as at June 30, 2015. The Group offers its customers in Denmark and in its other markets a broad range of services that, depending on the market, include services in banking, mortgage finance, insurance, trading, leasing, real estate agency and investment management. The Group has a leading market position in Denmark and is one of the larger banks in Finland and Northern Ireland. The Group also has significant operations in its other main markets of Sweden and Norway. As at June 30, 2015 the Group's total assets amounted to DKK 3,452.2 billion and the Group employed 18,874 full-time equivalent employees. As at the same date, the Group had approximately 3.6 million customers and approximately 2.2 million customers used the Group's online services. The Group had 313 branches as at June 30, 2015.

The Bank is the parent company of the Group. Danske Bank is a Nordic universal bank, and its core markets are Denmark, Sweden, Norway and Finland (through its subsidiary). In these countries, it serves all types of customers, from personal customers and businesses to large institutional clients. In Denmark and Finland, it has market-leading positions, while in Sweden and Norway, it has challenger positions. It also operates in Northern Ireland, Estonia, Latvia and Lithuania, where it serves both personal and business customers, focusing on business banking in the Baltic countries. The Group has additional offices in several other European countries including a subsidiary in Luxembourg and branch offices in Poland, Germany and the UK, 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 New York and has a subsidiary in St. Petersburg 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.

The year 2012 began with some optimism in the financial markets in the wake of the monetary easing introduced by the ECB towards the end of 2011. The initial optimism quickly disappeared, however, as the unstable political situation in Greece, combined with the difficulties in Spain, put the problems in Europe back on the agenda. The ECB cut its leading rate in July 2012, and the Danish Central Bank followed suit, pushing the Danish certificate of deposit rate into negative territory. Despite weak economic growth in most countries, equities performed well in 2012. The debt crisis in southern Europe and weak economic growth, particularly in Europe, continued to push down bond yields in northern Europe. Towards the end of the year, the turbulence in the financial markets lessened, mainly because of initiatives taken by the ECB and the U.S. Federal Reserve.

Of the economies in the Nordic region, Denmark suffered the most from the financial crisis that began in 2008, and the difficulties continued in 2012, when the Danish economy contracted as a result of the European debt crisis. Denmark is a small open economy with a fixed exchange rate system, which means that the Danish business cycle typically tracks the European business cycle. The Danish Central Bank lowered rates independently of the ECB on a number of occasions. Interest rates in Denmark were, therefore, much lower than in the Group's other markets. The Swedish economy, on the other hand, emerged from the financial crisis successfully, but it became clear in 2012 that the European debt crisis was also affecting Sweden as the Swedish GDP contracted slightly in 2012. The Norwegian mainland economy expanded due to strong domestic demand. Finland was adversely affected by the effects of the European debt crisis and by the downscaling of the Nokia Corporation's operations. The Irish economy contracted somewhat while Northern Ireland only grew slightly.

The financial markets generally improved in 2013. The United States was heavily affected by the discussion of when and how to scale back its quantitative easing program introduced in 2012. In the eurozone, the recovery appeared to be broadening as even countries such as Italy, Spain and Portugal started to show tentative signs of recovery. The economic outlook for the emerging markets, including China, was more fragile. The stock markets rose significantly throughout 2013 on the strength of a stronger outlook for the global economy and ample liquidity in the financial markets.

The Danish economy contracted from 2012 to 2013 but picked up in the second half of 2013 as GDP rose in the third and fourth quarters. Growth in the second half of 2013 was supported by modest economic growth in the EU. Swedish growth also picked up in 2013 driven mainly by private and government consumption although growth remained below the longer term trend. The Norwegian mainland economy remained strong in 2013, but total GDP growth slowed markedly because of lower oil production. The Finnish economy saw economic contraction again in 2013 because of weak domestic demand. Both private consumption and gross fixed capital formation declined. The Irish economy remained fragile, but the Irish government decided to exit the eurozone bailout program without an ESM precautionary backstop since the public deficit was reduced significantly. Housing prices appeared to have found their floor and started to rise from the level approximately 50 percent below their peak. Northern Ireland contracted marginally.

In 2014, the global economy improved despite headwinds from the Russia-Ukraine conflict and slower growth in China. The stock markets finished higher, albeit with large fluctuations during the year, especially in Europe. Bond yields in core Europe decreased to new historical lows as inflation dropped close to zero due to the significant reduction in oil prices.

The Danish economy experienced slow, modest growth throughout 2014, which was the first full year of positive economic growth since 2011. Growth was driven by slowly increasing domestic demand. Employment rose gradually as well, and house prices continued the positive trend of the previous years. Domestic growth and the housing market in particular were stimulated by very low interest rates. Export growth was limited by slow growth in Europe. Agricultural exports in particular were adversely affected by the economic sanctions between Russia and the EU. In Sweden, growth picked up further in 2014, mainly because of domestic demand driven by record-low interest rates, which also stimulated the housing market further, with house prices reaching a record-high level. The Norwegian economy remained strong, but the significant drop in oil prices in the second half of 2014 made Norway more vulnerable. Exports were supported by the weakening of the Norwegian Kroner. The Finnish economy contracted for the third successive year in 2014 as the Finnish economy was affected negatively by the economic sanctions between Russia and the EU. The sanctions and the Russian recession affected the Finnish economy more relative to other European countries as Russia is one of the largest export markets for Finnish companies. Domestic demand also remained subdued in Finland. Ireland performed very well in 2014 with GDP growth close to 5.0 percent, higher employment and increasing house prices (source: Danske Research). GDP in Northern Ireland grew by 1.3 percent (source: Danske Research).

In the first quarter of 2015, the economic recovery in Europe continued supported by low oil prices, very low interest rates and the depreciation of the euro due to the ECB's quantitative easing program. The recovery continued in the second quarter of 2015. There was no economic growth in the United States in the first quarter of 2015, but this was mainly due to temporary factors. The U.S. economy rebounded in the second quarter of 2015. The underlying growth in the United States still seemed strong and the markets prepared themselves for the timing of the first interest rate increase in the United States. The Chinese economy slowed further which affected commodity prices and emerging markets. European stock prices increased significantly supported by the ECB's quantitative easing program.

In the first quarter of 2015, Denmark and its EUR/DKK peg attracted a high degree of attention at the start of the year 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. The recovery in the Danish economy continued for the seventh consecutive quarter in the first quarter of 2015 supported by low oil prices, record-low interest rates and the significant weakening of the Danish Kroner. The improvement in the labor market continued while the housing market was stimulated by the low interest rates. The Danish economy also grew in the second quarter of 2015, although at a slower pace than in the first quarter. While 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 prices increased stimulated by the low interest rates. In Norway, the decline in oil investments began to have a clear adverse impact on the Norwegian mainland economy in the first half of 2015. This was, however, still partly offset through exports supported by the weaker Norwegian Kroner. The housing market remained tight supported by even lower interest rates. The Finnish economy grew slightly in the first half of 2015, but the economy remained weak and continued to be adversely affected by both cyclical and structural factors. The economic recovery in Ireland and Northern Ireland was expected to continue.

***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, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | | (percent) | |
| Denmark | 0.3 | 0.3 | 0.6 |
| Sweden | 0.4 | 0.9 | 1.3 |
| Norway | 1.8 | 1.8 | 2.2 |
| Finland | 0.2 | 0.2 | 0.6 |
| Eurozone | 0.2 | 0.2 | 0.6 |

*Source: Macrobond Financial, Danske 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 47 percent of the Group's total income in the first six months of 2015, 51 percent in 2014, 56 percent in 2013 and 50 percent in 2012. 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.

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 10,829 million for the first six months of 2015, as compared to DKK 10,836 million for the corresponding period in 2014. The prevailing low interest rate environment combined with deposit growth and very low deposit margins continued to put pressure on net interest income. However, this was mostly offset by the impact of the repayment in full in April 2014 of the hybrid capital raised from the Danish State (DKK 24.0 billion), which reduced interest expense, an increased investment return on the Group's liquidity bond portfolio and an increase in lending volumes. The Group's net interest income totaled DKK 23,107 million in 2014, an increase of 5 percent from DKK 22,077 million in 2013. The main reason for the increase was the repayment in full of the hybrid capital raised from the Danish State, higher investment return from the Group's liquidity bond portfolio and lower funding costs. Net interest income was adversely affected by low interest rates and an adjustment of the funds transfer pricing model. The model stipulates the internal charge payable by each business unit for funding and was adjusted in 2014 to reflect the prevailing conditions in the liquidity market. The adjustment caused a corresponding increase in net trading income as income in the internal bank is presented as net trading income, and consequently had no effect on total income. Net interest income totaled DKK 22,077 million in 2013, which was a decrease of 3 percent as compared to DKK 22,778 million in 2012. The Group's net interest income decreased mainly because increased lending margins were offset by lower lending volumes and because deposit margins declined as a result of the fall in short-term rates in 2013.

***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 DKK 283 million, DKK 2,788 million, DKK 4,111 million and DKK 7,680 million in the first six months of 2015 and in 2014, 2013 and 2012, respectively.

Loan impairment charges in the first six months of 2015 declined as compared to the corresponding period in 2014 at all business units. Impairments in core activities declined to DKK 283 million as customers' credit quality benefited from the low interest rate environment and an increase in collateral values. In both 2013 and 2014, loan impairment charges in the Group's core activities declined as a result of improving macroeconomic conditions in the Group's core markets. Impairments decreased at all business units during these years.

***Goodwill Impairment***

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

In 2014, the Group recognized a goodwill impairment charge of DKK 9,099 million. This goodwill impairment charge reflected impairment charges of DKK 3,493 million and DKK 1,501 million against the Personal Banking and Business Banking business units in Finland, respectively, owing to a weaker long-term economic outlook in Finland and changes in the assumptions on deposit margins. It also reflected the full amount of the goodwill related to the Business Banking business unit in Estonia (an impairment charge of DKK 2,058 million) and DKK 2,046 million against the Personal Banking business unit in Northern Ireland owing to the positioning of the Group as a Nordic universal bank as well as changes in the assumptions on deposit margins in Northern Ireland. In the first six months of 2015 and in 2013 and 2012, the Group did not recognize any goodwill impairment charges. As at June 30, 2015, the Group's total goodwill amounted to DKK 9.5 billion, or 0.3 percent, of the Group's total assets.

**Reporting Segments**

The business operations of the Group are organized in seven business units, namely Personal Banking, Business Banking, C&I, Danske Capital, Danica Pension, Non-core and Other Activities, which correspond to its reporting segments. Other Activities includes Group Treasury, Group Support Functions and the elimination of returns on own shares. See note 3 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

**Recent Developments**

***New Operating Model for Northern Ireland***

In July 2015, the Group announced that as part of an ongoing business review, the Group believes that its activities in Northern Ireland would operate more efficiently as a standalone business unit rather than as part of Personal Banking and Business Banking, while still benefiting from cost efficiencies within the Group. Accordingly, the Group's activities in Northern Ireland will be disclosed as a separate business unit effective as of January 1, 2016.

***Change to REA Calculation***

In July 2015, Danske Bank Plc received permission from the Finnish Financial Supervisory Authority to use F-IRB for calculating REA for credit risk for the corporate asset class beginning in the third quarter of 2015. The permission to use F-IRB for the Finnish portfolio also applies on a consolidated basis.

***Share Buy-back Program***

The Bank initiated a share buy-back program on March 30, 2015 pursuant to which it may buy DKK 5 billion in shares during the period ending on December 31, 2015. As at June 30, 2015, the Bank has repurchased 9,765,000 shares for a total purchase amount of DKK 1.9 billion.

***Extension of Internal VaR Model***

In June 2015, the DFSA approved the extension of the Group's internal VaR model to include specific market risk factors and the Group's new incremental risk model. The new internal VaR model is used to measure the market risk in the Group, that is, both general and specific market risk factors are included in the model. However, credit risk elements, such as default and credit rating migration risks on bond issuers and CDS names, are estimated in the incremental risk model, which is a separate model.

***Internal Model Method***

In June 2015, the DFSA approved the Group's internal models to calculate counterparty credit exposure and the CVA risk charge for regulatory capital.

**Credit Ratings**

As at the date of this Base Prospectus, the Bank's long-term debt credit ratings were as follows:

| | Moody's | S&P | Fitch |
|---|---|---|---|
| Senior unsubordinated long-term debt/long-term issuer default rating | A2 | A | A |
| Senior unsubordinated short-term debt/short-term issuer default rating | P-1 | A-1 | F1 |

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 Moody's, S&P and Fitch 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 July 10, 2015).

**Significant Accounting Estimates**

***General***

The Group presents its consolidated financial statements in accordance with IFRS as adopted by the EU. 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 loans;
- the measurement of goodwill;
- the measurement of liabilities under insurance contracts; and
- the recognition of deferred tax assets.

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 Group's audited consolidated financial statements as at and for the year ended December 31, 2014 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 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 result. For the remaining portfolio of unlisted shares, a 10 percent increase or decrease in the fair value would amount to DKK 231 million as at June 30, 2015 (December 31, 2014: DKK 224 million). The estimated fair value of illiquid bonds significantly depends on the credit spread estimate. The Group makes fair value adjustments to cover changes in counterparty risk (credit value adjustment ("**CVA**") and debt value adjustment ("**DVA**")) 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 June 30, 2015, the adjustments totaled DKK 1.3 billion (December 31, 2014: DKK 1.0 billion), including the adjustment for credit risk on derivatives with customers subject to objective evidence of impairment ("**OEI**"). For more information, see note 30 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

***Measurement of Loans***

The Group makes impairment charges to account for any impairment of loans that occurs after initial recognition. Impairment charges consist of individual and collective charges and rely on a number of estimates, including identification of loans or portfolios of loans with OEI, expected future cash flows and the value of collateral. The Group determines the need for impairment charges on the basis of the customer's expected ability to repay debt. This ability depends on a number of factors, including the customer's earnings capacity and trends in general economic growth and unemployment. Expectations of deteriorating repayment ability reduce credit quality and lead to downgrading of the customer.

If all customers were downgraded one rating category, collective impairment charges would have increased by approximately DKK 2.9 billion as at June 30, 2015 (December 31, 2014: DKK 3.2 billion). The losses incurred under non-performing loan agreements depend, among other factors, on the value of collateral received. If the value of collateral decreased by 10 percent, individual impairment charges would have increased by approximately

DKK 2.4 billion as at June 30, 2015 (December 31, 2014: DKK 2.4 billion). As at June 30, 2015, loans accounted for approximately 52 percent of the Group's total assets (December 31, 2014: 53 percent).

***Measurement of Goodwill***

Goodwill on acquisition 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 money market rate and other macroeconomic conditions, customer behavior and competition. The impairment test conducted in 2014 resulted in goodwill impairment charges of DKK 9.1 billion against the Group's banking units, mainly because of the worsening of the long-term economic outlook, changes in the assumptions on deposit margins and the Group's strategy of being a Nordic universal bank. As at June 30, 2015, goodwill amounted to DKK 9.5 billion (December 31, 2014: DKK 9.5 billion) with DKK 4.1 billion (December 31, 2014: DKK 4.1 billion) relating to banking units primarily in Personal Banking and Business Banking Finland. Following a continued decrease in interest rates in the first half of 2015, the assumptions applied in the impairment test for the banking units in 2014 were updated, but did not reveal further impairment in first half of 2015. See note 18 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 for additional information on impairment testing and sensitivity to changes in impairment test assumptions.

***Measurement of Liabilities under Insurance Contracts***

Measurement of liabilities under insurance contracts is based on a number of actuarial computations that rely on assumptions about a number of variables, including mortality and disability rates. Assumptions of 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. The liabilities also depend on the discount yield curve, which is fixed on the basis of a zero-coupon yield curve estimated on the basis of euro swap market rates to which is added the yield spread between Danish and German government bonds and a mortgage yield curve spread. If the discount rate was lowered one percentage point, the Group's life insurance provisions would have increased by DKK 0.1 billion as at December 31, 2014.

***Recognition of Deferred Tax Assets***

Recognition of deferred tax assets 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 profits. As at June 30, 2015 deferred tax assets from recognized tax loss carry-forwards amounted to DKK 0.3 billion (December 31, 2014: DKK 0.5 billion). The tax base of unrecognized tax loss carry-forwards, relating primarily to the Group's banking operations in Ireland, amounted to DKK 3.4 billion as at June 30, 2015 (December 31, 2014: DKK 3.5 billion). The full deferred tax liability arising from international joint taxation was recognized and amounted to DKK 6.1 billion as at June 30, 2015 (December 31, 2014: DKK 6.4 billion).

**Significant Accounting Selections**

***Financial Instruments and Insurance Contracts***

Financial instruments accounted for more than 95 percent of the Group's total assets and liabilities as at December 31, 2014. 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.

<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 using the fair value option.

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 A/S ("**Realkredit Danmark**").

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 granted and bonds issued 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. The fair value of bonds issued by Realkredit Danmark is normally equal to their market value. A small number of the bonds issued 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 granted 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 issued cause corresponding changes to be made to the fair value of the loans. Consequently, changes to the fair value of bonds issued, 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.

Securities

Securities are generally measured at fair value through profit or loss and are classified as either trading portfolio assets or securities designated at fair value using the fair value option. Certain bond portfolios are held for the purpose of generating a return until maturity. These portfolios are measured at amortized cost and are classified as hold-to-maturity financial assets. Owing to significant distortion of the pricing of bonds, in 2008, the Group reclassified bonds in the held-for-trading category to available-for-sale financial assets. This is the only time the Group has used the available-for-sale valuation method. These bonds are measured at fair value. Unrealized fair value adjustments are recognized in other comprehensive income, whereas impairment charges are recognized in the income statement.

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.

Securities Designated at Fair Value

Other financial assets designated at fair value 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 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 securities designated at fair value, realized and unrealized capital gains and losses and dividends are recognized in the income statement under Net trading income.

Hold-to-maturity Financial Assets

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. The Group increased its use of this category in 2014 and 2013.

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 available-for-sale financial assets. Hedged risks that meet the criteria for fair value hedge accounting are treated accordingly. The interest rate risk on the hedged assets and liabilities is measured at fair value through profit or loss. As at December 31, 2014, hedging derivatives measured at fair value accounted for 0.6 percent of total assets and 0.2 percent of total liabilities, as compared to 0.7 percent and 0.3 percent, respectively, as at December 31, 2013.

*Insurance Activities – General*

The Group’s net income from insurance business comprises the return on assets funded by Danica Group’s shareholders’ equity, income from unit-linked business and health and accident business, and a risk allowance for conventional life insurance.

The risk allowance is determined in accordance with the DFSA’s executive order on the contribution principle. If the technical basis for the conventional life insurance business for a given period is insufficient to allow booking of the risk allowance, the amount may be booked in later periods when the technical basis permits. The technical basis for the risk allowance is essentially the investment return on policyholders’ funds less the change in life insurance provisions. 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 interest accrual to policyholders, the shortfall is covered by the bonus potential. If the bonus potential is insufficient to cover the shortfall, the difference is paid by the Group. Similarly to the risk allowance, amounts paid by the Group are booked to the shadow account and may be recovered at a later date when the technical basis permits.

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. The collective bonus potential and the risk allowance are also determined for each group individually.

Life insurance policies 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.

Life insurance provisions are recognized at their present value 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.

Insurance premiums are recognized under Net premiums. Net insurance benefits consists of benefits disbursed under insurance contracts and the annual change in insurance obligations not deriving from additional provisions for benefit guarantees. 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.

Investment Contracts

Investment contracts are recognized as financial liabilities, and, consequently, contributions and benefits under such contracts are recognized directly in the balance sheet as adjustments of liabilities. 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.

**Recent Accounting Pronouncements**

In accordance with IFRS 9 Financial Instruments that will be effective for annual periods beginning on or after January 1, 2018, provisioning for expected credit losses on financial assets recognized at amortized cost in the income statement depends on whether the credit risk has increased significantly since initial recognition. The implementation of IFRS 9 is expected to change the Group's classification and measurement of financial assets and lead to an increase in the allowance account due to the provisioning for expected credit losses as compared to the incurred loss provisioning under IAS 39.

Further, under IFRS 15 Revenue from Contracts with Customers, which is effective from January 1, 2018, revenue is recognized when the performance obligations inherent in the contract with a customer are satisfied. IFRS 15 also includes additional disclosure requirements. It is not yet possible for the Group to estimate the effect of IFRS 9 and IFRS 15 on its financial statements. For additional information on IFRS 9 and IFRS 15, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

**Description of Consolidated Financial Information**

***Financial Highlights and Segment Reporting***

The discussion of the results of operations of the Group included in this section "*Operating and Financial Review and Prospects*" is based on the financial highlights presentation used by the Group when presenting such information in its annual and interim reports. The Group's financial highlights deviate from the corresponding figures in the consolidated financial statements of the Group due to reclassification of certain items as follows:

- In the financial highlights, earnings contributed by FICC and trading income in Capital Markets (part of C&I) is presented as net trading income, whereas it is presented as net interest income, net fee income, net trading income and other income in the consolidated income statement. Similarly, earnings in Group Treasury (part of

Other Activities) except the internal bank and the hold-to-maturity portfolio are presented as net trading income in the financial highlights and as net interest income, net fee income, net trading income and other income in the consolidated income statement. The distribution of earnings 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, and hence, the earnings contributed by FICC, the trading income of Capital Markets and the earnings in Group Treasury are presented net in the financial highlights as net trading income.

- Income and expenses from Danica Pension are consolidated on a line-by-line basis in the consolidated income statement. The return on conventional insurance activities accruing to the Group is determined by the contribution principle. Since the Group's return cannot be derived directly from the individual income statement items, income contributed by Danica Pension is presented on a single line in the financial highlights as net income from insurance business.

- 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.

- Operating lease costs, excluding property leasing, are presented on a net basis under other income in the financial highlights to better reflect the development in the cost basis. In the consolidated financial statements, gains or losses on the sale of operating lease assets, excluding properties, are presented on a gross basis. In the financial highlights, those gains or losses are presented net under other income to better reflect the development in the cost base.

- Other income in the financial highlights includes net earnings contributed by fully consolidated subsidiaries taken over by the Group under non-performing loan agreements.

See note 2 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015, note 3 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 and note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2013 incorporated by reference into this Base Prospectus for information on reconciling the consolidated income statements and the financial highlights presentation. See also "*Overview of Consolidated Financial Information and Other Data*."

***Restatements and Reclassifications of Financial Highlights and Segment Reporting***

*Six Months Ended June 30, 2015*

The financial highlights as at and for the year ended December 31, 2014 and as at and for the six months ended June 30, 2014 were restated in the Group's interim report as at and for the six months ended June 30, 2015 to reflect the following changes:

- During the third quarter of 2014, the Group's liquidity portfolio was transferred from FICC (part of C&I) to Group Treasury (part of Other Activities). When the liquidity portfolio was held by FICC, the cost of holding the liquidity portfolio was booked under net trading income. At Group Treasury, the cost of holding the liquidity portfolio is borne by the internal bank and has been booked under net interest income since January 1, 2015. Further, the restatement covers a change in the disclosure of the internal bank result.

- Prior to the Group's interim report as at and for the six months ended June 30, 2015, the Group disclosed brokerage and debt capital markets fees in Capital Markets (part of C&I) as net trading income. Income from these services is net fee income and has been disclosed as such since January 1, 2015.

On January 1, 2015, the Group transferred Baltic personal banking customers to Non-core business unit as the Group decided to exit its personal banking operations in the Baltics. Comparative figures for 2014 have not been restated as the effect of the transfer was immaterial.

The restated financial highlights as at for the year ended December 31, 2014 and as at and for the six months ended June 30, 2014 in the Group's interim report as at and for the six months ended June 30, 2015 also reflect the restatement related to changes to the accounting of a pension scheme discussed under "*—Restatements and Reclassifications of Consolidated Financial Statements—Six Months Ended June 30, 2015*" below.

For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

Comparability of Financial Information

The financial information in the discussion of the results of operations of the Group under "*—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013—Income Statement*" and "*—Review* *of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012—Income Statement*" below does not reflect the restatements discussed above, nor does it reflect the restatements discussed under "—*Restatements and Reclassifications of Consolidated Financial Statements—Six Months Ended June 30, 2015*" below. Therefore, the financial information used in the discussion under "*—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013—Income Statement*" and "*—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012—Income Statement*" below is not fully comparable with the restated financial information as at and for the year ended December 31, 2014 included in the Group's interim report as at and for the six months ended June 30, 2015 and the discussion of the financial information of the Group under "*—Review of Consolidated Financial Information for the Six Months ended and as at June 30, 2015 and 2014*" below. The financial information as reported as at and for the year ended December 31, 2014 on a non-restated basis has been provided for purposes of the presentation in "*Summary Consolidated Financial Information and Other Data*," "*Overview of Consolidated Financial Information and Other Data*," and for purposes of the discussion under "—*Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013*" below and elsewhere in this Base Prospectus where 2014 financial data is compared to 2013 financial data. The financial information as reported as at and for the year ended December 31, 2014 should be read together with the restated financial information as at and for the year ended December 31, 2013 included in the Group's interim report as at and for the six months ended June 30, 2015.

*Year Ended December 31, 2014*

Comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 were restated in the Group's annual report as at and for the year ended December 31, 2014 to reflect the following change:

- Effective as of October 31, 2013, the Group discontinued Personal Banking and Business Banking in the Republic of Ireland to focus exclusively on customers in C&I. Accordingly, the Group transferred Personal Banking and Business Banking customers in Ireland to the Non-core unit with effect from January 1, 2014 in accordance with its strategy to place Non-core activities in a separate business unit. The change affected the financial highlights and business segment reporting, whereas the consolidated income statement, balance sheet, total equity, earnings per share information and statement of capital were not affected. In the Group's annual report as at and for the year ended December 31, 2014, comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 were restated.

For additional information, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

Comparability of Financial Information

The financial information in the discussion of the results of operations of the Group under "*—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012—Income Statement*" below do not reflect this restatement, and the financial information used in that discussion is not fully comparable with the restated financial information as at and for the year ended December 31, 2013 included in the Group's annual report as at and for the year ended December 31, 2014 and the financial information used in the discussion of the results of operations of the Group under "*—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013—Income Statement*" below. The financial information as reported as at and for the year ended December 31, 2013 has been provided for purposes of the presentation in "*Summary Consolidated Financial Information and Other Data*," "*Overview of Consolidated Financial Information and Other Data*" and for purposes of the discussion under "*—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012*" below and elsewhere in this Base Prospectus where 2013 financial data is compared to 2012 financial data. The financial information as reported as at and for the year ended December 31, 2013 should be read together with the restated financial information as at and for the year ended December 31, 2013 included in the Group's annual report as at and for the year ended December 31, 2014.

*Year Ended December 31, 2013*

Comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 were restated in the Group's annual report as at and for the year ended December 31, 2013 to reflect the following changes:

- In June 2012, the Group reorganized its business unit structure as part of its revised strategy to focus on customer attention, simplicity and efficiency, switching from operations based on geography to operations based on customer segments. Banking activities were split into three new business units: Personal Banking, Business Banking and C&I. In addition, the non-core activities were transferred to a separate business unit: Non-core. The non-core activities consisted of Irish property exposures and securitization transactions (conduits) not considered part of the Bank's core business. The reorganization was reflected in the Group's financial reporting effective from January 1, 2013.

- In June 2012, the Group also changed the allocation of capital to each business unit and to its internal funds transfer pricing model. Core Tier 1 capital had previously been allocated on the basis of each unit's share of Group risk-weighted assets calculated prior to transition to the CRD. Effective as of January 1, 2013, total equity has been allocated to the business units assuming that goodwill is financed by equity. Core Tier 1 capital is allocated on the basis of the CRD, with capital for credit risk being allocated on the basis of the internal economic capital framework. The capital allocation model and the internal funds transfer pricing model were updated in 2012 to better reflect the risks associated with the individual business units.

- In addition, the presentation of operational leasing, excluding property leasing, was changed to be presented on a net basis under other income to better reflect the development in the cost basis.

These changes affected financial highlights and business segment reporting as at and for the year ended December 31, 2013 and comparative figures as at and for the year ended December 31, 2012 were restated. The consolidated income statement, balance sheet, shareholders' equity, earnings per share information and statement of capital were unaffected.

For additional information, see note 39 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2013 incorporated by reference into this Base Prospectus.

***Restatements and Reclassifications of Consolidated Financial Statements***

*Six Months Ended June 30, 2015*

The comparative financial information as at and for the year ended December 31, 2014 and as at and for the six months ended June 30, 2014 were restated in the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 to reflect the following change:

- As at June 30, 2015, the Group had a pension scheme for approximately 200 current and 1,100 former employees of the Bank held with Danica Group. The Bank has guaranteed a real return on policyholders' savings. In continuation of a dialogue with the DFSA, Danica Group changed the accounting treatment in its annual report 2014 from net presentation of the scheme and the financial guarantee to gross presentation with the financial guarantee recognized as an asset at an amount representing the expected payments. The change was implemented through a restatement of comparative financial information as at and for the year ended December 31, 2014 and as at and for the six months ended June 30, 2014 in the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015.

The restatement reduced the Group's shareholders' equity as at January 1, 2014 by DKK 839 million. The effect on the consolidated balance sheet as at December 31, 2014 was an increase in insurance liabilities of DKK 1,037 million, a reduction of other liabilities of DKK 73 million, a reduction in tax liabilities of DKK 228 million and a reduction of shareholders' equity of DKK 736 million. As a result of the change, the Group's net profit for the year ended December 31, 2014 increased by DKK l03 million, comprising an increase in net trading income of DKK l34 million and a decrease in tax of DKK 3l million. For the six months ended June 30, 2014 net profit increased by DKK 65 million. The restatement did not affect the Group's net profit for the six months ended June 30, 2015.

For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

<u>Comparability of Financial Information</u>

The financial information in the discussion of the consolidated financial information of the Group under "*—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013*" and "*—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012*" below does not reflect the restatements discussed in the preceding paragraph above nor does it reflect the restatements discussed under "*—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Six Months Ended June 30, 2015*" above, and the financial information used in the discussion under "*—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013*" and "*—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012*" below is not fully comparable with the restated financial information as at and for the year ended December 31, 2014 included in the Group's interim report as at and for the six months ended June 30, 2015 and the discussion of the financial information of the Group under "*—Review of Consolidated Financial Information for the six months ended and as at June 30, 2015 and 2014*" below. The financial information as reported as at and for the year ended December 31, 2014 is no longer current as IFRS requires the effects of the changed accounting policy described above to be reflected on a retrospective basis. The financial information as reported as at and for the year ended December 31, 2014 on a non-restated basis has been provided for purposes of the presentation in "*Summary Consolidated Financial Information and Other Data*," "*Overview of Consolidated Financial Information and Other Data*," and for purposes of the discussion under "*—Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013*" below and elsewhere in this Base Prospectus where 2014 financial data is compared to 2013 financial data. The financial information as reported as at and for the year ended

December 31, 2014 should be read together with the restated financial information as at and for the year ended December 31, 2014 included in the Group's interim report as at and for the six months ended June 30, 2015.

*Year Ended December 31, 2013*

The Group adopted the amended IAS 19, Employee Benefits, as of January 1, 2013. IAS 19 eliminates the option of deferring the recognition of actuarial gains and losses on defined benefit pension plans, known as the "corridor method." The present value of pension obligations and the fair value of pension plan assets must instead be recognized in the balance sheet on a net basis. The comparative financial information as at and for the year ended December 31, 2012 was restated in the Group's audited consolidated financial statements as at and for the year ended December 31, 2013.

**Review of Consolidated Financial Information for the Six Months ended and as at June 30, 2015 and 2014**

***Income Statement***

*The Group*

The following table sets forth a summary of the Group's results of operations for the periods indicated:

| | For the six months ended June 30, | |
|---|---|---|
| | 2015 | 2014 (restated)(1)(2) |
| | (DKK in millions) | |
| Net interest income | 10,829 | 10,836 |
| Net fee income | 6,134 | 5,207 |
| Net trading income | 4,240 | 4,152 |
| Other income | 866 | 674 |
| Net income from insurance business | 1,110 | 927 |
| Total income | 23,179 | 21,797 |
| Operating expenses | (10,750) | (11,021) |
| Profit before loan impairment charges | 12,429 | 10,776 |
| Loan impairment charges | ( 283) | (1,267) |
| Profit before tax, core | 12,146 | 9,509 |
| Profit before tax, Non-core | 30 | (794) |
| Profit before tax | 12,176 | 8,715 |
| Tax | (2,757) | (1,791) |
| Net profit for the period | 9,419 | 6,924 |
| Attributable to additional Tier 1 etc. | 279 | 100 |

(1) As at June 30, 2015, the Group had a pension scheme for approximately 200 current and 1,100 former employees of the Bank held with Danica Group. The Bank has guaranteed a real return on policyholders' savings. In continuation of a dialogue with the DFSA, Danica Group changed the accounting treatment in its annual report 2014 from net presentation of the scheme and the financial guarantee to gross presentation with the financial guarantee recognized as an asset at an amount representing the expected payments. As a result of the change, the Group's net profit for 2014 increased by DKK 103 million, comprising an increase in net trading income of DKK 134 million and a decrease in tax of DKK 31 million. For the six months ended June 30, 2014, net profit increased by DKK 65 million. For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

(2) The Group's liquidity portfolio was transferred from FICC (part of C&I) to Group Treasury (part of Other Activities) during the third quarter of 2014. At FICC, the cost of holding the liquidity portfolio was booked under net trading income. At Group Treasury, the cost has been borne by the internal bank and booked under net interest income from January 1, 2015 and the financial highlights for 2014 have been restated. Further, the restatement covers a change in the disclosure of the internal bank result. Prior to the Group's interim report as at and for the six months ended June 30, 2015, brokerage and debt capital markets fees were disclosed as net trading income. Income from those services is net fee income and is disclosed as such from January 1, 2015. The Group has decided to exit the personal banking operations in the Baltics. Consequently, Baltic personal banking customers have been transferred to the Non-core unit from January 1, 2015. Comparative figures for 2014 have been restated, except for the transfer of the Baltic personal banking customers as the effect is immaterial. For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

The following table sets forth the Group's profit before tax by business unit for the periods indicated:

| | For the six months ended June 30, | |
|---|---|---|
| | 2015 | 2014 (restated)(1)(2) |
| | (DKK in millions) | |
| Personal Banking | 2,619 | 2,346 |
| Business Banking | 3,950 | 2,813 |
| C&I | 3,199 | 2,022 |
| Danske Capital | 671 | 535 |
| Danica Pension | 1,110 | 927 |
| Non-core | 30 | (794) |
| Other Activities | 774 | 994 |
| Eliminations | (177) | (129) |
| Total Group | 12,176 | 8,715 |

(1) As at June 30, 2015, the Group had a pension scheme for approximately 200 current and 1,100 former employees of the Bank held with Danica Group. The Bank has guaranteed a real return on policyholders' savings. In continuation of a dialogue with the DFSA, Danica Group changed the accounting treatment in its annual report 2014 from net presentation of the scheme and the financial guarantee to gross presentation with the financial guarantee recognized as an asset at an amount representing the expected payments. For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

(2) The Group's liquidity portfolio was transferred from FICC (part of C&I) to Group Treasury (part of Other Activities) during the third quarter of 2014. At FICC, the cost of holding the liquidity portfolio was booked under net trading income. At Group Treasury, the cost has been borne by the internal bank and booked under net interest income from January 1, 2015 and the financial highlights for 2014 have been restated. Further, the restatement covers a change in the disclosure of the internal bank result. Prior to the Group's interim report as at and for the six months ended June 30, 2015, brokerage and debt capital markets fees were disclosed as net trading income. Income from those services is net fee income and is disclosed as such from January 1, 2015. The Group has decided to exit the personal banking operations in the Baltics. Consequently, Baltic personal banking customers have been transferred to the Non-core unit from January 1, 2015. Comparative figures for 2014 have been restated, except for the transfer of the Baltic personal banking customers as the effect is immaterial. For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

Total Income

The Group's total income for the six months ended June 30, 2015 amounted to DKK 23,179 million, an increase of DKK 1,382 million, or 6 percent, as compared to DKK 21,797 million for the six months ended June 30, 2014.

The Group's net interest income for the six months ended June 30, 2015 amounted to DKK 10,829 million, a decrease of DKK 7 million as compared to DKK 10,836 million for the six months ended June 30, 2014. The prevailing low interest rate environment and very low deposit margins continued to negatively affect the Group's net interest income. However, the impact of continuing low interest rates was partly offset by the positive effect of the repayment in full in April 2014 of the hybrid capital raised from the Danish State, which reduced interest expense, as well as an increased investment return on the Group's liquidity bond portfolio and an increase in lending volumes.

The Group's loans as at June 30, 2015 amounted to DKK 1,601,060 million, an increase of DKK 34,562 million, or 2 percent, as compared to DKK 1,566,498 million as at June 30, 2014. The increase reflected increased lending at all banking units.

The Group's deposits as at June 30, 2015 amounted to DKK 839,690 million, an increase of DKK 76,119 million, or 10 percent, as compared to DKK 763,571 million as at June 30, 2014. The increase was mainly due to an increase in deposits held by C&I.

The Group's net fee income for the six months ended June 30, 2015 amounted to DKK 6,134 million, an increase of DKK 927 million, or 18 percent, as compared to DKK 5,207 million for the six months ended June 30, 2014. The increase was mainly due to a high level of mortgage refinancing as many of the Group's customers took advantage of the historically low interest rates, as well as increased customer activity at all banking units and positive developments at Danske Capital as discussed below in "*—Danske Capital—Total Income.*"

The Group's net trading income for the six months ended June 30, 2015 amounted to DKK 4,240 million, an increase of DKK 88 million, or 2 percent, as compared to DKK 4,152 million for the six months ended June 30, 2014. The increase was mainly due to higher client activity owing to the volatile financial markets, as well as positive fair value adjustments, mainly in the first three months of 2015. The Group's net trading income was adversely affected by improvements in the model for CVA, which increased the CVA. The Group's net trading income for the six months ended June 30, 2014 was positively affected by non-recurring income of DKK l.0 billion relating to the sale of the Group's shares in Nets Holding A/S ("**Nets**"). There were no corresponding sale-related profits in the six months ended June 30, 2015.

The Group's net income from insurance business for the six months ended June 30, 2015 amounted to DKK 1,110 million, an increase of DKK 183 million, or 20 percent, as compared to net income of DKK 927 million for the six months ended June 30, 2014. The increase was mainly due to higher investment income and booking of the full risk allowance to income for all four interest rate groups.

The Group's other income for the six months ended June 30, 2015 amounted to DKK 866 million, an increase of DKK 192 million, or 28 percent, as compared to DKK 674 million for the six months ended June 30, 2014. The increase was mainly due to a refund of payroll tax paid in previous years.

Expenses

The Group's operating expenses for the six months ended June 30, 2015 amounted to DKK 10,750 million, a decrease of DKK 271 million, or 2 percent, as compared to DKK 11,021 million for the six months ended June 30, 2014. The decrease was mainly due to the Group's continued focus on cost control which resulted in lower overall expenses, despite an increase in customer activity, which increased expenses.

There were no goodwill impairment charges for the six months ended June 30, 2015 or the six months ended June 30, 2014.

The Group's expenses for VAT and payroll tax for the six months ended June 30, 2015 amounted to DKK 0.9 billion, as compared to DKK 1.0 billion for the six months ended June 30, 2014.

Loan Impairment Charges

The Group's loan impairment charges amounted to DKK 283 million for the six months ended June 30, 2015, a decrease of DKK 984 million, or 78 percent, as compared to DKK 1,267 million for the six months ended June 30, 2014. The decrease was mainly due to general improvements in credit quality and collateral values at all business units, mainly driven by lower interest rates.

Profit Before Tax, Non-core

The Group's profit before tax, Non-core amounted to DKK 30 million for the six months ended June 30, 2015, a change of DKK 824 million as compared to a loss of DKK 794 million for the six months ended June 30, 2014. The increase was mainly due to reversal of impairments owing to better conditions in the property market, in Ireland in particular.

Profit Before Tax

The Group's profit before tax for the six months ended June 30, 2015 amounted to DKK 12,176 million, an increase of DKK 3,461 million, or 40 percent, as compared to DKK 8,715 million for the six months ended June 30, 2014.

Tax

The Group's total tax charge for the six months ended June 30, 2015 amounted to DKK 2,757 million, an increase of DKK 966 million, or 54 percent, as compared to DKK 1,791 million for the six months ended June 30, 2014. The increase was mainly due to higher profit before tax for the six months ended June 30, 2015 and higher non-taxable income in the six months ended June 30, 2014.

Net Profit for the Period

The Group's net profit for the six months ended June 30, 2015 amounted to DKK 9,419 million, an increase of DKK 2,495 million, or 36 percent, as compared to DKK 6,924 million for the six months ended June 30, 2014.

*Personal Banking*

The following table sets forth a summary of the results of operations of Personal Banking for the periods indicated:

| | **For the six months ended June 30,** | |
|---|---|---|
| | **2015** | **2014** |
| | **(DKK in millions)** | |
| Net interest income | 4,728 | 5,343 |
| Net fee income | 2,734 | 2,186 |
| Net trading income | 416 | 318 |
| Other income | 340 | 330 |
| Total income | 8,218 | 8,177 |
| Operating expenses | (5,224) | (5,278) |
| Profit before loan impairment charges | 2,994 | 2,899 |
| Loan impairment charges | (375) | (553) |
| Profit before tax | 2,619 | 2,346 |

Total Income

Personal Banking's total income for the six months ended June 30, 2015 amounted to DKK 8,218 million, an increase of DKK 41 million, or 1 percent, as compared to DKK 8,177 million for the six months ended June 30, 2014.

Personal Banking's net interest income for the six months ended June 30, 2015 amounted to DKK 4,728 million, a decrease of DKK 615 million, or 12 percent, as compared to DKK 5,343 million for the six months ended June 30, 2014. The decrease was primarily due to the adverse effect on net interest income from negative short-term interest rates in Denmark and Sweden and a decline in interest rates in several of the Group's other markets as well as continued pressure on deposit margins and stronger competition on lending margins.

Personal Banking's loans, excluding reverse transactions before impairments, as at June 30, 2015 amounted to DKK 805,726 million, an increase of DKK 3,741 million as compared to DKK 801,985 million as at June 30, 2014. The increase was mainly due to an increase in lending in Norway that more than offset reduced lending in Denmark.

Personal Banking's deposits, excluding repo deposits, as at June 30, 2015 amounted to DKK 353,175 million, an increase of DKK 17,451 million, or 5 percent, as compared to DKK 335,724 million as at June 30, 2014. The increase was mainly due to higher deposit volumes in all countries other than Sweden.

Personal Banking's net fee income for the six months ended June 30, 2015 amounted to DKK 2,734 million, an increase of DKK 548 million, or 25 percent, as compared to DKK 2,186 million for the six months ended June 30, 2014. The increase was mainly due to increased customer activity in investment products driven by the historically low interest rates in all markets and strong activity within mortgage refinancing in Denmark.

Personal Banking's net trading income for the six months ended June 30, 2015 amounted to DKK 416 million, an increase of DKK 98 million, or 31 percent, as compared to DKK 318 million for the six months ended June 30, 2014. The increase was mainly due to increased customer activity in investment products because of the historically low interest rates in all markets.

Personal Banking's other income for the six months ended June 30, 2015 amounted to DKK 340 million, an increase of DKK 10 million, or 3 percent, as compared to DKK 330 million for the six months ended June 30, 2014.

Expenses

Personal Banking's operating expenses for the six months ended June 30, 2015 amounted to DKK 5,224 million, a decrease of DKK 54 million, or 1 percent, as compared to DKK 5,278 million for the six months ended June 30, 2014. The decrease was mainly due to efficiency gains from lower back-office production costs, partly offset by higher costs caused by the increase in customer activity.

Loan Impairment Charges

Personal Banking's loan impairment charges amounted to DKK 375 million for the six months ended June 30, 2015, a decrease of DKK 178 million, or 32 percent, as compared to DKK 553 million for the six months ended June 30, 2014. The decrease was mainly due to improved household finances in Denmark and Northern Ireland from increases in property prices.

Profit Before Tax

Personal Banking's profit before tax for the six months ended June 30, 2015 amounted to DKK 2,619 million, an increase of DKK 273 million, or 12 percent, as compared to DKK 2,346 million for the six months ended June 30, 2014.

*Business Banking*

The following table sets forth a summary of the results of operations of Business Banking for the periods indicated:

| | For the six months ended June 30, | |
|---|---|---|
| | **2015** | **2014** |
| | **(DKK in millions)** | |
| Net interest income | 4,537 | 4,368 |
| Net fee income | 1,139 | 1,017 |
| Net trading income | 442 | 315 |
| Other income | 339 | 266 |
| Total income | 6,457 | 5,966 |
| Operating expenses | (2,610) | (2,649) |
| Profit before loan impairment charges | 3,847 | 3,317 |
| Loan impairment charges | 103 | (504) |
| Profit before tax | 3,950 | 2,813 |

Total Income

Business Banking's total income for the six months ended June 30, 2015 amounted to DKK 6,457 million, an increase of DKK 491 million, or 8 percent, as compared to DKK 5,966 million for the six months ended June 30, 2014.

Business Banking's net interest income for the six months ended June 30, 2015 amounted to DKK 4,537 million, an increase of DKK 169 million, or 4 percent, as compared to DKK 4,368 million for the six months ended June 30, 2014. The increase was mainly due to strong lending growth, which more than offset the adverse effect of low interest rates on deposit margins.

Business Banking's loans, excluding reverse transactions before impairments, as at June 30, 2015 amounted to DKK 651,572 million, an increase of DKK 21,497 million, or 3 percent, as compared to DKK 630,075 million as at June 30, 2014. The increase was mainly due to increased lending in the Nordic countries.

Business Banking's deposits, excluding repo deposits, as at June 30, 2015 amounted to DKK 258,517 million, an increase of DKK 2,518 million, or 1 percent, as compared to DKK 255,999 million as at June 30, 2014. The increase was mainly due to higher deposit volumes in Denmark, Finland and Northern Ireland that more than offset lower deposits in Norway and Sweden.

Business Banking's net fee income for the six months ended June 30, 2015 amounted to DKK 1,139 million, an increase of DKK 122 million, or 12 percent, as compared to DKK 1,017 million for the six months ended June 30, 2014. The increase was mainly due to cross sales, high mortgage refinancing activity driven by the low interest rates, and higher activity generally.

Business Banking's net trading income for the six months ended June 30, 2015 amounted to DKK 442 million, an increase of DKK 127 million, or 40 percent, as compared to DKK 315 million for the six months ended June 30, 2014. The increase was mainly due to higher mortgage refinancing income and positive fair value adjustments of the bond portfolio at Realkredit Danmark.

Business Banking's other income for the six months ended June 30, 2015 amounted to DKK 339 million, an increase of DKK 73 million, or 27 percent, as compared to DKK 266 million for the six months ended June 30, 2014.

Expenses

Business Banking's operating expenses for the six months ended June 30, 2015 amounted to DKK 2,610 million, a decrease of DKK 39 million, or 1 percent, as compared to DKK 2,649 million for the six months ended June 30, 2014. The decrease was mainly due to continued focus on costs, despite an increase in customer activity.

Loan Impairment Charges

Business Banking's loan impairment charges amounted to a net reversal of DKK 103 million for the six months ended June 30, 2015, a change of DKK 607 million as compared to loan impairment charges of DKK 504 million for the six months ended June 30, 2014. The change was mainly due to the Group's efforts to improve credit quality, amongst others, by working together with customers with impaired loans, as well as improved market conditions. The reversals of loan impairment charges occurred mainly in the commercial property segments in Denmark and Northern Ireland.

Profit Before Tax

Business Banking's profit before tax for the six months ended June 30, 2015 amounted to DKK 3,950 million, an increase of DKK 1,137 million, or 40 percent, as compared to DKK 2,813 million for the six months ended June 30, 2014.

*Corporates & Institutions*

The following table sets forth a summary of the results of operations of C&I for the periods indicated:

| | **For the six months ended June 30,** | |
|---|---|---|
| | **2015** | **2014 (restated)(1)** |
| | **(DKK in millions)** | |
| Net interest income | 1,363 | 1,288 |
| Net fee income | 1,156 | 1,033 |
| Net trading income | 2,973 | 2,212 |
| Other income | 2 | 3 |
| Total income | 5,494 | 4,535 |
| Operating expenses | (2,284) | (2,303) |
| Profit before loan impairment charges | 3,210 | 2,232 |
| Loan impairment charges | (11) | (210) |
| Profit before tax | 3,199 | 2,022 |

(1) Prior to January 1, 2015, the Group disclosed brokerage and debt capital markets fees as net trading income. Income from those services is net fee income and the Group has disclosed it as such since January 1, 2015. Comparative figures for the six months ended June 30, 2014 were restated to reflect the foregoing in the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015. For additional information, see "*Important Information for Investors—Presentation of Financial Information*" and note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

Total Income

C&I's total income for the six months ended June 30, 2015 amounted to DKK 5,494 million, an increase of DKK 959 million, or 21 percent, as compared to DKK 4,535 million for the six months ended June 30, 2014.

C&I's net interest income for the six months ended June 30, 2015 amounted to DKK 1,363 million, an increase of DKK 75 million, or 6 percent, as compared to DKK 1,288 million for the six months ended June 30, 2014. The increase was mainly due to increased lending volumes and margins.

C&I's loans, excluding reverse transactions before impairments, as at June 30, 2015 amounted to DKK 179,160 million, an increase of DKK 11,552 million, or 7 percent, as compared to DKK 167,608 million as at June 30, 2014. The increase was mainly due to increased lending to corporate customers.

C&I's deposits, excluding repo deposits, as at June 30, 2015 amounted to DKK 229,522 million, an increase of DKK 58,489 million, or 34 percent, as compared to DKK 171,033 million as at June 30, 2014. The increase was mainly due to increased deposits from sovereigns, financial institutions and corporate customers.

C&I's net fee income for the six months ended June 30, 2015 amounted to DKK 1,156 million, an increase of DKK 123 million, or 12 percent, as compared to DKK 1,033 million for the six months ended June 30, 2014. The increase was mainly due to increased client activity owing to the volatile markets.

C&I's net trading income for the six months ended June 30, 2015 amounted to DKK 2,973 million, an increase of DKK 761 million, or 34 percent, as compared to DKK 2,212 million for the six months ended June 30, 2014. The increase was mainly due to increased client activity in derivative trades and other transactions owing to the volatile markets.

C&I's other income for the six months ended June 30, 2015 amounted to DKK 2 million, a decrease of DKK 1 million as compared to DKK 3 million for the six months ended June 30, 2014.

Expenses

C&I's operating expenses for the six months ended June 30, 2015 amounted to DKK 2,284 million, a decrease of DKK 19 million, or 1 percent, as compared to DKK 2,303 million for the six months ended June 30, 2014. The decrease was mainly due to cost efficiency gains, which were partly offset by higher performance-based compensation accrued as a result of the Group's improved performance.

Loan Impairment Charges

C&I's loan impairment charges amounted to DKK 11 million for the six months ended June 30, 2015, a decrease of DKK 199 million, or 95 percent, as compared to DKK 210 million for the six months ended June 30, 2014. The decrease was mainly due to reversals on a few large customers.

Profit Before Tax

C&I's profit before tax for the six months ended June 30, 2015 amounted to DKK 3,199 million, an increase of DKK 1,177 million, or 58 percent, as compared to DKK 2,022 million for the six months ended June 30, 2014.

*Danske Capital*

The following table sets forth a summary of the results of operations of Danske Capital for the periods indicated:

| | **For the six months ended June 30,** | |
|---|---|---|
| | **2015** | **2014** |
| | **(DKK in millions)** | |
| Net interest income | (3) | 1 |
| Net fee income | 1,150 | 1,023 |
| Other income | 1 | (1) |
| Total income | 1,148 | 1,023 |
| Operating expenses | (477) | (488) |
| Profit before tax | 671 | 535 |

Total Income

Danske Capital's total income for the six months ended June 30, 2015 amounted to DKK 1,148 million, an increase of DKK 125 million, or 12 percent, as compared to DKK 1,023 million for the six months ended June 30, 2014.

Danske Capital's net interest income for the six months ended June 30, 2015 amounted to negative DKK 3 million, a change of DKK 4 million as compared to net interest income of DKK 1 million for the six months ended June 30, 2014.

Danske Capital's net fee income for the six months ended June 30, 2015 amounted to DKK 1,150 million, an increase of DKK 127 million, or 12 percent, as compared to DKK 1,023 million for the six months ended June 30, 2014. The increase was mainly due to higher assets under management, which increased from DKK 770 billion as at June 30, 2014 to DKK 803 billion as at June 30, 2015.

Operating Expenses

Danske Capital's operating expenses for the six months ended June 30, 2015 amounted to DKK 477 million, a decrease of DKK 11 million, or 2 percent, as compared to DKK 488 million for the six months ended June 30, 2014. The decrease was mainly due to lower staff costs.

Profit Before Tax

Danske Capital's profit before tax for the six months ended June 30, 2015 amounted to DKK 671 million, an increase of DKK 136 million, or 25 percent, as compared to DKK 535 million for the six months ended June 30, 2014.

*Danica Pension*

The following table sets forth a summary of the results of operations of Danica Pension for the periods indicated:

| | **For the six months ended June 30,** | |
|---|---|---|
| | **2015** | **2014 (restated)(1)** |
| | **(DKK in millions)** | |
| Danica Traditionel | 672 | 710 |
| Unit-linked business | 300 | 302 |
| Health and accident business | (81) | (128) |
| Result from insurance business | 891 | 884 |
| Return on investments | 290 | 249 |
| Financing result | (29) | (74) |
| Special allotment | (42) | (51) |
| Change in shadow account | – | (82) |
| Net income from insurance business | 1,110 | 927 |

(1) As at June 30, 2015, the Group had a pension scheme for approximately 200 current and 1,100 former employees of the Bank held with Danica Group. The Bank has guaranteed a real return on policyholders' savings. In continuation of a dialogue with the DFSA, Danica Group changed the accounting treatment in its annual report 2014 from net presentation of the scheme and the financial guarantee to gross presentation with the financial guarantee recognized as an asset at an amount representing the expected payments. The change resulted in an increase in profit before tax of DKK 85 million for the six months ended June 30, 2014. For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

Danica Pension's net income from insurance business for the six months ended June 30, 2015 amounted to DKK 1,110 million, an increase of DKK 183 million, or 20 percent, as compared to DKK 927 million for the six months ended June 30, 2014. The increase was mainly due to Danica Pension booking the full risk allowance for all four interest rate groups as well as higher investment income. In the six months ended June 30, 2014, the Group booked the risk allowance for three of the four interest rate groups.

The results of operations of Danica Traditionel for the six months ended June 30, 2015 amounted to DKK 672 million, a decrease of DKK 38 million, or 5 percent, as compared to DKK 710 million for the six months ended June 30, 2014. The decrease was impacted by the transfer of customers from Danica Traditionel to the unit-linked business.

The results of operations of Danica Pension's unit-linked business for the six months ended June 30, 2015 amounted to DKK 300 million, a decrease of DKK 2 million, or 1 percent, as compared to DKK 302 million for the six months ended June 30, 2014. The decrease was mainly due to increased costs and lower expense supplements.

The results of operations of Danica Pension's health and accident business for the six months ended June 30, 2015 amounted to a loss of DKK 81 million, a decrease of DKK 47 million, or 37 percent, as compared to a loss of DKK 128 million for the six months ended June 30, 2014. The decrease was mainly due to an additional provision recorded in the six months ended June 30, 2014 related to the health and accident business, as there was a negative run-off on claims in the Danish health and accident business regarding injuries incurred in previous years.

Danica Pension's return on investments for the six months ended June 30, 2015 amounted to DKK 290 million, an increase of DKK 41 million, or 16 percent, as compared to DKK 249 million for the six months ended June 30, 2014. The increase was primarily due to the interest rate development and increasing share prices.

Danica Pension's financing result for the six months ended June 30, 2015 amounted to a loss of DKK 29 million, a decrease of DKK 45 million, or 61 percent, as compared to a loss of DKK 74 million for the six months ended June 30, 2014.

*Non-core*

The following table sets forth a summary of the results of operations of Non-core for the periods indicated:

| | For the six months ended June 30, 2015 | 2014 |
|---|---|---|
| | (DKK in millions) | |
| Total income | 106 | 110 |
| Operating expenses | (213) | (524) |
| Profit (loss) before loan impairment charges | (107) | (414) |
| Loan impairment charges | 137 | (380) |
| Profit (loss) before tax | 30 | (794) |

Total Income

Non-core's total income for the six months ended June 30, 2015 amounted to DKK 106 million, a decrease of DKK 4 million, or 4 percent, as compared to DKK 110 million for the six months ended June 30, 2014. The decrease was mainly due to a decrease in outstanding loans.

Operating Expenses

Non-core's operating expenses for the six months ended June 30, 2015 amounted to DKK 213 million, a decrease of DKK 311 million, or 59 percent, as compared to DKK 524 million for the six months ended June 30, 2014. The decrease was mainly due to non-recurring operating expenses incurred during the six months ended June 30, 2014 related to the settlement of an agreement on life insurance products in the Baltics.

Loan Impairment Charges

Non-core's loan impairment charges for the six months ended June 30, 2015 amounted to a net reversal of DKK 137 million, a change of DKK 517 million as compared to loan impairment charges of DKK 380 million for the six months ended June 30, 2014. The change was mainly due to reversals of previously made impairments in Ireland reflecting improved conditions in the property market.

Profit (Loss) Before Tax

Non-core's profit before tax for the six months ended June 30, 2015 amounted to DKK 30 million, a change of DKK 824 million as compared to a loss before tax of DKK 794 million for the six months ended June 30, 2014.

*Other Activities*

The following table sets forth a summary of the results of operations of Other Activities for the periods indicated:

| | For the six months ended June 30, 2015 | 2014 (restated)[(1)] |
|---|---|---|
| | (DKK in millions) | |
| Net interest income | 202 | (165) |
| Net fee income | (46) | (51) |
| Net trading income | 410 | 1,310 |
| Other income | 186 | 76 |
| Total income | 752 | 1,170 |
| Operating expenses | (156) | (303) |
| Profit before loan impairment charges | 596 | 867 |
| Loan impairment charges | 1 | – |
| Profit before tax | 595 | 867 |

(1) The restatement covers a change in the disclosure of the internal bank result. Comparative figures for 2014 have been restated. For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

The following table sets forth a break-down of Other Activities' profit/loss before tax for the periods indicated:

| | For the six months ended June 30, | |
|---|---|---|
| | 2015 | 2014 |
| | (DKK in millions) | |
| Group Treasury | 447 | 1,183 |
| Own shares | (177) | (129) |
| Group support functions | 325 | (187) |
| Total Other Activities | 595 | 867 |

Other Activities' total income for the six months ended June 30, 2015 amounted to DKK 752 million, a decrease of DKK 418 million, or 36 percent, as compared to DKK 1,170 million for the six months ended June 30, 2014.

Group Treasury recorded a profit of DKK 447 million for the six months ended June 30, 2015, a decrease of DKK 736 million, or 62 percent, as compared to a profit of DKK 1,183 million for the six months ended June 30, 2014. The decrease was mainly due to the sale of the Group's shares in Nets in July 2014, which generated a profit of DKK 1.0 billion that was booked during the six months ended June 30, 2014. There were no corresponding sale-related profits in the six months ended June 30, 2015.

A loss of DKK 177 million was recorded from the Bank's own shares for the six months ended June 30, 2015, an increase of DKK 48 million, or 37 percent, as compared to a loss of DKK 129 million for the six months ended June 30, 2014. The increase was mainly due to the Bank's higher share price.

Group support functions recorded a profit of DKK 325 million for the six months ended June 30, 2015, a change of DKK 512 million as compared to a loss of DKK 187 million for the six months ended June 30, 2014. The change was mainly due to a refund of payroll tax paid in previous years in 2015 and property write-downs in 2014.

Other Activities' profit before tax for the six months ended June 30, 2015 amounted to DKK 595 million, a decrease of DKK 272 million, or 31 percent, as compared to a profit before tax of DKK 867 million for the six months ended June 30, 2014.

### *Balance Sheet*

The following table sets forth the Group's balance sheet data (prepared in accordance with IFRS) as at the dates indicated:

| | As at June 30, 2015 | As at December 31, 2014 (restated)(1) |
|---|---|---|
| | (DKK in millions) | |
| **Assets** | | |
| Cash in hand and demand deposits with central banks | 125,965 | 33,876 |
| Due from credit institutions and central banks | 185,277 | 112,760 |
| Trading portfolio assets | 596,740 | 742,513 |
| Investment securities | 330,926 | 330,994 |
| Loans at amortized cost | 1,068,246 | 1,092,902 |
| Loans at fair value | 737,370 | 741,609 |
| Assets under pooled schemes and unit-linked investment contracts | 90,081 | 80,148 |
| Assets under insurance contracts | 269,214 | 268,450 |
| Intangible assets | 11,148 | 11,253 |
| Tax assets | 3,825 | 1,543 |
| Other assets | 33,421 | 36,966 |
| Total assets | 3,452,213 | 3,453,015 |
| **Equity and liabilities** | | |
| Due to credit institutions and central banks | 312,871 | 329,048 |
| Trading portfolio liabilities | 485,838 | 550,629 |
| Deposits | 984,409 | 966,197 |
| Bonds issued by Realkredit Danmark | 691,544 | 655,965 |
| Deposits under pooled schemes and unit-linked investment contracts | 95,432 | 86,433 |
| Liabilities under insurance contracts | 288,658 | 288,352 |
| Other issued bonds | 345,532 | 330,207 |
| Tax liabilities | 8,430 | 8,647 |
| Other liabilities | 42,598 | 44,126 |
| Subordinated debt | 36,846 | 41,028 |
| Total liabilities | 3,292,158 | 3,300,632 |
| Total equity | 160,055 | 152,384 |
| Total liabilities and equity | 3,452,213 | 3,453,015 |

(1) As at June 30, 2015, the Group had a pension scheme for approximately 200 current and 1,100 former employees of the Bank held with Danica Group. The Bank has guaranteed a real return on policyholders' savings. In continuation of a dialogue with the DFSA, Danica Group changed the accounting treatment in its annual report 2014 from net presentation of the scheme and the financial guarantee to gross presentation with the financial guarantee recognized as an asset at an

amount representing the expected payments. This change reduced shareholders' equity at January 1, 2014 by DKK 839 million for the Group. The effect as at December 31, 2014 was an increase in insurance liabilities of DKK 1,037 million, a reduction of other liabilities of DKK 73 million, a reduction in tax liabilities of DKK 228 million and a reduction of shareholders' equity of DKK 736 million. For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

*Assets*

As at June 30, 2015, the Group's total assets amounted to DKK 3,452,213 million, a decrease of DKK 802 million as compared to DKK 3,453,015 million as at December 31, 2014. The decrease was primarily due to a decrease in trading portfolio assets and was partially offset by increases in cash in hand and demand deposits with central banks and due from credit institutions and central banks.

*Liabilities*

As at June 30, 2015, the Group's total liabilities amounted to DKK 3,292,158 million, a decrease of DKK 8,474 million as compared to DKK 3,300,632 million as at December 31, 2014. The decrease was primarily due to decreases in trading portfolio liabilities and due to credit institutions and central banks, and was partially offset by increases in bonds issued by Realkredit Danmark, deposits and other issued bonds.

*Equity*

As at June 30, 2015, the Group's total equity amounted to DKK 160,055 million, an increase of DKK 7,671 million, or 5 percent, as compared to DKK 152,384 million as at December 31, 2014.

The Group's return on average shareholders' equity was 12.5 percent for the six months ended June 30, 2015, as compared to 9.4 percent for the six months ended June 30, 2014. The Group's earnings per share for the six months ended June 30, 2015 were DKK 9.2, as compared to DKK 6.9 for the six months ended June 30, 2014.

### *Cash Flows*

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

| | As at and for the six months ended June 30, | |
|---|---|---|
| | 2015 | 2014 |
| | (DKK in millions) | |
| **Cash flow from operations** | | |
| Profit before tax | 12,176 | 8,715 |
| Tax paid | (4,751) | (1,255) |
| Adjustment for non-cash operating items | (1,482) | 1,579 |
| Total | 5,943 | 9,039 |
| Changes in operating capital | | |
| Amounts due to/from credit institutions and central banks | (14,387) | (23,595) |
| Trading portfolio | 80,983 | (28,504) |
| Other financial instruments | (7,459) | (46,170) |
| Loans at amortized cost | 24,510 | 2,309 |
| Loans at fair value | 4,239 | (12,116) |
| Deposits | 18,214 | 79,406 |
| Bonds issued by Realkredit Danmark | 35,579 | 33,872 |
| Assets/liabilities under insurance contracts | 579 | 168 |
| Other assets/liabilities | 25,815 | (12,278) |
| Cash flow from operations | 174,016 | 2,131 |
| **Cash flow from investing activities** | | |
| Acquisition/sale of own shares and additional Tier 1 capital | (148) | (368) |
| Acquisition of intangible assets | (263) | (292) |
| Acquisition/sale of tangible assets | (30) | 17 |
| Cash flow from investing activities | (441) | (643) |
| **Cash flow from financing activities** | | |
| Changes in subordinated debt and hybrid capital | (5,212) | (25,326) |
| Dividends | (5,494) | (2,000) |
| Share buyback program | (1,834) | – |
| Issued additional Tier 1 capital | 5,526 | 5,541 |
| Paid interest on additional Tier 1 capital | (161) | – |
| Change in non-controlling interests | (2) | 2 |
| Cash flow from financing activities | (7,177) | (21,783) |
| Cash and cash equivalents at January 1 | 143,543 | 173,500 |
| Change in cash and cash equivalents | 166,398 | (20,294) |
| Cash and cash equivalents, end of period | 309,940 | 153,206 |
| Cash and cash equivalents end of period | | |
| Cash in hand | 10,050 | 9,701 |
| Demand deposits with central banks | 115,915 | 30,583 |
| Amounts due from credit institutions and central banks within three months | 183,975 | 112,921 |
| Total | 309,940 | 153,206 |

Total cash inflow from operations was DKK 174,016 million for the six months ended June 30, 2015, an increase of DKK 171,885 million as compared to DKK 2,131 million for the six months ended June 30, 2014. The increase was primarily attributable to positive cash flow from changes in operating capital related to a reduction in the trading portfolio.

Total cash outflow from investing activities was DKK 441 million for the six months ended June 30, 2015, a decrease of DKK 202 million, or 31 percent, as compared to cash outflow from investing activities of DKK 643 million for the six months ended June 30, 2014. The decrease was primarily attributable to lower net payments made for acquisition and sale of own shares and additional Tier 1 capital.

Total cash outflow from financing investing activities was DKK 7,177 million for the six months ended June 30, 2015, a decrease of DKK 14,606 million, or 67 percent, as compared to cash outflow from financing investing activities of DKK 21,783 million for the six months ended June 30, 2014. The decrease was primarily attributable to the repayment in full in April 2014 of the hybrid capital raised from the Danish State offset by higher dividend payments and the costs of the share buyback program.

## Review of Consolidated Financial Information for the Years Ended and as at December 31, 2014 and 2013

### *Income Statement*

*The Group*

The following table sets forth a summary of the Group's results of operations for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2014 (1) | 2013 (restated)(2) |
| | (DKK in millions) | |
| Net interest income | 23,107 | 22,077 |
| Net fee income | 10,491 | 9,468 |
| Net trading income | 6,562 | 5,799 |
| Other income | 1,344 | 1,308 |
| Net income from insurance business | 2,362 | 1,088 |
| Total income | 43,866 | 39,740 |
| Operating expenses | (22,641) | (23,794) |
| Goodwill impairment charges | (9,099) | – |
| Profit before loan impairment charges | 12,126 | 15,947 |
| Loan impairment charges | (2,788) | (4,111) |
| Profit before tax, core | 9,338 | 11,836 |
| Profit before tax, Non-core | (1,503) | (1,777) |
| Profit before tax | 7,835 | 10,059 |
| Tax | (3,989) | (2,944) |
| Net profit for the year | 3,846 | 7,115 |
| Net profit for the year before goodwill impairments | 12,945 | 7,115 |
| Attributable to additional Tier 1 etc. | 261 | – |

(1) In the Group's annual report as at and for the year ending December 31, 2015, the figures for the year ended December 31, 2014 will be restated. For more details, see "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Consolidated Financial Statements—Six Months Ended June 30, 2015*." The above table does not reflect the restated figures.

(2) The Group transferred Personal Banking and Business Banking customers in Ireland to the Non-core unit with effect from January 1, 2014 in accordance with its strategy to place Non-core activities in a separate business unit. The change affected the financial highlights and business segment reporting, whereas the consolidated income statement, balance sheet, total equity, earnings per share information and statement of capital were not affected. In the Group's annual report as at and for the year ended December 31, 2014, comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 were restated. For additional information, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

The following table sets forth the Group's profit before tax by business unit for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2014 | 2013 (restated)(1) |
| | (DKK in millions) | |
| Personal Banking | (891) | 2,899 |
| Business Banking | 2,174 | 4,838 |
| C&I | 4,135 | 3,373 |
| Danske Capital | 1,406 | 1,131 |
| Danica Pension | 2,362 | 1,088 |
| Non-core | (1,503) | (1,777) |
| Other Activities | 345 | (1,136) |
| Eliminations | (196) | (357) |
| Total Group | 7,835 | 10,059 |

(1) The Group transferred Personal Banking and Business Banking customers in Ireland to the Non-core unit with effect from January 1, 2014 in accordance with its strategy to place Non-core activities in a separate business unit. The change affected the financial highlights and business segment reporting, whereas the consolidated income statement, balance sheet, total equity, earnings per share information and statement of capital were not affected. In the Group's annual report as at and for the year ended December 31, 2014, comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 were restated. For additional information, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

Total Income

The Group's total income for the year ended December 31, 2014 amounted to DKK 43,866 million, an increase of DKK 4,126 million, or 10 percent, as compared to DKK 39,740 million for the year ended December 31, 2013.

The Group's net interest income for the year ended December 31, 2014 amounted to DKK 23,107 million, an increase of DKK 1,030 million, or 5 percent, as compared to DKK 22,077 million for the year ended December 31, 2013. The main reason for the increase was the repayment in full in April 2014 of the hybrid capital raised from the Danish State reducing interest expense, and higher income from the Group's liquidity bond portfolio. Net interest income was adversely affected by low interest rates and an adjustment of the funds transfer pricing model. The model stipulates the internal charge payable by each business unit for funding and was adjusted in 2014 to reflect the prevailing conditions in the liquidity market. The adjustment caused a corresponding increase in net trading income as income in the internal bank is presented as net trading income, and consequently had no effect on total income.

The Group's loans as at December 31, 2014 amounted to DKK 1,563,729 million, an increase of DKK 26,956 million, or 2 percent, as compared to DKK 1,536,773 million as at December 31, 2013. Most of the Group's markets saw weak growth and low demand for credit in 2014.

The Group's deposits as at December 31, 2014 amounted to DKK 763,441 million, a decrease of DKK 12,971 million, or 2 percent, as compared to DKK 776,412 million as at December 31, 2013. The decrease was mainly due to marginal decreases recorded in all markets across all product types.

The Group's net fee income for the year ended December 31, 2014 amounted to DKK 10,491 million, an increase of DKK 1,023 million, or 11 percent, as compared to DKK 9,468 million for the year ended December 31, 2013. Net fee income benefited from increased customer activity at all banking units and positive developments at Danske Capital as discussed in "—*Danske Capital—Total Income*" below.

The Group's net trading income for the year ended December 31, 2014 amounted to DKK 6,562 million, an increase of DKK 763 million, or 13 percent, as compared to DKK 5,799 million for the year ended December 31, 2013. The increase was generated primarily by improved income at Group Treasury, including the gain of DKK 1.0 billion from the sale of the Group's shares in Nets in July 2014. At C&I, client-driven income rose on the strength of higher activity in transaction banking and the capital markets. Income from the Group's FICC operations decreased because of persistently low volatility, low interest rates and new regulatory requirements that increased capital requirements.

The Group's other income for the year ended December 31, 2014 amounted to DKK 1,344 million, an increase of DKK 36 million, or 3 percent, as compared to DKK 1,308 million for the year ended December 31, 2013.

The Group's net income from insurance business for the year ended December 31, 2014 amounted to DKK 2,362 million, an increase of DKK 1,274 million as compared to net income of DKK 1,088 million for the year ended December 31, 2013. The increase resulted from the booking of the risk allowance to income for all of the four interest rate groups and partial booking of the shadow account balance, which was enabled by an improved net investment result on customer funds.

Expenses

The Group's operating expenses for the year ended December 31, 2014 amounted to DKK 22,641 million, a decrease of DKK 1,153 million, or 5 percent, as compared to DKK 23,794 million for the year ended December 31, 2013. The decrease was mainly due to the Group's continuing cost-efficiency measures.

The Group's goodwill impairment charges for the year ended December 31, 2014 amounted to DKK 9,099 million, as compared to nil for the year ended December 31, 2013. The goodwill impairments in 2014 in Finland were the result of a weaker long-term economic outlook in Finland and changes in the assumptions on deposit margins. The goodwill impairments in Northern Ireland and Estonia in 2014 were the result of the positioning of the Group as a Nordic universal bank as well as changes in the assumptions on deposit margins in Northern Ireland. 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—Goodwill Impairment*" above.

The Group's expenses for VAT, bank tax and financial services employer tax for the year ended December 31, 2014 amounted to DKK 2.2 billion, an increase of DKK 0.1 billion as compared to DKK 2.1 billion for the year ended December 31, 2013.

Loan Impairment Charges

The Group's loan impairment charges amounted to DKK 2,788 million for the year ended December 31, 2014, a decrease of DKK 1,323 million, or 32 percent, as compared to DKK 4,111 million for the year ended December 31, 2013. The level of individual impairments in core activities reflected improving macroeconomic conditions in the Group's core markets. Individual impairments decreased at all business units.

Profit Before Tax

The Group's profit before tax for the year ended December 31, 2014 amounted to DKK 7,835 million, a decrease of DKK 2,224 million, or 22 percent, as compared to DKK 10,059 million for the year ended December 31, 2013.

Tax

The Group's tax on the profit for the year ended December 31, 2014 amounted to DKK 3,989 million, an increase of DKK 1,045 million, or 35 percent, as compared to DKK 2,944 million for the year ended December 31, 2013. While the

Group's profit before tax decreased, the Group's tax increased as the goodwill impairment recorded in 2014 was not tax deductible.

Net Profit for the Year

The Group's net profit for the year ended December 31, 2014 amounted to DKK 3,846 million, a decrease of DKK 3,269 million, or 46 percent, as compared to DKK 7,115 million for the year ended December 31, 2013.

*Personal Banking*

The following table sets forth a summary of the results of operations of Personal Banking for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | **2014** | **2013 (restated)[(1)]** |
| | **(DKK in millions)** | |
| Net interest income | 10,764 | 11,009 |
| Net fee income | 4,567 | 4,204 |
| Net trading income | 723 | 644 |
| Other income | 632 | 667 |
| Total income | 16,686 | 16,524 |
| Operating expenses | (10,626) | (11,738) |
| Goodwill impairment charges | (5,539) | – |
| Profit before loan impairment charges | 521 | 4,786 |
| Loan impairment charges | (1,412) | (1,887) |
| Profit (loss) before tax | (891) | 2,899 |
| Profit before goodwill impairment charges and tax | 4,648 | 2,899 |

(1) The Group transferred Personal Banking and Business Banking customers in Ireland to the Non-core unit with effect from January 1, 2014 in accordance with its strategy to place Non-core activities in a separate business unit. The change affected the financial highlights and business segment reporting, whereas the consolidated income statement, balance sheet, total equity, earnings per share information and statement of capital were not affected. In the Group's annual report as at and for the year ended December 31, 2014, comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 were restated. For additional information, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

Profit Before Goodwill Impairment Charges and Tax

Personal Banking's Profit before goodwill impairment and tax for the year ended December 31, 2014 amounted to DKK 4,648 million, an increase of DKK 1,749 million, or 60 percent, as compared to DKK 2,899 million for the year ended December 31, 2013. The return on allocated capital before goodwill impairments improved 4.6 percentage points to 14.4 percent. The main reasons were lower loan impairments, improved fee and trading income and benefits from cost-efficiency measures.

Total Income

Personal Banking's total income for the year ended December 31, 2014 amounted to DKK 16,686 million, an increase of DKK 162 million, or 1 percent, as compared to DKK 16,524 million for the year ended December 31, 2013.

Personal Banking's net interest income for the year ended December 31, 2014 amounted to DKK 10,764 million, a decrease of DKK 245 million, or 2 percent, as compared to DKK 11,009 million for the year ended December 31, 2013. The decrease was mainly due to the continuing low interest rate environment.

Personal Banking's loans, excluding reverse transactions before impairments, as at December 31, 2014 amounted to DKK 794,063 million, a decrease of DKK 14,024 million, or 2 percent, as compared to DKK 808,087 million as at December 31, 2013. The decrease was mainly due to reduced volumes in Denmark.

Personal Banking's deposits, excluding repo deposits, as at December 31, 2014 amounted to DKK 329,463 million, a decrease of DKK 4,389 million, or 1 percent, as compared to DKK 333,852 million as at December 31, 2013. The decrease was mainly due to lower market rates.

Personal Banking's net fee income for the year ended December 31, 2014 amounted to DKK 4,567 million, an increase of DKK 363 million, or 9 percent, as compared to DKK 4,204 million for the year ended December 31, 2013. The increase was mainly due to higher market activity within mortgage refinancing and increased customer activity in investment products because of the historically low interest rates in all markets.

Personal Banking's net trading income for the year ended December 31, 2014 amounted to DKK 723 million, an increase of DKK 79 million, or 12 percent, as compared to DKK 644 million for the year ended December 31, 2013. The increase was mainly due to higher market activity within mortgage refinancing and increased customer activity in investment products because of the historically low interest rates in all markets.

Personal Banking's other income for the year ended December 31, 2014 amounted to DKK 632 million, a decrease of DKK 35 million, or 5 percent, as compared to DKK 667 million for the year ended December 31, 2013.

Expenses

Personal Banking's operating expenses for the year ended December 31, 2014 amounted to DKK 10,626 million, a decrease of DKK 1,112 million, or 9 percent, as compared to DKK 11,738 million for the year ended December 31, 2013. The decrease was mainly due to lower staff and premises costs and back-office efficiency improvements.

Personal Banking's goodwill impairment charges for the year ended December 31, 2014 amounted to DKK 5,539 million as compared to nil for year ended December 31, 2013. In 2014, the Group recognized a goodwill impairment charge of DKK 3,493 million against the Personal Banking business unit in Finland owing to a weaker long-term economic outlook in Finland and changes in the assumptions on deposit margins and DKK 2,046 million against the Personal Banking business unit in Northern Ireland owing to changes in the assumptions on deposit margins and the positioning of the Group as a Nordic universal bank. In 2013, the Group did not recognize any goodwill impairment charges. See also "—*Primary Factors Affecting the Group's Results of Operations—Goodwill Impairment*" above.

Loan Impairment Charges

Personal Banking's loan impairment charges amounted to DKK 1,412 million for the year ended December 31, 2014, a decrease of DKK 475 million, or 25 percent, as compared to DKK 1,887 million for the year ended December 31, 2013. The decrease was mainly due to improved household finances as the overall economic environment improved, particularly in Denmark.

Profit (Loss) Before Tax

Personal Banking's loss before tax for the year ended December 31, 2014 amounted to DKK 891 million, a change of DKK 3,790 million as compared to a profit before tax of DKK 2,899 million for the year ended December 31, 2013.

*Business Banking*

The following table sets forth a summary of the results of operations of Business Banking for the years indicated:

| | **For the year ended December 31,** | |
|---|---|---|
| | **2014** | **2013 (restated)(1)** |
| | **(DKK in millions)** | |
| Net interest income | 8,978 | 8,892 |
| Net fee income | 2,082 | 1,926 |
| Net trading income | 637 | 758 |
| Other income | 516 | 495 |
| Total income | 12,213 | 12,071 |
| Operating expenses | (5,473) | (5,482) |
| Goodwill impairment charges | (3,559) | – |
| Profit before loan impairment charges | 3,181 | 6,589 |
| Loan impairment charges | (1,007) | (1,751) |
| Profit before tax | 2,174 | 4,838 |
| Profit before goodwill impairment charges and tax | 5,733 | 4,838 |

(1) The Group transferred Personal Banking and Business Banking customers in Ireland to the Non-core unit with effect from January 1, 2014 in accordance with its strategy to place Non-core activities in a separate business unit. The change affected the financial highlights and business segment reporting, whereas the consolidated income statement, balance sheet, total equity, earnings per share information and statement of capital were not affected. In the Group's annual report as at and for the year ended December 31, 2014, comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 were restated. For additional information, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

Total Income

Business Banking's total income for the year ended December 31, 2014 amounted to DKK 12,213 million, an increase of DKK 142 million, or 1 percent, as compared to DKK 12,071 million for the year ended December 31, 2013. Adjustments to interest rates and fees and higher levels of business activity compensated for lower interest rate levels and a reduction of the F1 FlexLån® loan (a mortgage loan product) volume, which reduced fee income, to reduce refinancing risk.

Business Banking's net interest income for the year ended December 31, 2014 amounted to DKK 8,978 million, an increase of DKK 86 million, or 1 percent, as compared to DKK 8,892 million for the year ended December 31, 2013. The increase was mainly due to adjustments to interest rates and higher lending volumes more than compensating for continuing lower interest rate levels.

Business Banking's loans, excluding reverse transactions before impairments, as at December 31, 2014 amounted to DKK 633,746 million, an increase of DKK 21,173 million, or 3 percent, as compared to DKK 612,573 million as at December 31, 2013. The increase was mainly due to higher lending in the Nordic countries.

Business Banking's deposits, excluding repo deposits, as at December 31, 2014 amounted to DKK 259,770 million, a decrease of DKK 3,654 million, or 1 percent, as compared to DKK 263,424 million as at December 31, 2013. The decrease was mainly due to reduced deposits in Sweden.

Business Banking's net fee income for the year ended December 31, 2014 amounted to DKK 2,082 million, an increase of DKK 156 million, or 8 percent, as compared to DKK 1,926 million for the year ended December 31, 2013. The increase was mainly due to adjustments to fees and additional business.

Business Banking's net trading income for the year ended December 31, 2014 amounted to DKK 637 million, a decrease of DKK 121 million, or 16 percent, as compared to DKK 758 million for the year ended December 31, 2013. The decrease was mainly due to a sharp reduction in the F1 FlexLån® loan volume.

Business Banking's other income for the year ended December 31, 2014 amounted to DKK 516 million, an increase of DKK 21 million, or 4 percent, as compared to DKK 495 million for the year ended December 31, 2014.

Expenses

Business Banking's operating expenses for the year ended December 31, 2014 amounted to DKK 5,473 million, a decrease of DKK 9 million as compared to DKK 5,482 million for the year ended December 31, 2013. The operating expenses decreased slightly as efficiency improvements and lower costs for IT and consultancy services were partly offset by higher expenses for severance payments.

Business Banking's goodwill impairment charges for the year ended December 31, 2014 amounted to DKK 3,559 million, as compared to nil for year ended December 31, 2013. In 2014, the Group recognized a goodwill impairment charge of DKK 1,501 million against the Business Banking business unit in Finland owing to a worsening of the long-term economic outlook in Finland and changes in the assumptions on deposit margins and the full amount of the goodwill related to the Business Banking business unit in Estonia (an impairment charge of DKK 2,058 million) owing to the positioning of the Group as a Nordic universal bank. In 2013, the Group did not recognize any goodwill impairment charges. See also "*—Primary Factors Affecting the Group's Results of Operations—Goodwill Impairment*" above.

Loan Impairment Charges

Business Banking's loan impairment charges amounted to DKK 1,007 million for the year ended December 31, 2014, a decrease of DKK 744 million, or 42 percent, as compared to DKK 1,751 million for the year ended December 31, 2013. The decline was driven by a drop in individual impairments, primarily in Denmark, and in impairments relating to the commercial property sectors in Northern Ireland and Norway. The outlook for the Danish agricultural sector deteriorated over the second half of 2014 because of lower sales prices and the Russian embargo. These factors were the main reasons for the increase in collective impairments.

Profit Before Tax

Business Banking's profit before tax for the year ended December 31, 2014 amounted to DKK 2,174 million, a decrease of DKK 2,664 million, or 55 percent, as compared to DKK 4,838 million for the year ended December 31, 2013.

*Corporates & Institutions*

The following table sets forth a summary of the results of operations of C&I for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| | (DKK in millions) | |
| Net interest income | 2,717 | 2,306 |
| Net fee income | 1,542 | 1,218 |
| Net trading income | 4,855 | 4,894 |
| Other income | 7 | 17 |
| Total income | 9,121 | 8,435 |
| Operating expenses | (4,614) | (4,588) |
| Profit before loan impairment charges | 4,507 | 3,847 |
| Loan impairment charges | (372) | (473) |
| Profit before tax | 4,135 | 3,374 |

Total Income

C&I's total income for the year ended December 31, 2014 amounted to DKK 9,121 million, an increase of DKK 686 million, or 8 percent, as compared to DKK 8,435 million for the year ended December 31, 2013.

C&I's net interest income for the year ended December 31, 2014 amounted to DKK 2,717 million, an increase of DKK 411 million, or 18 percent, as compared to DKK 2,306 million for the year ended December 31, 2013. The increase was mainly due to higher lending volumes and higher margins. Cash management activities also contributed to the increase in net interest income through increases in loans and deposits.

C&I's loans and advances, excluding reverse transactions before impairments, as at December 31, 2014 amounted to DKK 172,393 million, an increase of DKK 17,987 million, or 12 percent, as compared to DKK 154,406 million as at December 31, 2013. The increase was mainly due to increased lending to existing corporate clients as credit demand improved concurrent with improvements in the general economic conditions, in most core markets.

C&I's deposits, excluding repo deposits, as at December 31, 2014 amounted to DKK 174,221 million, a decrease of DKK 5,052 million, or 3 percent, as compared to DKK 179,273 million as at December 31, 2013. The decrease was mainly due to a decrease in term deposits.

C&I's net fee income for the year ended December 31, 2014 amounted to DKK 1,542 million, an increase of DKK 324 million, or 27 percent, as compared to DKK 1,218 million for the year ended December 31, 2013. The increase was mainly due to higher levels of loan origination and refinancing activity compared to 2013. Cash management activities contributed to the increase in net fee income.

C&I's net trading income for the year ended December 31, 2014 amounted to DKK 4,855 million, a decrease of DKK 39 million, or 1 percent, as compared to DKK 4,894 million for the year ended December 31, 2013.

C&I's other income for the year ended December 31, 2014 amounted to DKK 7 million, a decrease of DKK 10 million, or 59 percent, as compared to DKK 17 million for the year ended December 31, 2013.

Expenses

C&I's operating expenses for the year ended December 31, 2014 amounted to DKK 4,614 million, an increase of DKK 26 million, or 1 percent, as compared to DKK 4,588 million for the year ended December 31, 2013. Operating expenses in 2014 maintained the level from 2013 despite restructuring costs incurred during 2014.

Loan Impairment Charges

C&I's loan impairment charges amounted to DKK 372 million for the year ended December 31, 2014, a decrease of DKK 101 million, or 21 percent, as compared to DKK 473 million for the year ended December 31, 2013. The decrease was mainly due to fewer clients suffering economic distress as the general economic environment improved. Impairments in C&I are made for a small number of clients.

Profit Before Tax

C&I's profit before tax for the year ended December 31, 2014 amounted to DKK 4,135 million, an increase of DKK 761 million, or 23 percent, as compared to DKK 3,374 million for the year ended December 31, 2013. The main reason for the increase was an increase in client activity and increased net interest income. The return on allocated capital remained stable, however, as the amount of allocated capital increased because of regulatory requirements.

*Danske Capital*

The following table sets forth a summary of the results of operations of Danske Capital for the years indicated:

| | **For the year ended December 31,** | |
|---|---|---|
| | **2014** | **2013** |
| | **(DKK in millions)** | |
| Net interest income | 2 | (38) |
| Net fee income | 2,402 | 2,186 |
| Other income | 1 | 16 |
| Total income | 2,405 | 2,164 |
| Operating expenses | (999) | (1,033) |
| Profit before tax | 1,406 | 1,131 |

Total Income

Danske Capital's total income for the year ended December 31, 2014 amounted to DKK 2,405 million, an increase of DKK 241 million, or 11 percent, as compared to DKK 2,164 million for the year ended December 31, 2013.

Danske Capital's net interest income for the year ended December 31, 2014 amounted to DKK 2 million, a change of DKK 40 million as compared to negative DKK 38 million for the year ended December 31, 2013. The improvement was mainly due to lower allocated funding cost following the repayment in full in April 2014 of the hybrid capital raised from the Danish State.

Danske Capital's net fee income for the year ended December 31, 2014 amounted to DKK 2,402 million, an increase of DKK 216 million, or 10 percent, as compared to DKK 2,186 million for the year ended December 31, 2013. The increase was mainly due to higher assets under management, which increased from DKK 727 billion as at December 31, 2013 to DKK 795 billion as at December 31, 2014.

Danske Capital's other income for the year ended December 31, 2014 amounted to DKK 1 million, as compared to DKK 16 million for the year ended December 31, 2013.

Operating Expenses

Danske Capital's operating expenses for the year ended December 31, 2014 amounted to DKK 999 million, a decrease of DKK 34 million, or 3 percent, as compared to DKK 1,033 million for the year ended December 31, 2013. The decrease was mainly due to lower staff costs and IT expenses.

Profit Before Tax

Danske Capital's profit before tax for the year ended December 31, 2014 amounted to DKK 1,406 million, an increase of DKK 275 million, or 24 percent, as compared to DKK 1,131 million for the year ended December 31, 2013.

*Danica Pension*

The following table sets forth a summary of the results of operations of Danica Pension for the years indicated:

| | **For the year ended December 31,** | |
|---|---|---|
| | **2014** | **2013** |
| | **(DKK in millions)** | |
| Danica Traditionel | 1,237 | 1,139 |
| Unit-linked business | 573 | 539 |
| Health and accident business | (302) | (167) |
| Result from insurance business | 1,508 | 1,511 |
| Return on investments | 441 | 349 |
| Financing result | (116) | (176) |
| Special allotment | (82) | (158) |
| Change in shadow account | 611 | (438) |
| Net income from insurance business | 2,362 | 1,088 |

Danica Pension's net income from insurance business for the year ended December 31, 2014 amounted to DKK 2,362 million, an increase of DKK 1,274 million as compared to DKK 1,088 million for the year ended December 31, 2013. The increase resulted from the booking of the risk allowance to income for all of the four interest rate groups and partial booking of the shadow account balance, which was enabled by an improved net investment result on customer funds. In 2013, the Group booked the risk allowance for three of the four interest rate groups, although only partly from one of those three groups.

The results of operations of Danica Traditionel for the year ended December 31, 2014 amounted to DKK 1,237 million, an increase of DKK 98 million, or 9 percent, as compared to DKK 1,139 million for the year ended December 31, 2013. The increase was mainly due to higher risk allowance stemming from higher provisions caused by the lower interest rates, as the risk allowance for each interest rate group is calculated as the risk allowance rate multiplied by provisions.

The results of operations of Danica Pension's unit-linked business for the year ended December 31, 2014 amounted to DKK 573 million, an increase of DKK 34 million, or 6 percent, as compared to DKK 539 million for the year ended December 31, 2013. The increase was mainly due to a larger business volume. Unit-linked business comprised DKK 429 million in Denmark, DKK 63 million in Sweden and DKK 81 million in Norway in 2014.

The results of operations of Danica Pension's health and accident business for the year ended December 31, 2014 amounted to negative DKK 302 million, a decrease of DKK 135 million, or 81 percent, as compared to negative DKK 167 million for the year ended December 31, 2013. The decrease was mainly due to a negative run-off on claims in the Danish health and accident business regarding injuries incurred in previous years.

Danica Pension's return on investments for the year ended December 31, 2014 amounted to DKK 441 million, an increase of DKK 92 million, or 26 percent, as compared to DKK 349 million for the year ended December 31, 2013. The return on investments for customers with the Danica Balance, Danica Link and Danica Select unit-linked products was DKK 8.1 billion in 2014, representing an average rate of return of 9.4 percent, as compared to 8.6 percent in 2013. The average annual return rate for the past five years was 7.6 percent for Danica Balance and 8.3 percent for Danica Link. The return on investments of Danica Traditionel customer funds was 14.0 percent in 2014, as compared to a negative return of 0.2 percent in 2013. Including changes in technical provisions, the return on customer funds was 7.2 percent in 2014.

Danica Pension's financing result for the year ended December 31, 2014 amounted to negative DKK 116 million, an increase of DKK 60 million, or 34 percent, as compared to negative DKK 176 million for the year ended December 31, 2013.

*Non-core*

The following table sets forth a summary of the results of operations of Non-core for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | **2014** | **2013** |
| | | **(restated)**[(1)] |
| | **(DKK in millions)** | |
| Total income | 209 | 385 |
| Operating expenses | (782) | (853) |
| Profit (loss) before loan impairment charges | (573) | (468) |
| Loan impairment charges | (930) | (1,309) |
| Profit (loss) before tax | (1,503) | (1,777) |

(1) The Group transferred Personal Banking and Business Banking customers in Ireland to the Non-core unit with effect from January 1, 2014 in accordance with its strategy to place Non-core activities in a separate business unit. The change affected the financial highlights and business segment reporting, whereas the consolidated income statement, balance sheet, total equity, earnings per share information and statement of capital were not affected. In the Group's annual report as at and for the year ended December 31, 2014, comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 were restated. For additional information, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

Total Income

Non-core's total income for the year ended December 31, 2014 amounted to DKK 209 million, a decrease of DKK 176 million, or 46 percent, as compared to DKK 385 million for the year ended December 31, 2013. The decrease was mainly due to a decrease in total outstanding loans as a result of asset sales, repayments and write-offs.

Operating Expenses

Non-core's operating expenses for the year ended December 31, 2014 amounted to DKK 782 million, a decrease of DKK 71 million, or 8 percent, as compared to DKK 853 million for the year ended December 31, 2013. The decrease was mainly due to a reduction in staff driven by lower activity levels, partly offset by the settlement of an agreement on life insurance products in the Baltics.

Loss Before Loan Impairment Charges

Non-core's loss before loan impairment charges for the year ended December 31, 2014 amounted to DKK 573 million, an increase of DKK 105 million, or 22 percent, as compared to DKK 468 million for the year ended December 31, 2013.

Loan Impairment Charges

Non-core's loan impairment charges for the year ended December 31, 2014 amounted to DKK 930 million, a decrease of DKK 379 million, or 29 percent, as compared to DKK 1,309 million for the year ended December 31, 2013. The decrease was mainly due to lower charges against exposures at Non-core Ireland.

Loss Before Tax

Non-core's loss before tax for the year ended December 31, 2014 amounted to DKK 1,503 million, a decrease of DKK 274 million, or 15 percent, as compared to DKK 1,777 million for the year ended December 31, 2013. The decrease was mainly due to lower impairments.

*Other Activities*

The following table sets forth a summary of the results of operations of Other Activities for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2014 | 2013 (restated)[(1)] |
| | (DKK in millions) | |
| Net interest income | 646 | (92) |
| Net fee income | (102) | (66) |
| Net trading income | 346 | (513) |
| Other income | 189 | 130 |
| Total income | 1,079 | (541) |
| Operating expenses | (930) | (953) |
| Profit before loan impairment charges | 149 | (1,494) |
| Loan impairment charges | 2 | – |
| Profit before tax | 151 | (1,494) |

(1) The Group transferred Personal Banking and Business Banking customers in Ireland to the Non-core unit with effect from January 1, 2014 in accordance with its strategy to place Non-core activities in a separate business unit. The change affected the financial highlights and business segment reporting, whereas the consolidated income statement, balance sheet, total equity, earnings per share information and statement of capital were not affected. In the Group's annual report as at and for the year ended December 31, 2014, comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 were restated. For additional information, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

The following table sets forth a break-down of Other Activities' profit/loss before tax for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2014 | 2013 (restated)[(1)] |
| | (DKK in millions) | |
| Group Treasury | 1,010 | (533) |
| Own shares | (196) | (110) |
| Group support functions | (663) | (851) |
| Total Other Activities | 151 | (1,494) |

(1) The Group transferred Personal Banking and Business Banking customers in Ireland to the Non-core unit with effect from January 1, 2014 in accordance with its strategy to place Non-core activities in a separate business unit. The change affected the financial highlights and business segment reporting, whereas the consolidated income statement, balance sheet, total equity, earnings per share information and statement of capital were not affected. In the Group's annual report as at and for the year ended December 31, 2014, comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 were restated. For additional information, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

Other Activities' total income for the year ended December 31, 2014 amounted to DKK 1,079 million, a change of DKK 1,620 million as compared to negative DKK 541 million for the year ended December 31, 2013.

Group Treasury recorded a profit of DKK 1,010 million for the year ended December 31, 2014, a change of DKK 1,543 million as compared to a loss of DKK 533 million for the year ended December 31, 2013. The change was mainly due to the sale of the Group's shares in Nets in July 2014, which resulted in a net profit of DKK 1.0 billion.

A loss of DKK 196 million was recorded from the Bank's own shares for the year ended December 31, 2014, an increase of DKK 86 million, or 78 percent, as compared to a loss of DKK 110 million for the year ended December 31, 2013. The increase was mainly due to a higher share price.

Group support functions recorded a loss of DKK 663 million for the year ended December 31, 2014, a decrease of DKK 188 million, or 22 percent, as compared to a loss of DKK 851 million for the year ended December 31, 2013. A refund of VAT paid in earlier years had a positive effect in 2014, while expenses for the Danish Guarantee Fund for Depositors and Investors had a negative effect in 2013.

Other Activities' total profit before tax for the year ended December 31, 2014 amounted to DKK 151 million, an increase of DKK 1,645 million, as compared to a loss before tax of DKK 1,494 million for the year ended December 31, 2013.

### *Balance Sheet*

The following table sets forth the Group's balance sheet data (prepared in accordance with IFRS) as at the dates indicated:

| | As at December 31, | |
|---|---|---|
| | 2014 (1) | 2013 |
| | (DKK in millions) | |
| **Assets** | | |
| Cash in hand and demand deposits with central banks | 33,876 | 43,721 |
| Due from credit institutions and central banks | 112,760 | 131,381 |
| Trading portfolio assets | 742,513 | 695,723 |
| Investment securities | 330,994 | 161,917 |
| Loans at amortized cost | 1,092,902 | 1,088,728 |
| Loans at fair value | 741,609 | 728,081 |
| Assets under pooled schemes and unit-linked investment contracts | 80,148 | 74,761 |
| Assets under insurance contracts | 268,450 | 246,484 |
| Intangible assets | 11,253 | 20,641 |
| Tax assets | 1,543 | 1,356 |
| Other assets | 36,966 | 34,263 |
| Total assets | 3,453,015 | 3,227,057 |
| **Equity and liabilities** | | |
| Due to credit institutions and central banks | 329,048 | 312,597 |
| Trading portfolio liabilities | 550,629 | 435,183 |
| Deposits | 966,197 | 943,901 |
| Bonds issued by Realkredit Danmark | 655,965 | 614,196 |
| Deposits under pooled schemes and unit-linked investment contracts | 86,433 | 81,882 |
| Liabilities under insurance contracts | 287,315 | 262,468 |
| Other issued bonds | 330,207 | 310,177 |
| Tax liabilities | 8,875 | 9,039 |
| Other liabilities | 44,199 | 45,736 |
| Subordinated debt | 41,028 | 66,219 |
| Total liabilities | 3,299,895 | 3,081,400 |
| Total equity | 153,120 | 145,657 |
| Total liabilities and equity | 3,453,015 | 3,227,057 |

(1) In the Group's annual report as at and for the year ending December 31, 2015, the figures as at December 31, 2014 will be restated. For more details, see "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Consolidated Financial Statements—Six Months Ended June 30, 2015*." The above table does not reflect the restated figures. For restated comparative balance sheet data as at December 31, 2014, see "*—Review of Consolidated Financial Information for the Six Months ended and as at June 30, 2015 and 2014—Balance Sheet*" above.

*Assets*

As at December 31, 2014, the Group's total assets amounted to DKK 3,453,015 million, an increase of DKK 225,958 million, or 7 percent, as compared to DKK 3,227,057 million as at December 31, 2013. The increase was primarily due to increases in investment securities as well as trading portfolio assets and loans at fair value. As at December 31, 2014, total lending was 2 percent higher than as at December 31, 2013. Most of the Group's markets saw weak growth and low demand for credit in 2014. In Denmark, new gross lending, excluding repo loans, amounted to DKK 74.4 billion as at December 31, 2014, of which lending to personal customers accounted for DKK 33.7 billion.

*Liabilities*

As at December 31, 2014, the Group's total liabilities amounted to DKK 3,299,895 million, an increase of DKK 218,495 million, or 7 percent, as compared to DKK 3,081,400 million as at December 31, 2013. The increase was primarily due to increases in trading portfolio liabilities as well as bonds issued by Realkredit Danmark and liabilities under insurance contracts. As at December 31, 2014, total deposits were 2 percent lower than as at December 31, 2013, with marginal decreases recorded in all markets.

*Equity*

As at December 31, 2014, the Group's total equity amounted to DKK 153,120 million, an increase of DKK 7,463 million, or 5 percent, as compared to DKK 145,657 million as at December 31, 2013.

The Group's return on average shareholders' equity was 2.4 percent for the year ended December 31, 2014, as compared to 5.0 percent for the year ended December 31, 2013. The Group's earnings per share for the year ended December 31, 2014 were DKK 3.6, as compared to DKK 7.1 for the year ended December 31, 2013. The decrease was primarily due to goodwill impairment charges made in 2014.

### *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, | |
|---|---|---|
| | 2014 | 2013 |
| | (DKK in millions) | |
| **Cash flow from operations** | | |
| Profit before tax | 7,835 | 10,059 |
| Tax paid | (4,095) | (1,705) |
| Adjustment for non-cash operating items | 15,027 | 6,615 |
| Total | 18,767 | 14,969 |
| Changes in operating capital | | |
| Amounts due to/from credit institutions and central banks | 14,960 | (147,278) |
| Trading portfolio | 68,656 | 20,526 |
| Other financial instruments | (172,309) | (58,394) |
| Loans at amortized cost | (7,879) | 67,668 |
| Loans at fair value | (13,528) | 4,681 |
| Deposits | 22,294 | 14,810 |
| Bonds issued by Realkredit Danmark | 41,769 | (129) |
| Assets/liabilities under insurance contracts | 2,880 | (9,610) |
| Other assets/liabilities | 16,914 | (29,437) |
| Cash flow from operations | (7,476) | (122,194) |
| **Cash flow from investing activities** | | |
| Acquisition/sale of businesses | – | 4 |
| Acquisition/sale of own shares and additional Tier 1 capital | (325) | (179) |
| Acquisition of intangible assets | (418) | (349) |
| Acquisition/sale of tangible assets | 99 | (268) |
| Cash flow from investing activities | (644) | (792) |
| **Cash flow from financing activities** | | |
| Changes in subordinated debt and hybrid capital | (25,378) | 233 |
| Dividends | (2,000) | – |
| Issued additional Tier 1 capital | 5,539 | – |
| Change in non-controlling interests | 2 | (4) |
| Cash flow from financing activities | (21,837) | 229 |
| Cash and cash equivalents at January 1, | 173,500 | 296,257 |
| Change in cash and cash equivalents | (29,957) | (122,757) |
| Cash and cash equivalents at December 31, | 143,543 | 173,500 |
| Cash and cash equivalents at December 31, | | |
| Cash in hand | 10,582 | 10,006 |
| Demand deposits with central banks | 23,294 | 33,715 |
| Amounts due from credit institutions and central banks within three months | 109,667 | 129,779 |
| Total | 143,543 | 173,500 |

Total cash outflow from operations was DKK 7,476 million for the year ended December 31, 2014, a decrease of DKK 114,718 million, or 94 percent, as compared to total cash outflow from operations of DKK 122,194 million for the year ended December 31, 2013. The decrease was primarily attributable to the positive cash flow from amounts due to/from credit institutions and central banks, primarily deposits at central banks and repos at central banks. The increase was somewhat offset by increased cash outflow for other financial instruments following the transfer of the liquidity portfolio from Danske Markets to Group Treasury.

Total cash outflow from investing activities was DKK 644 million for the year ended December 31, 2014, a decrease of DKK 148 million, or 19 percent, as compared to total cash outflow from investing activities of DKK 792 million for the year ended December 31, 2013. The decrease was primarily attributable to positive cash flow from acquisition/sale of tangible assets.

Total cash outflow from financing activities was DKK 21,837 million for the year ended December 31, 2014, a change of DKK 22,066 million as compared to total cash inflow from financing activities of DKK 229 million for the year ended December 31, 2013. The change was primarily attributable to the repayment in full in April 2014 of the hybrid capital raised from the Danish State.

## Review of Consolidated Financial Information for the Years Ended and as at December 31, 2013 and 2012

### *Income Statement*

*The Group*

The following table sets forth a summary of the Group's results of operations for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2013 | 2012 (restated)(1)(2) |
| | (DKK in millions) | |
| Net interest income | 22,245 | 22,778 |
| Net fee income | 9,525 | 8,866 |
| Net trading income | 5,818 | 10,562 |
| Other income | 1,328 | 1,285 |
| Net income from insurance business | 1,088 | 2,171 |
| Total income | 40,004 | 45,662 |
| Operating expenses | (24,343) | (24,642) |
| Profit before loan impairment charges | 15,661 | 21,020 |
| Loan impairment charges | (4,187) | (7,680) |
| Profit before tax, core | 11,474 | 13,340 |
| Profit before tax, Non-core | (1,415) | (4,801) |
| Profit before tax | 10,059 | 8,539 |
| Tax | (2,944) | (3,814) |
| Net profit for the year | 7,115 | 4,725 |
| Attributable to non-controlling interests. | – | 4 |

(1) Comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 were restated in the Group's annual report as at and for the year ended December 31, 2013 to reflect the following changes: (i) In June 2012, the Group reorganized its business unit structure as part of its revised strategy to focus on customer attention, simplicity and efficiency, switching from operations based on geography to operations based on customer segments. Banking activities were split into three new business units: Personal Banking, Business Banking and C&I. In addition, the non-core activities were transferred to a separate business unit: Non-core. The non-core activities consisted of Irish property exposures and securitization transactions (conduits) not considered part of the Bank's core business. The reorganization was reflected in the Group's financial reporting effective from January 1, 2013; (ii) In June 2012, the Group also changed the allocation of capital to each business unit and to its internal funds transfer pricing model. Core Tier 1 capital had previously been allocated on the basis of each unit's share of Group risk-weighted assets calculated prior to transition to the CRD. Effective as of January 1, 2013, total equity has been allocated to the business units assuming that goodwill is financed by equity. Core Tier 1 capital is allocated on the basis of the CRD, with capital for credit risk being allocated on the basis of the internal economic capital framework. The capital allocation model and the internal funds transfer pricing model were updated in 2012 to better reflect the risks associated with the individual business units; and (iii) The presentation of operational leasing, excluding property leasing, was changed to be presented on a net basis under other income to better reflect the development in the cost basis. These changes affected financial highlights and business segment reporting as at and for the year ended December 31, 2013 and comparative figures as at and for the year ended December 31, 2012 were restated. The consolidated income statement, balance sheet, shareholders' equity, earnings per share information and statement of capital were unaffected. For additional information, see note 39 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2013 incorporated by reference into this Base Prospectus.

(2) The Group adopted the amended IAS 19, Employee Benefits, as of January 1, 2013. IAS 19 eliminates the option of deferring the recognition of actuarial gains and losses on defined benefit pension plans, known as the "corridor method." The present value of pension obligations and the fair value of pension plan assets must instead be recognized in the balance sheet on a net basis. The comparative financial information as at and for the year ended December 31, 2012 was restated in the Group's audited consolidated financial statements as at and for the year ended December 31, 2013.

The following table sets forth the Group's profit before tax by business unit for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2013 | 2012 (restated)[(1)(2)] |
| | (DKK in millions) | |
| Personal Banking | 2,698 | 1,650 |
| Business Banking | 4,752 | 3,061 |
| C&I | 3,373 | 5,930 |
| Danske Capital | 1,131 | 935 |
| Danica Pension | 1,088 | 2,170 |
| Non-core | (1,415) | (4,801) |
| Other Activities | (1,458) | (323) |
| Eliminations | (110) | (83) |
| Total Group | 10,059 | 8,539 |

(1) Comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 were restated in the Group's annual report as at and for the year ended December 31, 2013 to reflect the following changes: (i) In June 2012, the Group reorganized its business unit structure as part of its revised strategy to focus on customer attention, simplicity and efficiency, switching from operations based on geography to operations based on customer segments. Banking activities were split into three new business units: Personal Banking, Business Banking and C&I. In addition, the non-core activities were transferred to a separate business unit: Non-core. The non-core activities consisted of Irish property exposures and securitization transactions (conduits) not considered part of the Bank's core business. The reorganization was reflected in the Group's financial reporting effective from January 1, 2013; (ii) In June 2012, the Group also changed the allocation of capital to each business unit and to its internal funds transfer pricing model. Core Tier 1 capital had previously been allocated on the basis of each unit's share of Group risk-weighted assets calculated prior to transition to the CRD. Effective as of January 1, 2013, total equity has been allocated to the business units assuming that goodwill is financed by equity. Core Tier 1 capital is allocated on the basis of the CRD, with capital for credit risk being allocated on the basis of the internal economic capital framework. The capital allocation model and the internal funds transfer pricing model were updated in 2012 to better reflect the risks associated with the individual business units; and (iii) The presentation of operational leasing, excluding property leasing, was changed to be presented on a net basis under other income to better reflect the development in the cost basis. These changes affected financial highlights and business segment reporting as at and for the year ended December 31, 2013 and comparative figures as at and for the year ended December 31, 2012 were restated. The consolidated income statement, balance sheet, shareholders' equity, earnings per share information and statement of capital were unaffected. For additional information, see note 39 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2013 incorporated by reference into this Base Prospectus.

(2) The Group adopted the amended IAS 19, Employee Benefits, as of January 1, 2013. IAS 19 eliminates the option of deferring the recognition of actuarial gains and losses on defined benefit pension plans, known as the "corridor method." The present value of pension obligations and the fair value of pension plan assets must instead be recognized in the balance sheet on a net basis. The comparative financial information as at and for the year ended December 31, 2012 was restated in the Group's audited consolidated financial statements as at and for the year ended December 31, 2013.

## Total Income

The Group's total income for the year ended December 31, 2013 amounted to DKK 40,004 million, a decrease of DKK 5,658 million, or 12 percent, as compared to DKK 45,662 million for the year ended December 31, 2012. The decrease was primarily due to lower market-making income in C&I after the extraordinarily high performance in 2012 and lower income from the insurance business at Danica Pension.

The Group's net interest income for the year ended December 31, 2013 amounted to DKK 22,245 million, a decrease of DKK 533 million, or 2 percent, as compared to DKK 22,778 million for the year ended December 31, 2012. Net interest income decreased mainly due to lower lending volumes and declining deposit margins as a result of the fall in short-term rates in 2013, only partially offset by increased lending margins.

The Group's loans and advances as at December 31, 2013 amounted to DKK 1,552,645 million, a decrease of DKK 88,011 million, or 5 percent, as compared to DKK 1,640,656 million as at December 31, 2012. The decrease was mainly due to weak growth in most of the Group's markets, which suppressed the demand for credit.

The Group's deposits as at December 31, 2013 amounted to DKK 788,269 million, an increase of DKK 4,510 million, or 1 percent, as compared to DKK 783,759 million as at December 31, 2012.

The Group's net fee income for the year ended December 31, 2013 amounted to DKK 9,525 million, an increase of DKK 659 million, or 7 percent, as compared to DKK 8,866 million for the year ended December 31, 2012. The increase was mainly due to higher levels of assets under management and higher margins in Danske Capital.

The Group's net trading income for the year ended December 31, 2013 amounted to DKK 5,818 million, a decrease of DKK 4,744 million, or 45 percent, as compared to DKK 10,562 million for the year ended December 31, 2012. The decrease was mainly because of the Group's above-normal net trading income in 2012 and difficult market-making conditions in 2013. Net trading income was also adversely affected by an increase in non-allocated funding costs and the early redemption of Tier 2 issues.

The Group's other income for the year ended December 31, 2013 amounted to DKK 1,328 million, an increase of DKK 43 million, or 3 percent, as compared to DKK 1,285 million for the year ended December 31, 2012.

The Group's net income from insurance business for the year ended December 31, 2013 amounted to DKK 1,088 million, a decrease of DKK 1,083 million, or 50 percent, as compared to net income of DKK 2,171 million for the year ended December 31, 2012. The decrease was mainly due to the booking of DKK 0.4 billion of postponed risk allowance from prior years in 2012. In 2013, the Group booked the risk allowance for three of the four interest rate groups, although only partly from one of those three groups, which meant that DKK 0.4 billion was transferred to the shadow account. A lower investment result also affected the result.

Expenses

The Group's operating expenses for the year ended December 31, 2013 amounted to DKK 24,343 million, a decrease of DKK 299 million, or 1 percent, as compared to DKK 24,642 million for the year ended December 31, 2012. The expenses decreased mainly because in 2012, the Group included a write-off related to the right to use the Sampo Bank brand name in expenses. In 2013, the Group reduced its headcount by 1,004 and transferred the Personal Banking and Business Banking customers in Ireland to the Non-core unit, which contributed to the overall decrease in operating expenses. The decrease was partially offset by the Group's contribution to the Danish Guarantee Fund for Depositors and Investors, which amounted to DKK 0.8 billion, as compared to DKK 0.6 billion in 2012.

The Group's expenses for VAT, bank tax and financial services employer tax for the year ended December 31, 2013 amounted to DKK 2,085 million, an increase of DKK 323 million, or 18 percent, as compared to DKK 1,762 million for the year ended December 31, 2012. The increase was mainly due to introduction of the Finnish bank tax from 2013.

Loan Impairment Charges

The Group's loan impairment charges amounted to DKK 4,187 million for the year ended December 31, 2013, a decrease of DKK 3,493 million, or 45 percent, as compared to DKK 7,680 million for the year ended December 31, 2012. The level of impairments in core activities reflected improving macroeconomic conditions in the core markets. Impairments decreased at all business units.

Profit Before Tax

The Group's profit before tax for the year ended December 31, 2013 amounted to DKK 10,059 million, an increase of DKK 1,520 million, or 18 percent, as compared to DKK 8,539 million for the year ended December 31, 2012. The increase was mainly due to the large reduction in impairment charges in 2013.

Tax

The Group's tax on the profit for the year ended December 31, 2013 amounted to DKK 2,944 million, a decrease of DKK 870 million, or 23 percent, as compared to DKK 3,814 million for the year ended December 31, 2012. The tax charge in both 2013 and 2012 was high relative to the profit mainly because the Group did not book the tax value of losses in Ireland. For the year ended December 31, 2013, the tax charge was further increased by DKK 0.3 billion as the tax losses in the United Kingdom were only partly recognized.

Net Profit for the Year

The Group's net profit for the year ended December 31, 2013 amounted to DKK 7,115 million, an increase of DKK 2,390 million, or 51 percent, as compared to DKK 4,725 million for the year ended December 31, 2012.

*Personal Banking*

The following table sets forth a summary of the results of operations of Personal Banking for the years indicated:

| | **For the year ended December 31,** | |
|---|---|---|
| | **2013** | **2012 (restated)[(1)]** |
| | **(DKK in millions)** | |
| Net interest income | 11,160 | 11,672 |
| Net fee income | 4,250 | 3,730 |
| Net trading income | 659 | 819 |
| Other income | 667 | 608 |
| Total income | 16,736 | 16,829 |
| Operating expenses | (12,103) | (12,430) |
| Profit before loan impairment charges | 4,633 | 4,399 |
| Loan impairment charges | (1,935) | (2,749) |
| Profit (loss) before tax | 2,698 | 1,650 |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2013*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 in the Group's annual report as at and for the year ended December 31, 2013. The above table reflects the restated figures.

Total Income

Personal Banking's total income for the year ended December 31, 2013 amounted to DKK 16,736 million, a decrease of DKK 93 million, or 1 percent, as compared to DKK 16,829 million for the year ended December 31, 2012.

Personal Banking's net interest income for the year ended December 31, 2013 amounted to DKK 11,160 million, a decrease of DKK 512 million, or 4 percent, as compared to DKK 11,672 million for the year ended December 31, 2012. The decrease was mainly due to low demand for credit facilities.

Personal Banking's loans and advances, including reverse transactions before impairments, as at December 31, 2013 amounted to DKK 823,953 million, a decrease of DKK 47,806 million, or 5 percent, as compared to DKK 871,759 million as at December 31, 2012. The decrease was mainly due to low demand for credit facilities.

Personal Banking's deposits, including repo deposits, as at December 31, 2013 amounted to DKK 348,948 million, a decrease of DKK 11,227 million, or 3 percent, as compared to DKK 360,175 million as at December 31, 2012.

Personal Banking's net fee income for the year ended December 31, 2013 amounted to DKK 4,250 million, an increase of DKK 520 million, or 14 percent, as compared to DKK 3,730 million for the year ended December 31, 2012. The increase was mainly due to higher activity.

Personal Banking's net trading income for the year ended December 31, 2013 amounted to DKK 659 million, a decrease of DKK 160 million, or 20 percent, as compared to DKK 819 million for the year ended December 31, 2012. The net trading income decreased mainly because customers chose products with longer maturities and refinancing margins also declined.

Personal Banking's other income for the year ended December 31, 2013 amounted to DKK 667 million, an increase of DKK 59 million, or 10 percent, as compared to DKK 608 million for the year ended December 31, 2012.

Expenses

Personal Banking's operating expenses for the year ended December 31, 2013 amounted to DKK 12,103 million, a decrease of DKK 327 million, or 3 percent, as compared to DKK 12,430 million for the year ended December 31, 2012. The decrease was mainly due to lower staff costs due to a reduction in staff.

Loan Impairment Charges

Personal Banking's loan impairment charges amounted to DKK 1,935 million for the year ended December 31, 2013, a decrease of DKK 814 million, or 30 percent, as compared to DKK 2,749 million for the year ended December 31, 2012. The decrease was mainly due to improved credit quality of household finances.

Profit before Tax

Personal Banking's profit before tax for the year ended December 31, 2013 amounted to DKK 2,698 million, an increase of DKK 1,048 million, or 64 percent, as compared to DKK 1,650 million for the year ended December 31, 2012. The increase was mainly due to lower impairments.

*Business Banking*

The following table sets forth a summary of the results of operations of Business Banking for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2013 | 2012 (restated)(1) |
| | (DKK in millions) | |
| Net interest income | 8,908 | 9,243 |
| Net fee income | 1,937 | 2,149 |
| Net trading income | 763 | 479 |
| Other income | 497 | 481 |
| Total income | 12,105 | 12,352 |
| Operating expenses | (5,574) | (5,466) |
| Profit before loan impairment charges | 6,531 | 6,886 |
| Loan impairment charges | (1,779) | (3,825) |
| Profit before tax | 4,752 | 3,061 |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2013*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 in the Group's annual report as at and for the year ended December 31, 2013. The above table reflects the restated figures.

Total Income

Business Banking's total income for the year ended December 31, 2013 amounted to DKK 12,105 million, a decrease of DKK 247 million, or 2 percent, as compared to DKK 12,352 million for the year ended December 31, 2012.

Business Banking's net interest income for the year ended December 31, 2013 amounted to DKK 8,908 million, a decrease of DKK 335 million, or 4 percent, as compared to DKK 9,243 million for the year ended December 31, 2012. The decrease was mainly due to lower bank lending and a shift towards low-risk and low-margin mortgage lending in Denmark that was only partly offset by a rise in lending margins.

Business Banking's loans and advances, including reverse transactions before impairments, as at December 31, 2013 amounted to DKK 614,118 million, a decrease of DKK 27,015 million, or 4 percent, as compared to DKK 641,133 million as at December 31, 2012. The decrease was mainly due to the strengthening of the Swedish Kronor and the Norwegian Kroner against the Danish Kroner.

Business Banking's deposits, including repo deposits, as at December 31, 2013 amounted to DKK 265,347 million, an increase of DKK 1,371 million, or 1 percent, as compared to DKK 263,976 million as at December 31, 2012.

Business Banking's net fee income for the year ended December 31, 2013 amounted to DKK 1,937 million, a decrease of DKK 212 million, or 10 percent, as compared to DKK 2,149 million for the year ended December 31, 2012. The decrease was mainly due to lower investment and financing activity.

Business Banking's net trading income for the year ended December 31, 2013 amounted to DKK 763 million, an increase of DKK 284 million, or 59 percent, as compared to DKK 479 million for the year ended December 31, 2012. The increase was mainly due to higher customer activity in general and market value adjustments at Realkredit Danmark upon the refinancing of mortgages.

Business Banking's other income for the year ended December 31, 2013 amounted to DKK 497 million, an increase of DKK 16 million, or 3 percent, as compared to DKK 481 million for the year ended December 31, 2012.

Expenses

Business Banking's operating expenses for the year ended December 31, 2013 amounted to DKK 5,574 million, an increase of DKK 108 million, or 2 percent, as compared to DKK 5,466 million for the year ended December 31, 2012. The increase was mainly due to higher expenses for severance payments. Underlying expenses remained stable.

Loan Impairment Charges

Business Banking's loan impairment charges amounted to DKK 1,779 million for the year ended December 31, 2013, a decrease of DKK 2,046 million, or 53 percent, as compared to DKK 3,825 million for the year ended December 31, 2012. The decrease was mainly due to slightly improving market conditions combined with initiatives to improve asset quality. The decline in impairments was associated primarily with the strengthening commercial property and construction segments in Denmark and Northern Ireland.

Profit Before Tax

Business Banking's profit before tax for the year ended December 31, 2013 amounted to DKK 4,752 million, an increase of DKK 1,691 million, or 55 percent, as compared to DKK 3,061 million for the year ended December 31, 2012.

*Corporates & Institutions*

The following table sets forth a summary of the results of operations of C&I for the years indicated:

| | **For the year ended December 31,** | |
|---|---|---|
| | **2013** | **2012** |
| | | **(restated)[1]** |
| | **(DKK in millions)** | |
| Net interest income | 2,306 | 1,918 |
| Net fee income | 1,218 | 1,118 |
| Net trading income | 4,894 | 8,341 |
| Other income | 17 | 19 |
| Total income | 8,435 | 11,396 |
| Operating expenses | (4,588) | (4,307) |
| Profit before loan impairment charges | 3,847 | 7,089 |
| Loan impairment charges | (473) | (1,160) |
| Profit before tax | 3,374 | 5,929 |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2013*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 in the Group's annual report as at and for the year ended December 31, 2013. The above table reflects the restated figures.

Total Income

C&I’s total income for the year ended December 31, 2013 amounted to DKK 8,435 million, a decrease of DKK 2,961 million, or 26 percent, as compared to DKK 11,396 million for the year ended December 31, 2012. The main reason for the decrease was a fall in net trading income from market making. The uncertainty surrounding the U.S. budgetary problems as well as contradictory signals throughout 2013 regarding short-term rates made for highly volatile markets. The decline was also partially attributable to the above normal income in 2012 driven by the positive market sentiment that followed the ECB’s long-term refinancing operation (the “**LTRO**”) introduced at the beginning of 2012 to further stabilize the European banking system.

C&I’s net interest income for the year ended December 31, 2013 amounted to DKK 2,306 million, an increase of DKK 388 million, or 20 percent, as compared to DKK 1,918 million for the year ended December 31, 2012. Net interest income was driven partly by higher lending margins as market conditions remained uncertain.

C&I’s loans and advances, including reverse transactions before impairments, as at December 31, 2013 amounted to DKK 154,406 million, a decrease of DKK 6,706 million, or 4 percent, as compared to DKK 161,112 million as at December 31, 2012.

C&I’s deposits, including repo deposits, as at December 31, 2013 amounted to DKK 173,655 million, an increase of DKK 10,838 million, or 7 percent, as compared to DKK 162,817 million as at December 31, 2012.

C&I’s net fee income for the year ended December 31, 2013 amounted to DKK 1,218 million, an increase of DKK 100 million, or 9 percent, as compared to DKK 1,118 million for the year ended December 31, 2012. Net fee income was positively impacted by loan origination and refinancing activity. An expansion of Cash Management activities improved both net interest income and net fee income and also led to an increase in relationship-driven deposits.

C&I’s net trading income for the year ended December 31, 2013 amounted to DKK 4,894 million, a decrease of DKK 3,447 million, or 41 percent, as compared to DKK 8,341 million for the year ended December 31, 2012. The decrease was mainly due to a decrease in net trading income from market making. The uncertainty surrounding the U.S. budgetary problems as well as contradictory signals throughout 2013 regarding short-term rates made for highly volatile markets. The decline was also caused by the above-normal income in 2012 driven by the positive market sentiment that followed the LTRO.

C&I’s other income for the year ended December 31, 2013 amounted to DKK 17 million, a decrease of DKK 2 million, or 11 percent, as compared to DKK 19 million for the year ended December 31, 2012.

Expenses

C&I’s operating expenses for the year ended December 31, 2013 amounted to DKK 4,588 million, an increase of DKK 281 million, or 7 percent, as compared to DKK 4,307 million for the year ended December 31, 2012. The increase was partly due to investments to improve the client offering.

Loan Impairment Charges

C&I’s loan impairment charges amounted to DKK 473 million for the year ended December 31, 2013, a decrease of DKK 687 million, or 59 percent, as compared to DKK 1,160 million for the year ended December 31, 2012. New impairments were made for a small number of clients.

Profit Before Tax

C&I’s profit before tax for the year ended December 31, 2013 amounted to DKK 3,374 million, a decrease of DKK 2,555 million, or 43 percent, as compared to DKK 5,929 million for the year ended December 31, 2012. The decrease was mainly due to lower net trading income.

*Danske Capital*

The following table sets forth a summary of the results of operations of Danske Capital for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2013 | 2012 (restated)(1) |
| | (DKK in millions) | |
| Net interest income | (38) | (25) |
| Net fee income | 2,186 | 1,945 |
| Other income | 16 | (3) |
| Total income | 2,164 | 1,917 |
| Operating expenses | (1,033) | (982) |
| Profit before tax | 1,131 | 935 |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2013*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 in the Group's annual report as at and for the year ended December 31, 2013. The above table reflects the restated figures.

Total Income

Danske Capital's total income for the year ended December 31, 2013 amounted to DKK 2,164 million, an increase of DKK 247 million, or 13 percent, as compared to DKK 1,917 million for the year ended December 31, 2012. Performance fees were down from DKK 426 million in 2012 to DKK 365 million in 2013. The level of performance fees was satisfactory, driven by good results in solution mandates and hedge fund products. Excluding performance fees, income increased 21 percent.

Danske Capital's net interest income for the year ended December 31, 2013 amounted to negative DKK 38 million, a decrease of DKK 13 million as compared to negative DKK 25 million for the year ended December 31, 2012.

Danske Capital's net fee income for the year ended December 31, 2013 amounted to DKK 2,186 million, an increase of DKK 241 million, or 12 percent, as compared to DKK 1,945 million for the year ended December 31, 2012. The increase was mainly due to higher levels of assets under management, which increased from DKK 687 billion as at December 31, 2012 to DKK 727 billion as at December 31, 2013.

Danske Capital's other income for the year ended December 31, 2013 amounted to DKK 16 million, a change of DKK 19 million as compared to negative DKK 3 million for the year ended December 31, 2012.

Operating Expenses

Danske Capital's operating expenses for the year ended December 31, 2013 amounted to DKK 1,033 million, an increase of DKK 51 million, or 5 percent, as compared to DKK 982 million for the year ended December 31, 2012. The increase was mainly due to higher staff costs and provisions for operational losses.

Profit Before Tax

Danske Capital's profit before tax for the year ended December 31, 2013 amounted to DKK 1,131 million, an increase of DKK 196 million, or 21 percent, as compared to DKK 935 million for the year ended December 31, 2012.

*Danica Pension*

The following table sets forth a summary of the results of operations of Danica Pension for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2013 | 2012 (restated)(1) |
| | (DKK in millions) | |
| Danica Traditionel | 1,139 | 1,232 |
| Unit-linked business | 539 | 367 |
| Health and accident business | (167) | (146) |
| Result from insurance business | 1,511 | 1,453 |
| Return on investments | 349 | 521 |
| Financing result | (176) | (194) |
| Special allotment | (158) | (17) |
| Change in shadow account | (438) | 408 |
| Net income from insurance business | 1,088 | 2,171 |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2013*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 in the Group's annual report as at and for the year ended December 31, 2013. The above table reflects the restated figures.

Danica Pension's net income from insurance business for the year ended December 31, 2013 amounted to DKK 1,088 million, a decrease of DKK 1,083 million, or 50 percent, as compared to DKK 2,171 million for the year ended December 31, 2012. The decrease was mainly due to the transfer of DKK 438 million to the shadow account as risk allowance could only be included from three of the four interest rate groups, and only partly for one of those. In 2012, full risk allowance was included for three of the four interest rate groups, in addition to which DKK 408 million was transferred from the shadow account.

The results of operations of Danica Traditionel for the year ended December 31, 2013 amounted to DKK 1,139 million, a decrease of DKK 93 million, or 8 percent, as compared to DKK 1,232 million for the year ended December 31, 2012. The decrease was mainly due to lower risk allowance.

The results of operations of Danica Pension's unit-linked business for the year ended December 31, 2013 amounted to DKK 539 million, an increase of DKK 172 million, or 47 percent, as compared to DKK 367 million for the year ended December 31, 2012. The increase was caused primarily by a larger business volume.

The results of operations of Danica Pension's health and accident business for the year ended December 31, 2013 amounted to negative DKK 167 million, a decrease of DKK 21 million, or 14 percent, as compared to negative DKK 146 million for the year ended December 31, 2012. The increase in losses was mainly due to lower prices in the Danish corporate market.

Danica Pension's return on investments for the year ended December 31, 2013 amounted to DKK 349 million, a decrease of DKK 172 million, or 33 percent, as compared to DKK 521 million for the year ended December 31, 2012. The decrease was mainly due to a lower return on alternative investments and credit bond investments. The return on investments for customers with the Danica Balance, Danica Link and Danica Select unit-linked products was DKK 6.0 billion, representing an average rate of return of 8.6 percent, as compared to 11.5 percent in 2012. The average annual return rate over the past five years was 10.0 percent for Danica Balance and 11.1 percent for Danica Link. The return on investments of Danica Traditionel customer funds was a negative 0.2 percent, as compared to 9.2 percent in 2012. Including changes in technical provisions, the return on customer funds was 2.2 percent.

Danica Pension's financing result for the year ended December 31, 2013 amounted to negative DKK 176 million, an increase of DKK 18 million, or 9 percent, as compared to negative DKK 194 million for the year ended December 31, 2012.

*Non-core*

The following table sets forth a summary of the results of operations of Non-core for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | **2013** | **2012** |
| | | **(restated)[(1)]** |
| | **(DKK in millions)** | |
| Total income | 121 | 323 |
| Operating expenses | (303) | (275) |
| Profit (loss) before loan impairment charges | (182) | 48 |
| Loan impairment charges | (1,233) | (4,849) |
| Profit (loss) before tax | (1,415) | (4,801) |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2013*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 in the Group's annual report as at and for the year ended December 31, 2013. The above table reflects the restated figures.

Total Income

Non-core's total income for the year ended December 31, 2013 amounted to DKK 121 million, a decrease of DKK 202 million, or 63 percent, as compared to DKK 323 million for the year ended December 31, 2012. The decrease was mainly due to the continued decline in portfolio size.

Operating Expenses

Non-core's operating expenses for the year ended December 31, 2013 amounted to DKK 303 million, an increase of DKK 28 million, or 10 percent, as compared to DKK 275 million for the year ended December 31, 2012.

Loss Before Loan Impairment Charges

Non-core's loss before loan impairment charges for the year ended December 31, 2013 amounted to DKK 182 million, a change of DKK 230 million as compared to a profit of DKK 48 million for the year ended December 31, 2012. The decrease was mainly due to continued work-out and deleveraging efforts.

Loan Impairment Charges

Non-core's loan impairment charges for the year ended December 31, 2013 amounted to DKK 1,233 million, a decrease of DKK 3,616 million, or 75 percent, as compared to DKK 4,849 million for the year ended December 31, 2012. The decrease was mainly due to lower charges on commercial property customers in Non-core Ireland.

Loss Before Tax

Non-core's loss before tax for the year ended December 31, 2013 amounted to DKK 1,415 million, a decrease of DKK 3,386 million, or 71 percent, as compared to DKK 4,801 million for the year ended December 31, 2012. The decrease was mainly due to lower charges on commercial property customers in Non-core Ireland.

*Other Activities*

The following table sets forth a summary of the results of operations of Other Activities for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2013 | 2012 (restated)[(1)] |
| | (DKK in millions) | |
| Net interest income | (91) | (30) |
| Net fee income | (66) | (76) |
| Net trading income | (514) | 926 |
| Other income | 149 | 177 |
| Total income | (522) | 997 |
| Operating expenses | (1,046) | (1,457) |
| Profit before loan impairment charges | (1,568) | (460) |
| Loan impairment charges | – | 54 |
| Profit (loss) before tax | (1,568) | (406) |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2013*" and "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2013*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 in the Group's annual report as at and for the year ended December 31, 2013. The above table reflects the restated figures.

The following table sets forth a break-down of Other Activities' profit/loss before tax for the years indicated:

| | For the year ended December 31, | |
|---|---|---|
| | 2013 | 2012 (restated)[(1)] |
| | (DKK in millions) | |
| Group Treasury | (533) | 868 |
| Real property | (6) | (83) |
| Own shares | (110) | (83) |
| Group support functions | (919) | (1,108) |
| Total Other Activities | (1,568) | (406) |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2013*" and "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Consolidated Financial Statements—Year Ended December 31, 2013*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 in the Group's annual report as at and for the year ended December 31, 2013. The above table reflects the restated figures.

Other Activities' total income for the year ended December 31, 2013 amounted to negative DKK 522 million, a decrease of DKK 1,519 million as compared to total income of DKK 997 million for the year ended December 31, 2012.

Group Treasury recorded a loss before tax of DKK 533 million for the year ended December 31, 2013, a change of DKK 1,401 million as compared to a profit before tax of DKK 868 million for the year ended December 31, 2012. Net trading income for the year ended December 31, 2013 at Group Treasury was adversely affected by an increase in non-allocated funding costs related to long-term funding issued as part of the Group's contingency funding to maintain a Liquidity Coverage Ratio ("**LCR**") above the DFSA's minimum requirement of 110 percent. Net trading income for the year ended December 31, 2013 was also adversely affected by the early redemption of U.S.$ 1 billion of Tier 2 notes issued in September 2012. The issue was redeemed early because of a change in the rating methodology criteria of S&P. Positive value adjustments of unlisted shareholdings contributed to net trading income for 2013. Net trading income for 2012 benefited from an extraordinary gain through an adjustment of the Group's pension plans.

A loss before tax of DKK 110 million was recorded from the Bank's own shares for the year ended December 31, 2013, an increase of DKK 27 million, or 33 percent, as compared to DKK 83 million for the year ended December 31, 2012. The increase was mainly due to the Bank's higher share price.

Group support functions recorded a loss before tax of DKK 919 million for the year ended December 31, 2013, a decrease of DKK 189 million, or 17 percent, as compared to DKK 1,108 million for the year ended December 31, 2012. The decrease was mainly due to the adverse effect of the write-down of DKK 463 million related to the right to use the Sampo Bank brand name on Group support functions in 2012.

Other Activities' total loss before tax for the year ended December 31, 2013 amounted to DKK 1,568 million, an increase of DKK 1,162 million as compared to a loss before tax of DKK 406 million for the year ended December 31, 2012.

***Balance Sheet***

The following table sets forth the Group's balance sheet data (prepared in accordance with IFRS) as at the dates indicated:

| | As at December 31, | |
|---|---|---|
| | 2013 | 2012 (restated)(1) |
| | (DKK in millions) | |
| **Assets** | | |
| Cash in hand and demand deposits with central banks | 43,721 | 97,267 |
| Due from credit institutions and central banks | 131,381 | 200,646 |
| Trading portfolio assets | 695,723 | 812,927 |
| Investment securities | 161,917 | 107,724 |
| Loans at amortized cost | 1,088,728 | 1,161,816 |
| Loans at fair value | 728,081 | 732,762 |
| Assets under pooled schemes and unit-linked investment contracts | 74,761 | 70,625 |
| Assets under insurance contracts | 246,484 | 241,343 |
| Intangible assets | 20,641 | 21,181 |
| Tax assets | 1,356 | 1,565 |
| Other assets | 34,263 | 37,093 |
| Total assets | 3,227,057 | 3,484,949 |
| **Equity and liabilities** | | |
| Due to credit institutions and central banks | 312,597 | 459,932 |
| Trading portfolio liabilities | 435,183 | 531,860 |
| Deposits | 943,901 | 929,092 |
| Bonds issued by Realkredit Danmark | 614,196 | 614,325 |
| Deposits under pooled schemes and unit-linked investment contracts | 81,882 | 78,741 |
| Liabilities under insurance contracts | 262,468 | 266,938 |
| Other issued bonds | 310,177 | 340,005 |
| Tax liabilities | 9,039 | 8,158 |
| Other liabilities | 45,736 | 50,109 |
| Subordinated debt | 66,219 | 67,785 |
| Total liabilities | 3,081,400 | 3,346,945 |
| Total equity | 145,657 | 138,004 |
| Total liabilities and equity | 3,227,057 | 3,484,949 |

(1) The Group adopted the amended IAS 19, Employee Benefits, as of January 1, 2013. IAS 19 eliminates the option of deferring the recognition of actuarial gains and losses on defined benefit pension plans, known as the "corridor method." The present value of pension obligations and the fair value of pension plan assets must instead be recognized in the balance sheet on a net basis. The comparative financial information as at and for the year ended December 31, 2012 was restated in the Group's audited consolidated financial statements as at and for the year ended December 31, 2013.

*Assets*

As at December 31, 2013, the Group's total assets amounted to DKK 3,227,057 million, a decrease of DKK 257,892 million, or 7 percent, as compared to DKK 3,484,949 million as at December 31, 2012. The decrease was primarily due to decreases in trading portfolio assets, loans and advances at amortized cost, amounts due from credit institutions and central banks and cash in hand and demand deposits with central banks. As at December 31, 2013, total lending was 5 percent lower than as at December 31, 2012. Most of the Group's markets saw weak economic growth during 2013, which suppressed the demand for credit. In Denmark, new gross lending, excluding repo loans, amounted to DKK 54.4 billion as at December 31, 2013, of which lending to personal customers accounted for DKK 22.5 billion. In Denmark, new gross lending, excluding repo loans, amounted to DKK 45.7 billion as at December 31, 2012, of which lending to personal customers accounted for DKK 18.5 billion.

*Liabilities*

As at December 31, 2013, the Group's total liabilities amounted to DKK 3,081,400 million, a decrease of DKK 265,545 million, or 8 percent, as compared to DKK 3,346,945 million as at December 31, 2012. The decrease was primarily as a result of increases in amounts due to credit institutions and central banks and trading portfolio liabilities. The level of deposits as at December 31, 2013, was largely unchanged from December 31, 2012.

*Equity*

As at December 31, 2013, the Group's total equity amounted to DKK 145,657 million, an increase of DKK 7,653 million, or 6 percent, as compared to DKK 138,004 million as at December 31, 2012.

The Group's return on average shareholders' equity was 5.0 percent for the year ended December 31, 2013, as compared to 3.6 percent for the year ended December 31, 2012. The Group's earnings per share for the year ended December 31, 2013 were DKK 7.1, as compared to DKK 5.0 for the year ended December 31, 2012. The increase was primarily due to lower loan impairment charges at all business units as a result of improving macroeconomic conditions in the core markets. The increase was also due to lower loss in the Non-core activities driven by declining impairment charges against exposures at Non-core Ireland, which more than compensated for a decrease in net trading income because of the above-normal level in 2012.

***Cash Flows***

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

| | For the year ended December 31, | |
|---|---|---|
| | 2013 | 2012 |
| | (DKK in millions) | |
| **Cash flow from operations** | | |
| Profit before tax | 10,059 | 8,539 |
| Tax paid | (1,705) | (1,908) |
| Adjustment for non-cash operating items | 6,615 | 15,013 |
| Total | 14,969 | 21,644 |
| Changes in operating capital | | |
| Cash in hand and demand deposits with central banks | (147,278) | 68,077 |
| Trading portfolio | 20,526 | (69,224) |
| Other financial instruments at fair value | (58,394) | (2,944) |
| Loans and advances at amortized cost | 67,668 | (47,863) |
| Loans at fair value | 4,681 | (12,021) |
| Deposits | 14,810 | 80,098 |
| Bonds issued by Realkredit Danmark | (129) | 56,626 |
| Assets/liabilities under insurance contracts | (9,610) | 7,297 |
| Other assets/liabilities | (29,437) | (19,044) |
| Cash flow from operations | (122,194) | 82,646 |
| **Cash flow from investing activities** | | |
| Acquisition/sale of businesses | 4 | 276 |
| Acquisition/sale of own shares | (179) | (220) |
| Acquisition of intangible assets | (349) | (395) |
| Acquisition/sale of tangible assets | (268) | (138) |
| Cash flow from investing activities | (792) | (477) |
| **Cash flow from financing activities** | | |
| Changes in subordinated debt and hybrid capital | 233 | 732 |
| Dividends | – | – |
| Share capital increase | – | 7,115 |
| Change in non-controlling interests | (4) | (56) |
| Cash flow from financing activities | 229 | 7,791 |
| Cash and cash equivalents at January 1 | 296,257 | 206,297 |
| Change in cash and cash equivalents | (122,757) | 89,960 |
| Cash and cash equivalents at December 31 | 173,500 | 296,257 |
| Cash and cash equivalents at December 31 | | |
| Cash in hand and demand deposits with central banks | 43,721 | 97,268 |
| Amounts due from credit institutions and central banks within three months | 129,779 | 198,989 |
| Total | 173,500 | 296,257 |

Total cash outflow from operations was DKK 122,194 million for the year ended December 31, 2013, as compared to cash inflow from operations of DKK 82,646 million for the year ended December 31, 2012. The change was primarily attributable to negative cash flow from cash in hand and demand deposits with central banks. The negative cash outflow was somewhat offset by increased cash flow from loans and advances at amortized cost.

Total cash outflow from investing activities was DKK 792 million for the year ended December 31, 2013, an increase of DKK 315 million, or 66 percent, as compared to total cash outflow from investing activities of DKK 477 million for the year ended December 31, 2012. The increase was primarily attributable to cash outflow from acquisition/sale of businesses and acquisition/sale of tangible assets.

Total cash inflow from financing activities was DKK 229 million for the year ended December 31, 2013, as compared to total cash inflow from financing activities of DKK 7,791 million for the year ended December 31, 2012. The high level of cash inflow in 2012 was due to a rights offering, which increased the Bank's share capital by DKK 7,115 million.

## Off-balance Sheet Liabilities

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 June 30, 2015 | As at December 31, 2014 | 2013 | 2012 |
|---|---|---|---|---|
| | (DKK in millions) | | | |
| **Guarantees** | | | | |
| Financial guarantees | 9,990 | 9,344 | 11,608 | 14,274 |
| Mortgage finance guarantees | 2,207 | 1,128 | 873 | 1,350 |
| Other guarantees | 72,509 | 66,958 | 63,894 | 64,491 |
| Total | 84,706 | 77,430 | 76,375 | 80,115 |
| **Other contingent liabilities** | | | | |
| Loan commitments shorter than 1 year | 143,106 | 115,511 | 38,981 | 53,056 |
| Loan commitments longer than 1 year | 147,914 | 136,064 | 118,342 | 108,614 |
| Other unutilized loan commitments | 485 | 520 | 533 | 550 |
| Total | 291,505 | 252,095 | 157,856 | 162,220 |

In addition to credit exposure from lending activities, loan offers made and uncommitted lines of credit granted by the Group amounted to DKK 326 billion as at June 30, 2015, as compared to DKK 308 billion as at December 31, 2014 and DKK 323 billion as at December 31, 2013. These items are included in the calculation of the total REA in accordance with the CRD. In 2014, the Group included DKK 71 billion of credit lines in the credit exposure from lending activities as loan commitments that were previously considered uncommitted due to the possibility of cancellation within a short period of time. Further, unconditional loan offers of DKK 21 billion made by Realkredit Danmark were included. Comparative figures as at December 31, 2013 and 2012 have not been restated.

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.

A limited number of employees are employed under terms which grant them, if they are dismissed before reaching their normal retirement age, 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 Revised Deposit Guarantee Schemes Directive and the BRRD were implemented in Danish law with effect from June 1, 2015. Through their participation in the new Guarantee Fund, Danish credit institutions undertake to cover the losses incurred on covered deposits in distressed credit institutions. The Guarantee Fund must amount to at least 0.8 percent of the covered deposits of all Danish credit institutions. It is the expectation that no significant underfunding will exist at the end of 2015. From 2016, contributions to the Guarantee Fund, if any, will be calculated on the basis of the credit institution's covered deposits and risk relative to other credit institutions in Denmark. Moreover, a Danish resolution fund was established in 2015. Under certain conditions, the fund can make contributions in case of resolution of a credit institution. Each Danish credit institution must make annual contributions to this fund on the basis of its size and risk relative to other credit institutions in Denmark. The resolution fund must amount to 1 percent of the covered deposits of all Danish credit institutions by December 31, 2024 at the latest. The first contribution to the resolution fund must be made by December 31, 2015. If the resolution fund incurs losses, the annual contribution may be increased or continued/resumed after December 31, 2024.

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, 2014, minimum lease payments under operating leases amounted to DKK 2,801 million, with DKK 533 million relating to operating leases expiring within one year, as compared to minimum lease payments under operating leases of DKK 3,050 million, with DKK 542 million relating to operating leases expiring within one year, as at December 31, 2013.

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 it is jointly and severally liable.

## Funding and Liquidity

### *Overview*

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, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | | (percent) | |
| Central banks/credit institutions | 7 | 7 | 12 |
| Repo transactions | 21 | 18 | 18 |
| Short-term bonds | 1 | 1 | 2 |
| Long-term bonds | 5 | 6 | 6 |
| Other covered bonds | 11 | 11 | 11 |
| Deposits (business) | 23 | 25 | 22 |
| Deposits (personal) | 20 | 21 | 19 |
| Subordinated debt | 2 | 3 | 3 |
| Shareholders' equity | 8 | 8 | 7 |
| Total | 100 | 100 | 100 |

The Group's funding needs arise mainly from its lending activities. The Group's (excluding Realkredit Danmark) estimated funding needs for 2015 are DKK 50 to DKK 70 billion.

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. For additional information on the Group's liquidity risk management, see "*Risk Management—Liquidity Risk*." Realkredit Danmark and 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 Danica Group. At Realkredit Danmark, the financing of mortgage loans through the issuance of listed mortgage bonds with matching conditions has minimized Realkredit Denmark's liquidity risk in all material respects (see "*—The Danish Mortgage Finance System*" below). 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 liquidity buffer was DKK 444 billion as at June 30, 2015. As at the date of this Base Prospectus, Danske Bank must comply with an LCR requirement as defined by the DFSA, which allows for inclusion of own-issued mortgage bonds in the LCR buffer. As at June 30, 2015, the Group had an LCR of 130 percent calculated in accordance with the DFSA's LCR definition. As of that date, the Group also complied with all other liquidity requirements. Stress tests indicated that the Group had a sufficient liquidity buffer well beyond a 12 month horizon. The current LCR requirement as defined by the DFSA will be replaced by an LCR calculation method defined by the new EU standards under the CRR and the CRD IV Directive by October 1, 2015. The EU standard does not allow own-issued bonds to count towards the LCR requirement and also affects other elements of the LCR calculation. Danish regulations require Danish banks that are SIFIs (including the Bank) to comply with an LCR of 100 percent from October 1, 2015.

In the first half of 2012, the financial markets were under pressure because of the European sovereign debt crisis and continued attention on the issue of liquidity in the international banking system. This occasionally caused tensions in the funding markets. The strong involvement of the ECB and other central banks in handling the sovereign debt crisis helped improve market sentiment in the second half of 2012. In September 2012, the ECB introduced a sovereign debt purchase program. The ECB had previously intervened with its three-year LTRO in December 2011 and February 2012. At the end of 2012, the Group had drawn a total of approximately DKK 40 billion on the LTRO facility. Following the ECB, the Danish Central Bank supplemented its monetary policy instruments with a temporary opportunity for banks and mortgage banks to raise liquidity through a three-year lending facility. The Group borrowed DKK 15 billion and DKK 20 billion at auctions in March 2012 and September 2012, respectively. These initiatives enhanced European banks', including the Group's, access to longer-term financing. In the second half of 2012, spreads continued to tighten, and the funding markets eased even further.

Market sentiment generally stayed positive in 2013, although concerns about the economic outlook remained. The Group saw further improvements in spreads during the year. Low issuance volume contributed to a relative improvement in spreads. The low volume was caused by an improved loan-to-deposit ratio and by the Group's ability to improve liquidity metrics, including the LCR. The Group maintained its liquidity reserves through 2013 and adhered to the funding plan. In light of this, the LTRO loans from the ECB and the Danish Central Bank were repaid in the first half of 2013. In the second half of the year, the Group took advantage of benign market conditions and continued to adjust its capital structure to the new regulatory requirements with the issuance of Tier 2 capital for a total of DKK 13.9 billion.

Market sentiment in the capital markets remained generally positive in 2014, although concerns about geopolitical uncertainties and the economic outlook remained. The Bank's volume of new issuances rose in 2014 in preparation for new regulations. In spite of the increase, the Bank's covered bond and senior debt spreads continued to tighten. In addition to an improvement in the Bank's credit ratings, monetary policy initiatives from the ECB, such as the targeted LTRO and the covered bond purchase program, helped maintain positive market conditions for the Group. The Group maintained its liquidity reserves throughout 2014 and adhered to its funding plan, including its plan for subordinated debt. It was, therefore, able to repay in full the hybrid capital borrowed from the Danish State on the first prepayment date, in April 2014. In the first half of the year, the Group continued to take advantage of benign market conditions and continued to adjust its capital structure to the new regulatory requirements. In March 2014, the Bank issued benchmark-size additional Tier 1 capital instruments. The issue, for EUR 750 million, was followed by a Tier 2 issue in May 2014 for EUR 500 million.

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. In the first six months of 2015, the Bank issued senior debt for DKK 20.5 billion, covered bonds for DKK 9.6 billion, and additional Tier 1 capital for DKK 5.6 billion, totaling DKK 35.7 billion. The Bank also redeemed long-term debt of DKK 20.3 billion. As at June 30 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 343 billion, as compared to DKK 330 billion as at December 31, 2014.

***The Danish Mortgage Finance System***

All loans provided by Realkredit Danmark are match-funded. As at June 30, 2015, Realkredit Danmark had outstanding mortgage bonds with a total nominal value of DKK 823 billion, as compared to DKK 853 billion as at December 31, 2014, and a total market value of DKK 837 billion, as compared to DKK 878 billion as at December 31, 2014. 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 692 billion as at June 30, 2015, as compared to DKK 656 billion as at December 31, 2014.

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 15 November 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.

***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 as available-for-sale financial assets. Unrealized value adjustments of such bonds are recognized in other comprehensive income. The Group uses fair value hedge accounting if the interest rate risk on fixed-rate financial assets and liabilities or bonds available for sale is hedged by derivatives.

The interest rate risk on fixed-rate assets and liabilities with terms longer than six months is generally hedged by derivatives. The interest rate risk on fixed-rate loans extended by the Group's operations in Finland, Northern Ireland and Ireland is, however, hedged by hedging the interest rate risk on core free funds. Any interest rate risk not hedged by core free funds is hedged by derivatives. The interest rate risk on bonds classified as hold-to-maturity is not hedged.

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, 2014, the carrying amount of effectively hedged fixed-rate financial assets was DKK 60,260 million, as compared to DKK 70,333 million as at December 31, 2013, and the carrying amount of effectively hedged fixed-rate financial liabilities was DKK 502,402 million, as compared to DKK 531,321 million as at December 31, 2013.

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, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | (DKK in millions) | | |
| **Effect of fixed-rate asset hedging on profit** | | | |
| Hedged amounts due from credit institutions | 5 | (8) | (2) |
| Hedged loans | 1,163 | (1,405) | 491 |
| Hedged bonds available for sale | 460 | (624) | 150 |
| Hedging derivatives | (1,624) | 2,048 | (639) |
| Total | 4 | 11 | 0 |
| **Effect of fixed-rate liability hedging on profit** | | | |
| Hedged amounts due to credit institutions | (4) | 17 | (6) |
| Hedged deposits | (65) | 172 | 146 |
| Hedged issued bonds | (4,620) | 6,188 | (3,890) |
| Hedged subordinated debt | (1) | 2,075 | 605 |
| Hedging derivatives | 4,700 | (8,453) | 3,151 |
| Total | 10 | (1) | 6 |

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, 2014 | | |
|---|---|---|---|
| | Notional amount | Positive fair value | Negative fair value |
| | | (DKK in millions) | |
| Currency contracts | | | |
| Forwards and swaps | 5,635,024 | 122,750 | 131,299 |
| Options | 185,794 | 1,890 | 1,883 |
| Interest rate contracts | | | |
| Forwards/swaps/ forward rate agreements (“**FRAs**”) | 12,938,852 | 218,279 | 209,161 |
| Options | 1,997,406 | 42,277 | 37,472 |
| Equity contracts | | | |
| Forwards | 92,692 | 1,262 | 1,303 |
| Options | 103,178 | 2,026 | 2,204 |
| Other contracts | | | |
| Commodity contracts | 27,556 | 2,545 | 2,661 |
| Credit derivatives bought | 9,889 | 95 | 542 |
| Credit derivatives sold | 7,707 | 353 | 83 |
| Total derivatives held for trading purposes | | 391,477 | 386,608 |
| Hedging derivatives | | | |
| Currency contracts | 106,459 | 867 | 10 |
| Interest rate contracts | 497,087 | 17,099 | 3,129 |
| Total derivatives | | 409,443 | 389,746 |

Note: Notional amount and positive and negative fair value of derivatives are offset if certain criteria are fulfilled. See note 29 to the Group’s audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

| | As at December 31, 2013 | | |
|---|---|---|---|
| | Notional amount | Positive fair value | Negative fair value |
| | (restated) | | |
| | | (DKK in millions) | |
| Currency contracts | | | |
| Forwards and swaps | 5,812,381 | 55,956 | 59,400 |
| Options | 140,442 | 750 | 850 |
| Interest rate contracts | | | |
| Forwards/swaps/FRAs | 14,787,264 | 144,786 | 136,802 |
| Options | 1,641,816 | 21,763 | 18,499 |
| Equity contracts | | | |
| Forwards | 65,839 | 1,228 | 1,216 |
| Options | 93,969 | 1,808 | 2,072 |
| Other contracts | | | |
| Commodity contracts | 14,550 | 999 | 962 |
| Credit derivatives bought | 6,622 | 40 | 225 |
| Credit derivatives sold | 5,911 | 202 | 39 |
| Total derivatives held for trading purposes | | 227,532 | 220,065 |
| Hedging derivatives | | | |
| Currency contracts | 125,788 | 933 | 471 |
| Interest rate contracts | 551,317 | 21,071 | 8,405 |
| Total derivatives | | 249,535 | 228,941 |

Note: Positive and negative fair value of derivatives are offset if certain criteria are fulfilled. See notes 12 and 29 to the Group’s audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus. Notional amounts have been restated to include offsetting.

| | As at December 31, 2012 | | |
|---|---|---|---|
| | Notional amount | Positive fair value | Negative fair value |
| | | (DKK in millions) | |
| Currency contracts | | | |
| Forwards and swaps | 6,968,326 | 93,913 | 98,544 |
| Options | 76,683 | 825 | 835 |
| Interest rate contracts | | | |
| Forwards/swaps/FRAs | 29,179,318 | 241,092 | 248,941 |
| Options | 1,349,980 | 31,707 | 25,944 |
| Equity contracts | | | |
| Forwards | 60,508 | 385 | 394 |
| Options | 101,992 | 1,339 | 1,338 |
| Other contracts | | | |
| Commodity contracts | 10,621 | 802 | 748 |
| Credit derivatives bought | 9,245 | 228 | 67 |
| Credit derivatives sold | 8,319 | 175 | 51 |
| Total derivatives held for trading purposes | | 370,466 | 376,862 |
| Hedging derivatives | | | |
| Currency contracts | 157,283 | 1,580 | 596 |
| Interest rate contracts | 653,672 | 36,944 | 11,238 |
| Total derivatives | | 408,990 | 388,696 |

## Credit Exposure

As at June 30, 2015, the Group's net credit exposure totaled DKK 3,770 billion, as compared to DKK 3,722 billion as at December 31, 2014, DKK 3,395 billion as at December 31, 2013 and DKK 3,656 billion as at December 31, 2012. Exposure from trading and investment activities amounted to DKK 928 billion of the total credit exposure as at June 30, 2015, as compared to DKK 1,074 billion as at December 31, 2014, DKK 858 billion as at December 31, 2013 and DKK 921 billion as at December 31, 2012. Exposure from lending activities amounted to DKK 2,446 billion as at June 30, 2015, as compared to DKK 2,268 billion as at December 31, 2014 and DKK 2,173 billion as at December 31, 2013. Part of the increase in the exposure from lending activities resulted from inclusion of loan offers in the exposure. As at June 30, 2015, home loans to personal customers in core activities accounted for 30 percent of the exposure from lending activities, as compared to 32 percent as at December 31, 2014, 34 percent as at December 31, 2013 and 33 percent as at December 31, 2012. As at June 30, 2015, repo transactions accounted for 10 percent of the exposure from lending activities, as compared to 13 percent as at December 31, 2014, 15 percent as at December 31, 2013 and 13 percent as at December 31, 2012.

For additional information on breakdowns of credit exposure, see "*Risk Management*."

## Solvency and Capital

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 Group's financial subsidiaries in and outside Denmark must comply with local capital requirements.

The regulatory requirements stipulate a minimum capital level of 8 percent of the total REA under Pillar I (REAs for credit risk (including counterparty risk), market risk and operational risk). In addition, financial institutions are required to calculate their solvency need under Pillar II to reflect all relevant risks. The Bank was designated a SIFI in Denmark in 2014 and will be required to comply with an additional common equity Tier 1 ("**CET1**") capital buffer requirement of 0.6 percent in 2015. The additional CET1 capital buffer requirement will gradually increase to 3 percent in 2019. The SIFI buffer requirement phase-in began on January 1, 2015 and will be completed in 2019.

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). 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 and proposed dividends; intangible assets of banking operations; statutory deductions for insurance companies; and deferred tax assets that rely on future profitability and other factors. 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 which 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 June 30, 2015 | As at December 31, 2014 (restated)[(1)] | 2013 | 2012 (restated)[(2)] |
|---|---|---|---|---|
| | (DKK in millions, unless otherwise indicated) | | | |
| Total equity | 160,055 | 152,384 | 145,657 | 138,004 |
| Adjustment to total equity | 3,832 | 3,806 | 3,938 | 3,988 |
| Total equity calculated according to the rules of the DFSA | 163,887 | 156,190 | 149,595 | 141,992 |
| Additional Tier 1 instruments included in total equity | (11,158) | (5,597) | – | – |
| Adjustments for AT1 capital | (149) | (60) | – | – |
| CET1 instruments | 152,581 | 150,533 | 149,595 | 141,992 |
| Deductions from CET1 | (24,585) | (20,130) | (24,086) | (22,895) |
| Portion from goodwill | (11,062) | (11,169) | (20,763) | (21,279) |
| Portion from statutory deductions for insurance subsidiaries | (4,051) | (1,850) | – | – |
| CET1 capital | 127,996 | 130,403 | 125,509 | 119,097 |
| Additional Tier 1 capital | 22,209 | 17,434 | 39,953 | 40,248 |
| Deductions from additional Tier 1 capital | (3,045) | (3,711) | (3,948) | (4,311) |
| Portion from statutory deductions for insurance subsidiaries | (3,038) | (3,701) | (3,930) | (4,292) |
| Tier 1 capital | 147,160 | 144,126 | 161,514 | 155,034 |
| Tier 2 instruments | 23,208 | 26,310 | 23,823 | 23,009 |
| Deductions from Tier 2 | (3,045) | (3,711) | (3,352) | (3,669) |
| Portion from statutory deductions for insurance subsidiaries | (3,038) | (3,701) | (3,930) | (4,292) |
| Total capital | 167,323 | 166,725 | 181,985 | 174,374 |
| Total REA | 892,429 | 865,086 | 852,250 | 819,436 |
| Common equity Tier 1 capital ratio, percent | 14.3 | 15.1 | 14.7 | 14.5 |
| Tier 1 capital ratio, percent | 16.5 | 16.7 | 19.0 | 18.9 |
| Total capital ratio, percent | 18.7 | 19.3 | 21.4 | 21.3 |

(1) As at June 30, 2015, the Group had a pension scheme for approximately 200 current and 1,100 former employees of the Bank held with Danica Group. The Bank has guaranteed a real return on policyholders' savings. In continuation of a dialogue with the DFSA, Danica Group changed the accounting treatment in its annual report 2014 from net presentation of the scheme and the financial guarantee to gross presentation with the financial guarantee recognized as an asset at an amount representing the expected payments. For additional information, see note 1 to the Group's consolidated interim financial statements as at and for the six months ended June 30, 2015 incorporated by reference into this Base Prospectus.

(2) The Group adopted the amended IAS 19, Employee Benefits, as of January 1, 2013. IAS 19 eliminates the option of deferring the recognition of actuarial gains and losses on defined benefit pension plans, known as the "corridor method." The present value of pension obligations and the fair value of pension plan assets must instead be recognized in the balance sheet on a net basis. The comparative financial information as at and for the year ended December 31, 2012 was restated in the Group's audited consolidated financial statements as at and for the year ended December 31, 2013.

According to Danish law, all credit institutions must disclose their solvency need on a quarterly basis. For the Group, this requirement applies to Danske Bank A/S and Realkredit Danmark A/S. As part of the internal capital adequacy assessment process (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. The solvency need is the amount of capital that is adequate in terms of size and composition to cover the risks to which an institution is exposed. According to Danish law, the solvency need ratio is the solvency need divided by the total REA determined under Pillar I. As at June 30, 2015, the Group's solvency need was DKK 94.1 billion and the Group's solvency need ratio was 10.5 percent.

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 June 30, 2015:

| | As at June 30, 2015 | | | |
|---|---|---|---|---|
| | Group | | Danske Bank A/S | |
| | (DKK in billions) | (percent of total REA) | (DKK in billions) | (percent of total REA) |
| Credit risk | 70.1 | 7.7 | 57.5 | 8.1 |
| Market risk | 14.0 | 1.6 | 13.6 | 1.9 |
| Operational risk | 5.9 | 0.7 | 4.4 | 0.6 |
| Other risks | 4.1 | 0.5 | 4.1 | 0.6 |
| Solvency need and solvency need ratio | 94.1 | 10.5 | 79.6 | 11.2 |
| Combined buffer requirement | 5.4 | 0.6 | 4.3 | 0.6 |
| Solvency need and solvency need ratio (including combined buffer requirement) | 99.5 | 11.1 | 83.9 | 11.8 |
| Capital need according to the transitional rules | 93.1 | 10.4 | 63.3 | 8.9 |
| Total capital and total capital ratio | 167.3 | 18.7 | 164.9 | 23.2 |
| Excess capital | 67.8 | 7.6 | 81.0 | 11.4 |

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 negative events on the Group's total capital. The stress tests support the Group's compliance with the regulatory capital requirements, and as mentioned above, they are an important tool in the internal capital planning.

When the Group uses stress tests in capital planning, stress is applied to risks, income and the cost structure. Stressing income and costs affects the Group's total capital, while stressing risk exposures affects the solvency need. The Group's most important stress test scenarios are "mild recession," "severe recession," "extreme recession" and "regulatory scenarios," in addition to various specialized scenarios. In mild recession, a geopolitical crisis dampens global demand temporarily. The mild recession scenario assumes slight economic contraction in the first year followed by a slow recovery. The severe recession scenario, on the other hand, assumes a sharp slowdown in the global economy with reduced exports and declined GDP. In addition, an additional eurozone country falls into an unresolved debt trap. Property prices decrease because of weak consumer confidence, high unemployment and tight credit policies. There is no recovery within the three-year duration of this scenario. In the extreme recession scenario, confidence regarding sovereign debt payments weakens significantly. Higher risk premiums lead to a temporary interest rate hike, causing property prices to decline and unemployment to increase. EU-wide austerity measures drive the economy into a state of deflation with significant GDP declines and no signs of recovery. The regulatory scenarios are DFSA base case and stress scenarios.

***Leverage Ratio***

Since January 2014, the CRR and the CRD IV Directive have required credit institutions to calculate, report and monitor their leverage ratios, defined as Tier 1 capital as a percentage of total exposure. The leverage ratio will be assessed under Pillar II pending a political decision in the EU on whether it should be included as a Pillar 1 requirement beginning in 2018. The leverage ratio measure represents a non-risk-adjusted capital requirement, and it will be introduced as a "backstop" measure for risk-based capital.

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.

The following table sets forth certain information with respect to the Group's leverage ratio as at the dates indicated (comparative information as at December 31, 2012 is not available as the CRR and the CRD IV Directive have only required credit institutions to calculate, report and monitor their leverage ratios since January 2014):

| | **As at December 31,** | |
|---|---|---|
| | **2014** | **2013** |
| | **(DKK in billions, unless otherwise indicated)** | |
| Total assets according to IFRS | 3,453.0 | 3,227.9 |
| Adjustments in scope of consolidation (IFRS to DK GAAP) | | |
| Insurance assets (Danica Group) | (295.0) | (271.8) |
| Other | 20.7 | 20.3 |
| Total assets according to DK GAAP[(1)] | 3,178.7 | 2,976.4 |
| Derivatives (accounting asset value) | (412.9) | (246.2) |
| Derivatives (exposure to counterparty credit risk excluding collateral) | 235.1 | 209.3 |
| Securities-financing transactions (exposure to counterparty credit risk) | 25.5 | 30.8 |
| Undrawn committed and uncommitted facilities, guarantees and loan offers | 554.6 | 537.5 |
| Tier 1 capital deductions (intangibles, deferred tax assets, etc.) | (24.4) | (23.8) |
| Total exposure for leverage ratio calculation | 3,562.5 | 3,484.0 |
| Reported Tier 1 capital (transitional rules) | 144.9 | 161.5 |
| Tier 1 capital (fully phased-in rules) | 126.7 | 115.1 |
| Leverage ratio (transitional rules), percent | 4.1 | 4.6 |
| Leverage ratio (fully phased-in rules), percent | 3.6 | 3.3 |

(1) Total assets include securities-financing instruments on the balance sheet.

The final leverage ratio legislation, implementing the latest changes made by the Basel Committee, will, to some extent, affect the calculation of exposure to securities-financing transactions and derivatives. Furthermore, in the standardized approach for credit risk, a credit risk conversion factor of 0 percent, 20 percent, 50 percent or 100 percent, depending on the risk category, will be implemented by setting a 10 percent floor on off-balance-sheet exposures. As at June 30, 2015, the Group's leverage ratio was 4.2 percent (transitional rules) and 3.8 percent (fully phased-in rules) calculated based on the final leverage ratio legislation.

In accordance with the Danish SIFI agreement, the Danish government has appointed a group of experts to consider leverage ratio requirements in Denmark. The group will assess whether it is appropriate to implement a leverage ratio requirement and, if so, whether it should be higher than the 3 percent level in Basel III, among other things. It will also consider whether to recommend setting lower limits on the risk weights used in internal REA models. The group is expected to present its recommendations around the end of 2015.

***Liquidity***

The CRR and the CRD IV Directive establish a consistent and integrated regulatory framework for many aspects of bank management, including liquidity, and it will provide a homogeneous standard under a unified set of prudential rules. In relation to liquidity, the LCR has remained in focus, and it will be phased in first. The Net Stable Funding Ratio ("**NSFR**") will be implemented afterwards. The LCR rules will become binding for all credit institutions in the EU by

October 2015, while the components of the NSFR have been monitored since 2013 with a view to introducing a binding requirement in 2018.

The LCR regulation stipulates that banks must have a liquidity reserve that ensures a survival horizon of at least 30 calendar days in case of a severely stressed liquidity situation. The final requirement from the EBA allows Danish mortgages to be classified as level 1 liquid assets, almost on par with Danish government bonds.

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.

The external national liquidity requirements that apply to the Group are set forth in section 152 of the Danish Financial Business Act, which states that a credit institution's liquidity reserve must equal or exceed both of the following:

- 15 percent of the debt obligations that, regardless of any disbursement conditions, the institution must pay on demand or with less than one month's notice; and

- 10 percent of the institution's total debt and guarantee obligations, excluding subordinated loan capital infusions that can be counted as part of the total capital.

Liquidity includes cash on hand, fully secured and liquid demand deposits at other credit institutions and insurance companies, and holdings of secure, readily negotiable, unencumbered securities and credit instruments.

In 2010, the DFSA introduced the so-called "Supervisory Diamond," which includes benchmarks for liquidity and funding for the parent company. The benchmark for liquidity states that banks must have excess liquidity coverage that is 50 percent above the regulatory requirements in section 152 of the Danish Financial Business Act. As at June 30, 2015, the Bank's excess LCR was 166 percent, above the regulatory requirements.

The benchmark for funding stipulates that a bank's lending may not exceed stable funding (deposits as well as issued bonds and subordinated debt with a maturity above one year). This means that banks must have a funding ratio of less than 1.00. As at June 30, 2015, the Bank's funding ratio was 0.6.

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

## 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 audited consolidated financial statements of the Group contained elsewhere in this Base Prospectus, as well as "Operating and Financial Review and Prospects." The information included in this section has not been derived from the Group's audited consolidated financial statements and has not been audited. Such information has been derived from the Bank's accounting records.*

### 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 periods indicated (comparative information for the year ended December 31, 2012 is not available due to changes in the Group's financial reporting). 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 fairly the operations of the Group. Non-accrual loans are included under the category "Loans and advances."

| | For the six months ended June 30, 2015 | | | For the year ended December 31, 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Average balance | Interest amount | Average interest rate(2) | 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 | 179,138 | (420) | (0.47) | 113,965 | 179 | 0.16 | 163,732 | 694 | 0.42 |
| Loans and advances(1) | 917,038 | 11,394 | 2.49 | 849,421 | 25,654 | 3.02 | 897,865 | 28,354 | 3.16 |
| Reverse transactions | 234,139 | (338) | (0.29) | 290,095 | 1,271 | 0.44 | 316,079 | 1,599 | 0.51 |
| Mortgage lending | 741,627 | 10,761 | 2.90 | 738,232 | 22,584 | 3.06 | 729,140 | 23,103 | 3.17 |
| Trading portfolio (interest-bearing) | 908,505 | 6,550 | 1.44 | 858,422 | 11,944 | 1.39 | 534,899 | 13,257 | 2.48 |
| Other interest-bearing assets | 361,528 | 2,276 | 1.26 | 335,221 | 4,699 | 1.40 | 314,449 | 4,203 | 1.34 |
| Total interest-bearing assets | 3,341,974 | 30,223 | 1.81 | 3,185,355 | 66,331 | 2.08 | 2,965,164 | 71,210 | 2.41 |
| Non-interest-bearing assets | 183,488 | – | – | 155,659 | – | – | 403,504 | – | – |
| Total assets | 3,525,462 | 30,223 | 1.71 | 3,341,014 | 66,331 | 1.99 | 3,359,668 | 71,210 | 2.12 |
| **Liabilities** | | | | | | | | | |
| Deposits by credit institutions | 138,060 | 247 | 0.36 | 115,549 | 412 | 0.36 | 237,754 | 681 | 0.29 |
| Deposits | 943,023 | 1,503 | 0.32 | 878,577 | 5,009 | 0.57 | 843,864 | 6,425 | 0.76 |
| Repo transactions | 337,311 | (264) | (0.16) | 400,618 | 1,331 | 0.33 | 331,091 | 2,018 | 0.61 |
| Debt securities | 1,017,616 | 10,745 | 2.11 | 952,073 | 22,460 | 2.36 | 946,253 | 24,337 | 2.57 |
| Subordinated liabilities | 38,274 | 965 | 5.04 | 50,982 | 2,512 | 4.93 | 62,994 | 4,316 | 6.85 |
| Total interest-bearing liabilities | 2,474,284 | 13,197 | 1.07 | 2,397,799 | 31,724 | 1.32 | 2,421,957 | 37,777 | 1.56 |
| Non-interest-bearing liabilities | 895,114 | – | – | 791,599 | – | – | 796,244 | – | – |
| Total liabilities | 3,369,398 | 13,197 | 0.78 | 3,189,398 | 31,724 | 0.99 | 3,218,201 | 37,777 | 1.17 |
| Equity | 156,064 | – | – | 151,616 | – | – | 141,466 | – | – |
| Total liabilities and equity | 3,525,462 | 13,197 | 0.75 | 3,341,014 | 31,724 | 0.95 | 3,359,668 | 37,777 | 1.12 |

(1) Non-accrual loans have been included in loans and advances.
(2) Annualized.

### 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 (comparative information as at December 31, 2012 is not available due to changes in the Group's financial reporting):

| | As at June 30, 2015 | As at December 31, 2014 | 2013 |
|---|---|---|---|
| | (DKK in millions) | | |
| **Loans and advances** | | | |
| Loans to credit institutions in Danish Kroner | 93,094 | 30,100 | 61,883 |
| Loans to credit institutions in currencies other than the Danish Kroner | 92,183 | 82,660 | 69,498 |
| Total loans to credit institutions | 185,277 | 112,760 | 131,381 |
| Loans and advances in Danish Kroner | 979,432 | 989,139 | 967,247 |
| Loans and advances in currencies other than the Danish Kroner | 826,184 | 845,372 | 849,562 |
| Total loans and advances(1) | 1,805,616 | 1,834,511 | 1,816,809 |
| **Deposits** | | | |
| Deposits by credit institutions in Danish Kroner | 40,946 | 61,409 | 49,960 |
| Deposits by credit institutions in currencies other than the Danish Kroner | 271,925 | 267,639 | 262,637 |
| Total deposits by credit institutions | 312,871 | 329,048 | 312,597 |
| Deposits in Danish Kroner, excluding repurchase obligations | 301,666 | 281,592 | 286,836 |
| Deposits in currencies other than the Danish Kroner, excluding repurchase obligations | 543,549 | 486,179 | 506,319 |
| Total deposits, excluding repurchase obligations | 845,215 | 767,772 | 793,155 |

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

As at June 30, 2015, December 31, 2014 and December 31, 2013, 50 percent, 73 percent and 53 percent, respectively, of the Group's loans to credit institutions were comprised of loans denominated in currencies other than Danish Kroner, with the balance denominated in the Danish Kroner.

As at June 30, 2015, December 31, December 31, 2014 and 2013, 46 percent, 46 percent, and 47 percent, respectively, of the Group's total loans and advances were comprised of loans denominated in currencies other than Danish Kroner, with the balance denominated in Danish Kroner.

As at June 30, 2015, December 31, 2014 and December 31, 2013, 87 percent, 81 percent and 84 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 June 30, 2015, December 31, 2014 and December 31, 2013, 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 periods indicated (comparative information for the year ended December 31, 2013/2012 is not available due to changes in the Group's financial reporting):

| | For the six months ended June 30, 2015/2014 | | | For the year ended December 31, 2014/2013 | | |
|---|---|---|---|---|---|---|
| | | 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 | 74,511 | (546) | (0.71) | (49,768) | (515) | (0.27) |
| Loans and advances | 50,321 | (1,671) | (0.53) | (48,444) | (2,700) | (0.14) |
| Reverse transactions | (58,535) | (1,165) | (0.85) | (25,984) | (328) | (0.07) |
| Mortgage lending | 6,525 | (403) | (0.14) | 9,092 | (519) | (0.11) |
| Trading portfolio (interest-bearing) | 101,880 | 936 | 0.05 | 323,523 | (1,313) | (1.09) |
| Other interest-bearing assets | 33,461 | (53) | (0.16) | 20,772 | 496 | 0.07 |
| Total interest-bearing assets | 208,163 | (2,903) | (0.31) | 229,191 | (4,879) | (0.33) |
| **Interest-bearing liabilities** | | | | | | |
| Deposits by credit institutions | (14,172) | 225 | 0.33 | (122,206) | (269) | 0.07 |
| Deposits | 108,733 | (1,246) | (0.34) | 34,713 | (1,416) | (0.19) |
| Repo transactions | (74,379) | (1,212) | (0.62) | 69,527 | (687) | (0.28) |
| Debt securities | 83,514 | (666) | (0.33) | 5,820 | (1,877) | (0.21) |
| Subordinated liabilities | (19,256) | (639) | (0.53) | (12,013) | (1,804) | (1.92) |
| Total interest-bearing liabilities | 84,439 | (3,538) | (0.33) | (24,158) | (6,053) | (0.24) |

(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 June 30, 2015 | As at December 31, 2014 | 2013 | 2012 |
|---|---|---|---|---|
| | (DKK in millions) | | | |
| **Trading portfolio assets** | | | | |
| Derivatives with positive fair value | 334,519 | 409,442 | 249,535 | 408,990 |
| Listed bonds | 248,095 | 324,573 | 437,797 | 394,270 |
| Unlisted bonds | 679 | 524 | 1,614 | 6,471 |
| Listed shares | 12,869 | 7,442 | 6,007 | 2,635 |
| Unlisted shares | 578 | 532 | 770 | 561 |
| Total assets | 596,740 | 742,513 | 695,723 | 812,927 |
| **Trading portfolio liabilities** | | | | |
| Derivatives with negative fair value | 324,550 | 389,746 | 228,941 | 388,696 |
| Obligations to repurchase securities | 161,288 | 160,883 | 206,242 | 143,164 |
| Total liabilities | 485,838 | 550,629 | 435,183 | 531,860 |

## 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 June 30, 2015 | As at December 31, 2014 | 2013 | 2012 |
|---|---|---|---|---|
| | | (DKK in millions) | | |
| **Financial assets at fair value through profit or loss** | | | | |
| Listed bonds | 158,826 | 165,746 | 39,503 | 30,309 |
| Unlisted bonds | 679 | 25 | – | 45 |
| Listed shares | 43 | 53 | 35 | 52 |
| Unlisted shares | 1,756 | 1,772 | 3,163 | 3,032 |
| Total financial assets at fair value | 161,304 | 167,596 | 42,701 | 33,438 |
| **Available for sale financial assets** | | | | |
| Listed bonds | 51,016 | 58,543 | 61,774 | 65,976 |
| Total available for sale assets | 51,016 | 58,543 | 61,774 | 65,976 |
| Total at fair value | 212,320 | 226,139 | 104,475 | 99,414 |
| **Hold-to-maturity financial assets** | | | | |
| Listed bonds | 118,606 | 104,855 | 57,442 | 7,710 |
| Unlisted bonds | – | – | – | 600 |
| Total investment securities | 330,926 | 330,994 | 161,917 | 107,724 |

## Deposits

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

| | As at June 30, 2015 | As at December 31, 2014 | 2013 | 2012 |
|---|---|---|---|---|
| | | (DKK in millions) | | |
| Repo deposits | 337,311 | 400,618 | 331,091 | 359,276 |
| Other deposits | 839,690 | 763,441 | 776,412 | 783,759 |
| Total deposits | 1,177,001 | 1,164,059 | 1,107,503 | 1,143,035 |

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, 2014 | 1,024,835 | 43,421 | 33,260 | 18,170 | 8,817 |
| As at December 31, 2013 | 1,048,582 | 41,988 | 27,709 | 24,032 | 10,685 |
| As at December 31, 2012 | 949,812 | 54,341 | 39,397 | 21,543 | 11,413 |

## 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, 2014** | | | |
| Amount owed to credit institutions | 319,862 | 333,855 | 400,954 |
| Debt securities in issue etc. | 91,951 | 68,401 | 91,951 |
| Total | 411,813 | 402,256 | 492,906 |
| **December 31, 2013** | | | |
| Amount owed to credit institutions | 311,265 | 400,583 | 447,465 |
| Debt securities in issue etc. | 92,150 | 69,105 | 105,307 |
| Total | 403,415 | 469,688 | 552,772 |
| **December 31, 2012** | | | |
| Amount owed to credit institutions | 382,404 | 431,069 | 479,367 |
| Debt securities in issue etc. | 102,250 | 79,494 | 122,157 |
| Total | 484,654 | 510,564 | 601,524 |

## 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, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | 2013 | | 2012 | |
| | < 1 year | > 1 year | < 1 year | > 1 year | < 1 year | > 1 year |
| | (DKK in the millions) | | | | | |
| **Assets** | | | | | | |
| Cash in hand and demand deposits with central banks | 33,876 | – | 43,721 | – | 97,267 | – |
| Due from credit institutions and central banks | 112,021 | 738 | 130,633 | 748 | 199,687 | 959 |
| Trading portfolio assets | 364,212 | 378,301 | 467,528 | 228,197 | 185,893 | 627,034 |
| Investment securities | 146,696 | 184,298 | 22,951 | 138,966 | 21,126 | 86,598 |
| Loans and advances at amortized cost | 533,993 | 558,909 | 507,607 | 581,121 | 616,445 | 545,371 |
| Loans at fair value | 101,011 | 640,599 | 74,369 | 653,712 | 66,982 | 665,780 |
| Assets under pooled schemes and unit-linked investment contracts. | – | 80,148 | – | 74,761 | – | 70,625 |
| Assets under insurance contracts | 19,444 | 249,006 | 17,782 | 228,702 | 22,287 | 219,056 |
| Intangible assets | – | 11,253 | – | 20,641 | – | 21,181 |
| Tax assets | 1,142 | 401 | 432 | 924 | 147 | 1,418 |
| Other assets | 23,627 | 13,340 | 22,199 | 12,064 | 24,274 | 12,819 |
| Total assets | 1,336,022 | 2,116,993 | 1,287,222 | 1,939,836 | 1,234,108 | 2,250,841 |
| **Liabilities** | | | | | | |
| Due to credit institutions and central banks | 319,862 | 9,187 | 311,265 | 1,332 | 382,404 | 77,528 |
| Trading portfolio liabilities | 73,331 | 477,298 | 58,086 | 377,097 | 67,425 | 464,435 |
| Deposits(1) | 297,650 | 668,546 | 238,665 | 705,236 | 291,619 | 637,473 |
| Bonds issued by Realkredit Danmark | 163,337 | 492,628 | 130,101 | 484,095 | 187,423 | 426,902 |
| Deposits under pooled schemes and unit-linked investment contracts | 7,072 | 79,361 | 7,687 | 74,195 | 7,471 | 71,270 |
| Liabilities under insurance contracts | 43,512 | 243,803 | 52,313 | 210,155 | 49,858 | 217,080 |
| Other issued bonds | 91,951 | 238,256 | 92,150 | 218,027 | 102,250 | 237,755 |
| Tax liabilities | 722 | 8,153 | 931 | 8,108 | 575 | 7,583 |
| Other liabilities | 43,687 | 511 | 45,326 | 411 | 49,449 | 660 |
| Subordinated debt | 6,410 | 34,618 | 30,904 | 35,316 | 8,619 | 59,166 |
| Total liabilities | 1,047,534 | 2,252,361 | 967,428 | 2,113,972 | 1,147,093 | 2,199,852 |

(1) Deposits include fixed-term deposits and demand deposits. Fixed-term deposits are recognized at 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 dates as at the dates indicated:

| | As at December 31, 2014 | | | | |
|---|---|---|---|---|---|
| | 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 | 247,208 | 62,183 | 10,725 | 2,706 | 6,559 |
| Deposits | 863,952 | 43,421 | 33,260 | 18,170 | 8,817 |
| Repurchase obligation under reverse transactions | 160,883 | – | – | – | – |
| Derivatives settled on a gross basis (cash outflows) | 3,274,332 | 2,408,733 | 1,407,221 | 250,739 | 62,160 |
| Derivatives settled on a gross basis (cash inflows) | 3,278,994 | 2,409,714 | 1,409,124 | 252,550 | 64,380 |
| Derivatives settled on a gross basis (net cash flows) | 4,662 | 981 | 1,903 | 1,811 | 2,220 |
| Derivatives settled on a net basis | (12,104) | (17,435) | 102 | (3,937) | 50 |
| Bonds issued by Realkredit Danmark | 62,277 | – | 110,278 | 340,346 | 249,393 |
| Other issued bonds | 17,071 | 12,182 | 64,501 | 201,940 | 68,060 |
| Subordinated debt | 135 | 270 | 1,228 | 25,879 | 24,584 |
| Other financial liabilities | 1,643 | 343 | 5,086 | 49,889 | 29,472 |
| Financial and loss guarantees | 77,430 | – | – | – | – |
| Irrevocable loan commitments shorter than 1 year | 115,511 | – | – | – | – |
| Irrevocable loan commitments longer than 1 year | 136,064 | – | – | – | – |
| Other unutilized commitments | 517 | – | – | – | – |
| Total | 1,675,249 | 101,945 | 227,083 | 636,804 | 389,155 |

| | As at December 31, 2013 | | | | |
|---|---|---|---|---|---|
| | 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 | 275,289 | 25,949 | 10,996 | 491 | 880 |
| Deposits | 842,340 | 41,988 | 27,709 | 24,032 | 10,685 |
| Repurchase obligation under reverse transactions | 206,242 | – | – | – | – |
| Derivatives settled on a gross basis (cash outflows) | 3,311,057 | 1,665,413 | 1,027,527 | 213,766 | 40,927 |
| Derivatives settled on a gross basis (cash inflows) | 3,311,572 | 1,666,138 | 1,028,916 | 214,974 | 41,352 |
| Derivatives settled on a gross basis (net cash flows) | 515 | 725 | 1,389 | 1,208 | 425 |
| Derivatives settled on a net basis | (10,223) | (12,094) | (892) | (2,710) | (22) |
| Bonds issued by Realkredit Danmark | 74,037 | – | 66,583 | 340,069 | 251,134 |
| Other issued bonds | 53,316 | 13,136 | 26,931 | 169,059 | 88,274 |
| Subordinated debt | 328 | 25,597 | 1,368 | 31,740 | 21,028 |
| Other financial liabilities | 1,641 | 377 | 5,670 | 46,628 | 27,566 |
| Financial and loss guarantees | 76,375 | – | – | – | – |
| Irrevocable loan commitments shorter than 1 year | 38,981 | – | – | – | – |
| Irrevocable loan commitments longer than 1 year | 118,342 | – | – | – | – |
| Other unutilized commitments | 533 | – | – | – | – |
| Total | 1,677,715 | 95,678 | 139,754 | 610,517 | 399,970 |

| | As at December 31, 2012 | | | | |
|---|---|---|---|---|---|
| | 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 | 280,592 | 84,224 | 18,488 | 77,603 | 642 |
| Deposits | 806,648 | 54,341 | 39,397 | 21,543 | 11,413 |
| Repurchase obligation under reverse transactions | 143,164 | – | – | – | – |
| Derivatives settled on a gross basis (cash outflows) | 2,786,350 | 1,841,682 | 1,247,497 | 273,030 | 42,741 |
| Derivatives settled on a gross basis (cash inflows) | 2,786,043 | 1,839,419 | 1,246,080 | 272,773 | 43,211 |
| Derivatives settled on a gross basis (net cash flows) | (307) | (2,263) | (1,416) | (257) | 471 |
| Derivatives settled on a net basis | (4,290) | 4,881 | (20,405) | (1,391) | (53) |
| Bonds issued by Realkredit Danmark | 95,780 | – | 103,862 | 298,649 | 227,802 |
| Other issued bonds | 39,261 | 15,677 | 48,942 | 152,400 | 132,174 |
| Subordinated debt | 363 | 728 | 3,346 | 41,771 | 31,745 |
| Other financial liabilities | 1,591 | 519 | 5,361 | 42,768 | 28,503 |
| Financial and loss guarantees | 80,115 | – | – | – | – |
| Irrevocable loan commitments shorter than 1 year | 53,056 | – | – | – | – |
| Irrevocable loan commitments longer than 1 year | 108,614 | – | – | – | – |
| Other unutilized commitments | 549 | – | – | – | – |
| Total | 1,376,677 | 175,324 | 270,143 | 790,232 | 414,101 |

The maturity analysis above is based on the earliest date on which the Group can be required to pay. 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 loss because counterparties or debtors fail to meet all or part of their payment obligations to the Group.
- Market risk: The risk of loss because the fair value of the Group's assets, liabilities and off-balance-sheet items varies with changes in market conditions.
- Liquidity risk: The risk of loss 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 loss resulting from inadequate internal processes, human or system errors, or external events. Operational risk includes legal risk.
- Insurance risk: All types of risk in Danica Group, including market risk, life insurance risk and operational risk.
- Pension risk: The risk that the Group will be liable for additional cash contributions to Group defined benefit pension plans for current and former employees.

## Risk Management Organization

### *General*

The Bank's Rules of Procedure for the Board of Directors of the Bank (the "**Board of Directors**" or the "**Board**") and the Executive Board (the "**Rules of Procedure**") specify the responsibilities of the two boards and the division of responsibilities between them. The Rules of Procedure and the two-tier management structure, which were developed in accordance with Danish law, are central to the organization of risk management and the delegation of authorities in the Group.

The Board of Directors lays down overall policies, while the Executive Board is in charge of the Group's day-to-day management. The risk and capital management functions are separate from the credit assessment and credit-granting functions.

The Group's management structure reflects the statutory requirements governing listed Danish companies in general and financial institutions in particular, including the Executive Order on Management and Control of Banks, among others, issued by the DFSA. The executive order specifies the obligations of boards of directors as presented in the Danish Financial Business Act and sets forth requirements for effective corporate governance.

The heads of the Group's business units and the heads of the operations and service areas are responsible for all business-related risks. The segment-based organization allows risk management processes to be better tailored to the various customer segments and to be aligned across borders.

### *Board of Directors*

The Board of Directors ensures that the Group is organized properly. As part of this duty, it appoints the members of the Executive Board, the Group Chief Auditor and the secretary to the Board of Directors. In accordance with the Rules of Procedure, the Board of Directors sets out the overall risk policies and key delegated risk mandates. In addition, the largest credit facilities are submitted to the Board of Directors for approval. The Board of Directors also decides on general principles for managing and monitoring risk, and it reconsiders the risk policies and delegated risk mandates once a year.

Regular reporting enables the Board of Directors to monitor whether the overall risk policies and mandates are being complied with and whether they are appropriate to the Group's business model. In addition, the Board of Directors regularly reviews reports analyzing the Group's portfolio, including information on industry concentrations.

The Group Chief Auditor, who is the head of the Group's internal audit department ("**Internal Audit**"), reports directly to the Board of Directors. Internal Audit is responsible for determining whether the Group's administrative and accounting procedures are satisfactory, whether there are written business procedures for all areas of activity, whether adequate internal control procedures are in place, and that IT use is controlled and secure in accordance with the Group's control policies.

**Executive Board**

The Executive Board is responsible for the day-to-day management of the Group as stated in the Rules of Procedure. The Executive Board sets forth specific risk instructions, 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. It reports to the Board of Directors on the Group's risk exposure.

Three Executive Board members are the heads of the three banking business units. The risk, financial and services/IT areas are also represented on the Executive Board.

**Executive Board Committees**

The Executive Board has set up the All Risk Committee, which has overall responsibility for risk management within the framework determined by the Board of Directors. The All Risk Committee consists of the members of the Executive Board and senior staff from selected business areas. It convenes once per month. Within the framework determined by the Board of Directors, the All Risk Committee has overall responsibility for a number of matters including the following:

- managing the overall balance sheet structure and setting the balance sheet development policy;
- defining the overall funding structure;
- setting the general principles for measuring, managing and reporting the Group's risks, including market, credit, liquidity, and operational risks;
- monitoring the effects of new regulations on the Group's activities and risks; and
- ensuring that the Group's risk management structure is robust and well-functioning.

The All Risk Committee has set up three subcommittees to ensure that adequate time and attention are given to various risk management areas. The subcommittees are the Model & Parameter Committee, the Operational Risk Committee and the Group Liquidity Risk Committee (the "**GLRC**"). Each subcommittee convenes at least four times per year (eight times for the GLRC). The subcommittees consist of representatives from the All Risk Committee and senior staff from relevant risk management functions.

The Group Credit Committee was set up in 2014 to establish a venue and allocate time for the review of credit applications referred by business units to the Executive Board for approval. The committee convenes on a weekly basis. The committee consists of Executive Board members.

The committees assist the Board of Directors and the Executive Board in ensuring strict risk management in the Group and in ensuring that risk management and risk reporting always comply with statutory regulations and the Group's general principles for such practices.

**Risk Management**

The Group's risk management practices are organized into three lines of defense. This organization ensures a segregation of duties between (i) units that enter into business transactions with customers or otherwise expose the Group to risk, (ii) units in charge of risk oversight and control, and (iii) Internal Audit.

The first line of defense is represented by the business units and the operations and service organizations. Each unit operates in accordance with risk policies and delegated mandates. The units are responsible for having adequate skills, operating procedures, systems and controls in place to comply with policies and mandates and to exercise 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 organizations adhere to the general policies and mandates. These functions are located in Group Risk Management.

The third line of defense is represented by Internal Audit, which is described under "*—Risk Management Organization—Board of Directors*" above.

On January 1, 2015, the Group's credit organization was adjusted so that the heads of credit at the business units report to the Chief Risk Officer (the "**CRO**"), who heads Group Risk Management, while participating in the management meetings of their respective business units. The departments were moved to Group Risk Management to strengthen corporate governance aligned to international best practice and to enhance execution in line with the principle of the three lines of defense.

***Business Units***

Each business unit is headed by a member of the Executive Board. The business units' mandate to originate and accumulate risk exposure for the Group in their daily work is regulated by risk policies, instructions and limits. The Group strives to cultivate a corporate culture that supports and enforces the organization's objective to undertake selected risks according to guidelines that have been agreed upon.

Responsibility for all business-related risks is placed with the heads of the business units and the heads of the operations and services areas. Their responsibilities extend across national borders. Lending authorities for specific customer segments and products are delegated from Heads of Credit to individuals within the business units. Credit decisions exceeding the delegated authorities are submitted to the Group Credit Committee and/or to the Board of Directors as required.

The business units carry out all the fundamental tasks required for sound risk management and controls. These tasks include updating the information about customers that is used in risk management tools and models as well as maintaining and following up on customer relationships. Each business unit is responsible for preparing documentation before undertaking business transactions and for recording the transactions properly. Each unit is also required to update information on customer relationships and other issues as necessary. The business units must also ensure that all risk exposures comply with specific risk limits as well as the Group's other guidelines.

Certain risk areas, such as market risk and liquidity risk, are managed centrally at the Group level.

Country managers and local risk officers are responsible for ensuring compliance with local rules and regulations. Local risk committees as well as asset and liability management committees have also been set up where they are relevant.

Procedures for product approval at the business unit level are based on an instruction issued by the Executive Board. Materiality criteria determine whether the approval of new products is escalated to the CRO and possibly the Executive Board and/or the Board of Directors.

***Group Risk Management***

Group Risk Management is headed by the CRO, who is a member of the Executive Board. This department serves as the Group's second line of defense. It has overall responsibility for setting and monitoring the Group's risk appetite and policies and for following up and reporting on risk issues across risk types and organizational units. Group Risk Management also serves as a resource for referrals from local risk committees.

Group Risk Management oversees the risk management framework and practices across the organization. It serves as secretariat for the All Risk Committee and the Group Credit Committee. Senior staff from the department also chair each of the GLRC, which oversees liquidity management and funding activities; the Model & Parameter Committee, which monitors the Group's use of risk models and the results of parameter validation; and the Operational Risk Committee, which evaluates the management of the Group's key operational risks.

Within Group Risk Management, various departments are dedicated to the Group's main risk types. Specific departments handle credit risk management by setting the Group-wide credit risk appetite and policies, reviewing the approval and follow-up processes in the business units' lending books, facilitating the quarterly process of calculating and consolidating the impairment of credit exposures, and monitoring and reporting on the Group's consolidated credit portfolio, including the determination of portfolio limits for specific industries and countries. Other departments develop credit rating and valuation models and ensure that they are available for day-to-day credit processing at the business units and that they meet statutory requirements. A separate unit is responsible for validating credit risk parameters in collaboration with the business units.

Risk appetite, policy setting, monitoring, controlling and reporting for market risk, liquidity risk and operational risk are also performed by dedicated departments within Group Risk Management. In 2014, Group Risk Management began conducting an internal liquidity adequacy assessment in line with forthcoming regulation from the EBA.

***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 department oversees the Group's financial reporting, budgeting and strategic business analysis, including the tools used by the business units for performance follow-up. The department is also in charge of the Group's investor relations; relations with international rating agencies; legal, regulatory and corporate matters; and compliance and anti-money laundering activities. It is responsible for the Group's capital management, including the compilation of the total REA, the Group's ICAAP and the internal capital allocation to business units.

Within the CFO area, Group Treasury is responsible for executing the funding plan, managing the Group's liquidity plan and monitoring liquidity needs. Group Treasury also ensures that the Group's structural liquidity profile enables the

Group to comply with the limits and meet the targets set by the Board of Directors and the All Risk Committee as well as regulatory and prudential requirements. Furthermore, Group Treasury is responsible for asset and liability management, private equity activities and medium- and long-term funding activities.

**Credit Risk**

As at June 30, 2015 and December 31, 2014, 75 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 objectives of the Credit Risk Framework are as follows:

- to ensure the execution of responsibilities related to credit risk that are delegated by the Board of Directors to management;
- to ensure efficient credit processes, robust decision making and a strong culture of credit risk management;
- to support the Group's performance in accordance with strategic objectives; and
- to ensure compliance with legal and regulatory requirements related 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 the same tasks. The Group meets this requirement by organizing its credit controls along three lines of defense:

- The first line of defense consists of business units, which:
    - operate in accordance with risk appetite, policies and delegated mandates;
    - manage credit risk within applicable frameworks and limits; and
    - are responsible for having adequate skills and operating procedures for exercising sound risk management.
- The second line of defense consists of the Group Risk Management, which:
    - sets the policies and governance frameworks under which the business units operate;
    - monitors compliance and ensures that the Executive Board and the Board of Directors are kept informed of the credit risk in the credit portfolio;
    - is responsible for the overall credit policy, the credit risk appetite, the concentration framework and the credit risk instruction; and
    - provides independent assurance that credit risk management is conducted within the framework set by the Board of Directors and Executive Board (in a separate risk control unit).
- The third line of defense consists of Internal Audit.

The Head of Group Risk Management, the CRO, independently reports to the Board of Directors in cooperation with the CEO. The CRO is the "risk-responsible officer" for the Group. This position gives the CRO the practical authority to veto any credit proposal. The CRO cannot be removed from office without the express approval of the Board of Directors. The CRO is the only Executive Board member who is a standing member of the Board Credit and Risk Committee. The CRO is also responsible for the credit risk reports that are submitted to the Board of Directors, the Board Credit and Risk Committee, the Executive Board, and the All Risk Committee. These reports do not require prior approval from the CEO.

***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 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, automated credit process that gives access to details about credit facilities. 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, current credit exposure and financial statements, is created and stored.

The Group monitors changes in customers' financial conditions closely 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." The Principles of Responsible Lending 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 ethical 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.

***Credit Exposure***

*Total 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. 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 risk under trading portfolio assets. As at June 30, 2015, counterparty risk amounted to DKK 334.5 billion.

The following table sets forth the Group's total credit exposure as at the dates indicated:

| | As at June 30, 2015 | As at December 31, 2014 | 2013 | 2012 |
|---|---|---|---|---|
| | | (DKK in billions) | | |
| **Credit Exposure Relating to Lending Activities** | | | | |
| Demand deposits with central banks | 115.9 | 23.3 | 33.7 | 86.0 |
| Due from credit institutions and central banks | 125.5 | 63.8 | 53.7 | 113.7 |
| Repo loans with credit institutions and central banks | 59.7 | 48.9 | 77.7 | 87.0 |
| Loans at amortized cost | 893.8 | 851.7 | 850.3 | 941.6 |
| Repo loans | 174.4 | 241.2 | 238.4 | 220.2 |
| Loans at fair value | 737.4 | 741.6 | 728.1 | 732.8 |
| Guarantees | 84.7 | 77.4 | 76.4 | 80.1 |
| Loan commitments | 291.0 | 251.6 | 157.3 | 161.7 |
| Total credit exposures related to lending activities | 2,482.4 | 2,299.5 | 2,215.6 | 2,423.0 |
| **Credit Exposure Relating to Trading and Investing Activities** | | | | |
| Trading portfolio assets | 596.7 | 742.5 | 695.7 | 812.9 |
| Investment securities | 330.9 | 331.0 | 161.9 | 107.7 |
| Assets under pooled schemes and unit-linked investment contracts | 90.1 | 80.1 | 74.8 | 70.6 |
| Assets under insurance contracts | 269.2 | 268.5 | 246.5 | 241.3 |
| Other unutilized commitments | 0.5 | 0.5 | 0.5 | 0.6 |
| Total credit exposure relating to trading and investing activities | 1,287.4 | 1,422.6 | 1,179.4 | 1,233.1 |
| Total credit exposure | 3,769.9 | 3,722.2 | 3,395.0 | 3,656.2 |

In addition to credit exposure from lending activities, the Group had made loan offers and granted uncommitted lines of credit of DKK 326 billion as at June 30, 2015, as compared to DKK 308 billion as at December 31, 2014 and DKK 323 billion as at December 31, 2013. These items are included in the calculation of the total REA in accordance with the CRD. Beginning in 2014, the Group included DKK 71.3 billion of credit lines in the credit exposure from lending activities that were previously considered uncommitted because of the possibility of cancellation within a short period of time. Further, unconditional loan offers of DKK 21.3 billion made by Realkredit Danmark were included. Comparative figures as at December 31, 2013 and 2012 have not been restated to account for these changes and, therefore, are not comparable with the figures as at June 30, 2015 and December 31, 2014.

*Credit Exposure from Core Lending Activities*

Credit exposure from lending activities in the Group's core banking business includes loans and advances, amounts due from credit institutions and central banks, guarantees and irrevocable loan commitments, but exclude credit exposure of Non-core of DKK 36.7 billion as at June 30, 2015 and DKK 31.3 billion as at December 31, 2014. 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 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 (comparative information as at December 31, 2012 is not available due to changes in the Group's financial reporting):

| | As at June 30, 2015 | | | |
|---|---|---|---|---|
| | **Gross exposure = (a) + (b)** | **(b) Acc. individual impairment charges** | **(a) Net exposure** | **Net exposure, excluding collateral** |
| | **(DKK in billions)** | | | |
| Public institutions | 271.2 | 0.0 | 271.2 | 250.3 |
| Banks | 95.6 | 0.1 | 95.5 | 75.3 |
| Credit institutions | 26.1 | – | 26.1 | 15.0 |
| Insurance | 51.1 | 0.0 | 51.1 | 9.2 |
| Investment funds | 81.3 | 0.4 | 80.9 | 13.9 |
| Other financials | 60.2 | 0.2 | 60.0 | 14.9 |
| Agriculture | 67.1 | 2.6 | 64.6 | 13.5 |
| Commercial property | 285.6 | 7.0 | 278.6 | 51.2 |
| Construction, engineering and building projects | 42.2 | 1.8 | 40.4 | 30.8 |
| Consumer discretionary | 93.4 | 2.2 | 91.2 | 51.3 |
| Consumer staples | 59.1 | 0.3 | 58.8 | 38.2 |
| Energy and utilities | 41.3 | 0.1 | 41.2 | 32.8 |
| Health care | 35.9 | 0.1 | 35.8 | 24.4 |
| Industrial services, supplies and machinery | 93.3 | 1.5 | 91.9 | 73.5 |
| IT and telecommunication services | 23.9 | 0.2 | 23.8 | 21.1 |
| Materials | 45.3 | 1.2 | 44.1 | 34.3 |
| Non-profits and other associations | 138.0 | 1.0 | 137.0 | 23.9 |
| Other commercial | 37.7 | 0.2 | 37.4 | 30.0 |
| Shipping | 43.7 | 2.0 | 41.8 | 19.3 |
| Transportation | 20.4 | 0.2 | 20.1 | 10.9 |
| Personal customers | 860.5 | 6.3 | 854.2 | 130.1 |
| Total before collective impairment charges | 2,473.0 | 27.2 | 2,445.8 | 963.8 |
| Collective impairment charges | 4.1 | – | – | – |
| Total gross exposure | 2,477.1 | – | – | – |

| | As at December 31, 2014 | | | |
|---|---|---|---|---|
| | **Gross exposure = (a) + (b)** | **(b) Acc. individual impairment charges** | **(a) Net exposure** | **Net exposure, excluding collateral** |
| | **(DKK in billions)** | | | |
| Public institutions | 100.1 | – | 100.1 | 77.4 |
| Banks | 86.4 | 0.1 | 86.3 | 63.3 |
| Credit institutions | 30.7 | – | 30.7 | 11.5 |
| Insurance | 50.7 | – | 50.7 | 7.4 |
| Investment funds | 105.9 | 0.5 | 105.5 | 14.7 |
| Other financials | 98.8 | 0.1 | 98.6 | 11.2 |
| Agriculture | 65.8 | 2.5 | 63.3 | 13.1 |
| Commercial property | 268.6 | 7.4 | 261.2 | 49.4 |
| Construction, engineering and building projects | 37.5 | 2.1 | 35.3 | 27.0 |
| Consumer discretionary | 85.4 | 2.5 | 82.9 | 48.2 |
| Consumer staples | 58.7 | 0.4 | 58.3 | 37.6 |
| Energy and utilities | 38.9 | 0.2 | 38.7 | 30.9 |
| Health care | 30.9 | 0.1 | 30.8 | 22.2 |
| Industrial services, supplies and machinery | 84.9 | 1.5 | 83.4 | 66.8 |
| IT and telecommunication services | 21.6 | 0.2 | 21.4 | 19.1 |
| Materials | 44.0 | 1.3 | 42.7 | 31.8 |
| Non-profits and other associations | 134.5 | 1.2 | 133.2 | 21.1 |
| Other commercial | 49.2 | 0.3 | 48.9 | 40.3 |
| Shipping | 39.3 | 1.8 | 37.5 | 17.9 |
| Transportation | 17.7 | 0.2 | 17.5 | 9.1 |
| Personal customers | 847.6 | 6.6 | 841.0 | 133.6 |
| Total before collective impairment charges | 2,297.3 | 29.0 | 2,268.2 | 753.7 |
| Collective impairment charges | 4.0 | – | – | – |
| Total gross exposure | 2,301.3 | – | – | – |

| | As at December 31, 2013 | | | |
|---|---|---|---|---|
| | Gross exposure = (a) + (b) | (b) Acc. individual impairment charges | (a) Net exposure | Net exposure, excluding collateral |
| | | (restated)[(1)] (DKK in billions) | | |
| Public institutions | 118.6 | – | 118.6 | 100.4 |
| Banks | 97.5 | 0.1 | 97.4 | 59.1 |
| Credit institutions | 27.1 | – | 27.1 | 12.5 |
| Insurance | 53.0 | – | 53.0 | 8.1 |
| Investment funds | 103.2 | 0.5 | 102.6 | 9.0 |
| Other financials | 101.8 | 0.1 | 101.7 | 21.3 |
| Agriculture | 65.7 | 2.9 | 62.9 | 12.1 |
| Commercial property | 245.6 | 8.2 | 237.4 | 42.0 |
| Construction, engineering and building projects | 35.3 | 3.0 | 32.3 | 24.2 |
| Consumer discretionary | 74.7 | 2.9 | 71.8 | 38.1 |
| Consumer staples | 45.9 | 0.4 | 45.5 | 28.0 |
| Energy and utilities | 37.3 | 0.1 | 37.2 | 30.0 |
| Health care | 29.2 | 0.1 | 29.1 | 15.9 |
| Industrial services, supplies and machinery | 73.0 | 1.8 | 71.2 | 54.9 |
| IT and telecommunication services | 19.2 | 0.2 | 19.0 | 16.9 |
| Materials | 40.7 | 1.1 | 39.7 | 31.1 |
| Non-profits and other associations | 117.7 | 1.1 | 116.6 | 7.7 |
| Other commercial | 30.2 | 0.4 | 29.8 | 23.8 |
| Shipping | 38.1 | 1.9 | 36.2 | 17.2 |
| Transportation | 15.7 | 0.3 | 15.4 | 7.4 |
| Personal customers | 834.9 | 6.5 | 828.4 | 112.7 |
| Total before collective impairment charges | 2,204.2 | 31.5 | 2,172.8 | 672.2 |
| Collective impairment charges | 3.3 | – | – | – |
| Total gross exposure | 2,207.5 | – | – | – |

(1) The Group transferred Personal Banking and Business Banking customers in Ireland to the Non-core unit with effect from January 1, 2014 in accordance with its strategy to place Non-core activities in a separate business unit. The financial information as at December 31, 2013 was restated in the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 to reflect the transfer. For additional information, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

The following tables set forth the Group's total credit exposure broken down by core business unit and underlying segment as at the dates indicated (comparative information as at December 31, 2012 is not available due to changes in the Group's business segment reporting):

| | As at June 30, 2015 | | | |
|---|---|---|---|---|
| | Gross exposure = (a) + (b) | (b) Acc. individual impairment charges | (a) Net exposure | Net exposure, excluding collateral |
| **Personal Banking:** | | (DKK in billions) | | |
| Denmark | 535.9 | 5.1 | 530.8 | 79.8 |
| Finland | 93.4 | 0.4 | 93.0 | 5.4 |
| Sweden | 74.4 | 0.1 | 74.3 | 10.4 |
| Norway | 103.2 | 0.1 | 103.1 | 23.3 |
| Northern Ireland | 20.6 | 0.4 | 20.2 | 2.4 |
| Other | 6.4 | 0.1 | 6.3 | 3.0 |
| Personal Banking | 833.9 | 6.3 | 827.6 | 124.3 |
| **Business Banking:** | | | | |
| Denmark | 444.2 | 11.2 | 433.1 | 119.8 |
| Finland | 68.2 | 1.0 | 67.1 | 32.6 |
| Sweden | 137.3 | 0.6 | 136.7 | 46.9 |
| Norway | 73.1 | 0.7 | 72.4 | 27.9 |
| Northern Ireland | 41.7 | 4.0 | 37.7 | 17.0 |
| Baltics | 18.0 | 0.4 | 17.6 | 9.6 |
| Other | – | – | – | – |
| Business Banking | 782.6 | 17.9 | 764.7 | 253.8 |
| C&I[(1)] | 777.9 | 3.0 | 774.9 | 509.6 |
| Other | 78.7 | 0.0 | 78.7 | 76.0 |
| Total before collective impairment charges | 2,473.0 | 27.2 | 2,445.8 | 963.8 |
| Collective impairment charges | 4.1 | – | – | – |
| Total gross exposure | 2,477.1 | – | – | – |

(1) C&I comprises large corporate customers and financial institutions. As these customers typically have business activities in multiple countries, no single country can be specified.

| | As at December 31, 2014 | | | |
|---|---|---|---|---|
| | Gross exposure = (a) + (b) | (b) Acc. individual impairment charges | (a) Net exposure | Net exposure, excluding collateral |
| **Personal Banking:** | | (DKK in billions) | | |
| Denmark | 544.6 | 5.6 | 539.0 | 89.2 |
| Finland | 92.8 | 0.6 | 92.2 | 5.6 |
| Sweden | 71.6 | 0.1 | 71.6 | 10.4 |
| Norway | 85.6 | 0.1 | 85.5 | 20.7 |
| Northern Ireland | 18.7 | 0.2 | 18.5 | 2.5 |
| Other | 5.7 | 0.1 | 5.6 | 2.4 |
| Personal Banking | 819.1 | 6.7 | 812.4 | 130.9 |
| **Business Banking:** | | | | |
| Denmark | 413.5 | 11.4 | 402.0 | 95.3 |
| Finland | 64.3 | 0.9 | 63.4 | 29.8 |
| Sweden | 123.9 | 0.6 | 123.2 | 42.1 |
| Norway | 65.5 | 0.7 | 64.8 | 27.1 |
| Northern Ireland | 35.6 | 4.7 | 30.9 | 14.9 |
| Baltics | 27.5 | 0.7 | 26.8 | 11.8 |
| Other | – | – | – | – |
| Business Banking | 730.3 | 19.1 | 711.2 | 220.9 |
| C&I[(1)] | 715.3 | 3.1 | 712.2 | 372.8 |
| Other | 32.6 | 0.1 | 32.4 | 29.1 |
| Total before collective impairment charges | 2,297.3 | 29.0 | 2,268.2 | 753.7 |
| Collective impairment charges | 4.0 | – | – | – |
| Total gross exposure | 2,301.3 | – | – | – |

(1) C&I comprises large corporate customers and financial institutions. As these customers typically have business activities in multiple countries, no single country can be specified.

| | As at December 31, 2013 | | | |
|---|---|---|---|---|
| | Gross exposure = (a) + (b) | (b) Acc. individual impairment charges | (a) Net exposure | Net exposure, excluding collateral |
| | | (restated)[(1)] | | |
| **Personal Banking:** | | (DKK in billions) | | |
| Denmark | 546.6 | 5.9 | 540.6 | 90.2 |
| Finland | 96.4 | 0.5 | 95.9 | 6.5 |
| Sweden | 74.2 | 0.1 | 74.1 | 6.1 |
| Norway | 72.0 | 0.1 | 71.9 | 5.0 |
| Northern Ireland | 16.9 | 0.2 | 16.6 | 2.8 |
| Other | 5.6 | – | 5.6 | 3.0 |
| Personal Banking | 811.6 | 6.8 | 804.8 | 113.6 |
| **Business Banking:** | | | | |
| Denmark | 390.9 | 12.1 | 378.8 | 75.6 |
| Finland | 50.8 | 0.9 | 49.9 | 25.4 |
| Sweden | 107.9 | 0.6 | 107.2 | 31.3 |
| Norway | 54.9 | 1.0 | 53.8 | 19.0 |
| Northern Ireland | 32.9 | 6.0 | 26.9 | 11.8 |
| Baltics | 23.7 | 1.1 | 22.7 | 5.3 |
| Other | – | – | – | – |
| Business Banking | 661.1 | 21.8 | 639.3 | 168.5 |
| C&I[(2)] | 689.9 | 2.7 | 687.2 | 351.7 |
| Other | 41.6 | 0.2 | 41.4 | 38.4 |
| Total before collective impairment charges | 2,204.2 | 31.5 | 2,172.8 | 672.2 |
| Collective impairment charges | 3.3 | – | – | – |
| Total gross exposure | 2,207.5 | – | – | – |

(1) The Group transferred Personal Banking and Business Banking customers in Ireland to the Non-core unit with effect from January 1, 2014 in accordance with its strategy to place Non-core activities in a separate business unit. The financial information as at December 31, 2013 was restated in the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 to reflect the transfer. For additional information, see note 2 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

(2) C&I comprises large corporate customers and financial institutions. As these customers typically have business activities in multiple countries, no single country can be specified.

*Exposure Relating to Counterparty Risk (Derivatives) and Credit Exposure from Trading and Investment Securities*

The following table sets forth a breakdown of the Group's exposure to counterparty risk from derivatives and credit exposure from trading and investment securities as at the dates indicated:

| | As at June 30, 2015 | As at December 31, 2014 | 2013 | 2012 |
|---|---|---|---|---|
| | (DKK in billions) | | | |
| Counterparty risk | | | | |
| Derivatives with positive fair value | 334.5 | 409.4 | 249.5 | 409.0 |
| Credit exposure from other trading and investment securities | | | | |
| Bonds | 577.9 | 654.2 | 598.1 | 505.4 |
| Shares | 15.3 | 9.8 | 10.0 | 6.3 |
| Other unutilized commitments[(1)] | 0.5 | 0.5 | 0.6 | 0.6 |
| Total | 928.2 | 1,074.0 | 858.2 | 921.2 |

(1) Other unutilized commitments comprise private equity investment commitments and other obligations.

***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 PD models classify customers according to risk and update the classifications when new information is received. The Group's classification scale consists of 11 main rating categories with fixed PD bands, with ratings categories 1 through 5 being low risk, 6 through 8 being moderately risky customers, 9 through 10 being highly vulnerable customers and 11 being customers in default. 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.

Loans to customers for which OEI exists are placed in rating category 10 or 11, including loans for which no impairment charges have been recognized because of, for example, adequate collateral having been provided.

The following tables set forth the Group's credit exposure broken down by rating category as at the dates indicated (comparative information as at December 31, 2012 is not available due to changes in the Group's financial reporting):

| | As at June 30, 2015 | | | | | |
|---|---|---|---|---|---|---|
| | PD level Upper | PD level Lower | Gross exposure = (a) + (b) | (b) Acc. individual impairment charges | (a) Net exposure | Net exposure, excluding collateral |
| | (percent) | | (DKK in billions) | | | |
| 1 | 0.00 | 0.01 | 195.3 | – | 195.3 | 180.9 |
| 2 | 0.01 | 0.03 | 259.9 | – | 259.9 | 142.2 |
| 3 | 0.03 | 0.06 | 392.5 | – | 392.5 | 126.6 |
| 4 | 0.06 | 0.14 | 456.7 | – | 456.7 | 162.9 |
| 5 | 0.14 | 0.31 | 497.1 | – | 497.1 | 166.0 |
| 6 | 0.31 | 0.63 | 293.8 | – | 293.8 | 87.6 |
| 7 | 0.63 | 1.90 | 199.7 | – | 199.7 | 53.4 |
| 8 | 1.90 | 7.98 | 78.4 | – | 78.4 | 24.6 |
| 9 | 7.98 | 25.70 | 17.1 | – | 17.1 | 5.2 |
| 10 | 25.70 | 99.99 | 47.8 | 8.7 | 39.1 | 11.5 |
| 11 (default) | 100.00 | 100.00 | 34.9 | 18.5 | 16.5 | 2.9 |
| Total before collective impairment charges | | | 2,473.0 | 27.2 | 2,445.8 | 963.8 |
| Collective impairment | | | 4.1 | – | – | – |
| Total gross exposure | | | 2,477.1 | – | – | – |

| | As at December 31, 2014 | | | | | |
|---|---|---|---|---|---|---|
| | PD level | | Gross exposure | (b) Acc. individual impairment charges | (a) Net exposure | Net exposure, excluding collateral |
| | Upper | Lower | = (a) + (b) | | | |
| | (percent) | | (DKK in billions) | | | |
| 1 | 0.00 | 0.01 | 69.4 | – | 69.4 | 52.0 |
| 2 | 0.01 | 0.03 | 184.8 | – | 184.8 | 75.1 |
| 3 | 0.03 | 0.06 | 394.1 | – | 394.1 | 117.5 |
| 4 | 0.06 | 0.14 | 447.2 | – | 447.2 | 153.4 |
| 5 | 0.14 | 0.31 | 510.2 | – | 510.2 | 171.0 |
| 6 | 0.31 | 0.63 | 289.3 | – | 289.3 | 79.6 |
| 7 | 0.63 | 1.90 | 213.5 | – | 213.5 | 60.2 |
| 8 | 1.90 | 7.98 | 82.2 | – | 82.2 | 25.1 |
| 9 | 7.98 | 25.70 | 21.9 | – | 21.9 | 6.8 |
| 10 | 25.70 | 99.99 | 47.7 | 10.1 | 37.6 | 11.0 |
| 11 (default) | 100.00 | 100.00 | 37.0 | 18.9 | 18.0 | 1.9 |
| Total before collective impairment charges | | | 2,297.3 | 29.0 | 2,268.2 | 753.7 |
| Collective impairment | | | 4.0 | – | – | – |
| Total gross exposure | | | 2,301.3 | – | – | – |

| | As at December 31, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | PD level | | Gross exposure | (b) Acc. individual impairment charges | (a) Net exposure | Net exposure, excluding collateral |
| | Upper | Lower | = (a) + (b) | | | |
| | | | (restated)[(1)] | | | |
| | (percent) | | (DKK in billions) | | | |
| 1 | 0.00 | 0.01 | 99.4 | – | 99.4 | 88.2 |
| 2 | 0.01 | 0.03 | 146.7 | – | 146.7 | 42.7 |
| 3 | 0.03 | 0.06 | 393.2 | – | 393.2 | 97.3 |
| 4 | 0.06 | 0.14 | 405.5 | – | 405.5 | 131.6 |
| 5 | 0.14 | 0.31 | 456.8 | – | 456.8 | 132.2 |
| 6 | 0.31 | 0.63 | 295.7 | – | 295.7 | 80.2 |
| 7 | 0.63 | 1.90 | 209.9 | – | 209.9 | 52.9 |
| 8 | 1.90 | 7.98 | 80.3 | – | 80.3 | 24.6 |
| 9 | 7.98 | 25.70 | 30.4 | – | 30.4 | 11.9 |
| 10 | 25.70 | 99.99 | 49.1 | 11.5 | 37.6 | 9.4 |
| 11 (default) | 100.00 | 100.00 | 37.1 | 19.9 | 17.2 | 1.2 |
| Total before collective impairment charges | | | 2,204.2 | 31.5 | 2,172.8 | 672.2 |
| Collective impairment | | | 3.3 | – | – | – |
| Total gross exposure | | | 2,207.5 | – | – | – |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2014*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 in the Group's annual report as at and for the year ended December 31, 2014. The above table reflects the restated figures.

### *Concentration Risks*

The Group has implemented a set of frameworks to manage concentration risk encountered by the Group. These frameworks cover industry concentration, geographical concentration and single-name concentration.

*Industry Concentration*

The industry concentration framework outlines the principles of managing industry exposures. A portfolio committee consisting of industry experts, risk representatives and business unit representatives proposes industry limits based on scorecards, tailored analytics and expert knowledge. The committee then submits the proposed limits to the Executive Board as well as input to the credit risk appetite process.

*Geographical Concentration*

The country risk framework outlines the principles of managing country exposures. A country portfolio committee proposes country limits based on expected business volume and an assessment of the specific country credit risk. The committee then submits the proposed limits to the Executive Board.

*Single-name Concentration*

Single-name concentration is managed according to two frameworks:

(i) single-name concentration framework, which is a risk-sensitive internal framework that specifies limits on exposure, expected loss (EL) and loss given default (LGD) in order to limit losses on single-name exposures; and

(ii) large exposures framework, which is a framework based on the regulatory definition of large exposures as specified in Article 395 of the CRR.

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; 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.

The largest single-name exposures are monitored daily and reported to the Board of Directors on a quarterly basis. The Group has reduced single-name exposures substantially in recent years. As at June 30, 2015, the Group was well within the regulatory limits for large exposures.

***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 re-evaluated by advisers, internal or external assessors, or automatic valuation models. Automatic valuation models are validated annually and are 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 an asset in a distressed situation. It includes forced sale reduction, price volatility in the sales period, realization costs and maintenance costs. The haircut applied depends on collateral type. 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. Personal customers’ real property accounts for 46 percent of the total collateral base (after relevant haircuts).

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, 2014 | | | | |
|---|---|---|---|---|---|
| | **Personal Banking** | **Business Banking** | **C&I** | **Other** | **Total** |
| | **(DKK in billions, unless otherwise indicated)** | | | | |
| Real property | 667.2 | 416.5 | 28.6 | 0.2 | 1,112.5 |
| Personal | 665.5 | 24.5 | – | – | 690.0 |
| Commercial | 1.6 | 346.8 | 26.5 | 0.1 | 375.1 |
| Agricultural | 0.1 | 45.2 | 2.1 | – | 47.5 |
| Bank accounts | 0.7 | 0.7 | 0.2 | – | 1.6 |
| Custody accounts and securities | 6.4 | 5.8 | 281.7 | 3.2 | 297.1 |
| Vehicles | 2.4 | 11.8 | 0.4 | – | 14.7 |
| Equipment | 0.1 | 20.5 | 0.8 | – | 21.4 |
| Vessels and aircraft | 0.1 | 2.4 | 20.7 | – | 23.2 |
| Guarantees | 4.1 | 2.6 | 2.5 | – | 9.3 |
| Amounts due | 0.1 | 4.9 | 0.5 | – | 5.5 |
| Other assets | 0.2 | 25.2 | 3.9 | – | 29.2 |
| Total collateral | 681.5 | 490.3 | 339.4 | 3.3 | 1,514.5 |
| Total unsecured credit exposure | 130.9 | 220.9 | 372.8 | 29.1 | 753.7 |
| Unsecured portion of credit exposure (percent) | 16.1 | 31.1 | 52.3 | 89.8 | 33.2 |

| | As at December 31, 2013 | | | | |
|---|---|---|---|---|---|
| | Personal Banking | Business Banking | C&I (restated)[(1)] | Other | Total |
| | (DKK in billions, unless otherwise indicated) | | | | |
| Real property | 676.7 | 405.1 | 25.9 | – | 1,107.7 |
| Personal | 674.5 | 24.3 | – | – | 698.9 |
| Commercial | 2.0 | 335.9 | 23.4 | – | 361.3 |
| Agricultural | 0.1 | 45.2 | 2.5 | – | 47.8 |
| Bank accounts | 0.7 | 0.7 | 0.2 | – | 1.7 |
| Custody accounts and securities | 6.3 | 9.6 | 282.3 | 2.9 | 301.1 |
| Vehicles | 2.7 | 12.1 | 0.5 | – | 15.3 |
| Equipment | 0.1 | 19.1 | 1.3 | – | 20.6 |
| Vessels and aircraft | 0.2 | 1.2 | 18.4 | – | 19.8 |
| Guarantees | 4.2 | 2.9 | 3.2 | – | 10.2 |
| Amounts due | 0.1 | 4.5 | 0.6 | – | 5.2 |
| Other assets | 0.2 | 15.3 | 3.1 | – | 18.6 |
| Total collateral | 691.2 | 470.9 | 335.5 | 3.0 | 1,500.5 |
| Total unsecured credit exposure | 113.6 | 168.5 | 351.7 | 38.4 | 672.2 |
| Unsecured portion of credit exposure (percent) | 14.1 | 26.3 | 51.2 | 92.8 | 30.9 |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2014*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2013 in the Group's annual report as at and for the year ended December 31, 2014. The above table reflects the restated figures.

| | As at December 31, 2012 | | | | |
|---|---|---|---|---|---|
| | Personal Banking | Business Banking | C&I (restated)[(1] | Other | Total |
| | (DKK in billions, unless otherwise indicated) | | | | |
| Real property | 710.1 | 401.7 | 18.9 | 0.3 | 1,130.9 |
| Personal | 708.6 | 24.7 | – | 0.4 | 733.7 |
| Commercial | 5.7 | 324.8 | 17.7 | 0.2 | 348.4 |
| Agricultural | 0.8 | 46.8 | 1.2 | – | 48.8 |
| Bank accounts | 0.8 | 0.7 | 0.4 | – | 1.9 |
| Custody accounts and securities | 6.6 | 9.0 | 280.7 | 6.3 | 302.5 |
| Vehicles | 2.9 | 16.6 | 0.4 | – | 20.0 |
| Equipment | 0.8 | 20.9 | 1.3 | – | 23.1 |
| Vessels and aircraft | 0.4 | 1.6 | 22.7 | – | 24.7 |
| Guarantees | 4.8 | 3.4 | 3.3 | – | 11.4 |
| Amounts due | 0.2 | 5.0 | 0.8 | – | 5.9 |
| Other assets | 0.3 | 17.4 | 1.7 | – | 19.3 |
| Total collateral | 731.9 | 470.9 | 330.1 | 6.9 | 1,539.8 |
| Total unsecured credit exposure | 152.5 | 180.4 | 450.5 | 65.4 | 848.8 |
| Unsecured portion of credit exposure (percent) | 17.2 | 27.7 | 57.7 | 90.5 | 35.5 |

(1) As discussed in more detail under "*Important Information for Investors—Presentation of Financial Information—Restatements and Reclassifications of Financial Highlights and Segment Reporting—Year Ended December 31, 2013*," the Group has restated the comparative financial highlights and business segment figures as at and for the year ended December 31, 2012 in the Group's annual report as at and for the year ended December 31, 2013. The above table reflects the restated figures.

### *Impairment Process*

*Overview*

The Group conducts impairment tests, assessing all credit facilities for OEI in accordance with IFRS and guidelines set out in the Executive Order on Financial Reports for Credit Institutions from the DFSA.

Impairment charges are based on discounted cash flows. The Bank's systems calculate impairment charges for small loans automatically, taking into account the discounted market value of the collateral after the deduction of the costs of realizing the assets (a haircut, according to IAS 39). Impairment charges for all medium and large exposures with OEI are assessed by senior credit officers. The accumulated impairment charges constitute the allowance account.

*Individual Impairment Charges*

When there is OEI for a facility, the Group applies it to all the customer's facilities and calculates the impairment charge on the basis of the total customer exposure. Under certain conditions, OEI for one customer may be applied to other customers when the customers have a "financial relationship." This may be the case, for example if they are part of the same customer group.

All customers with OEI are downgraded to rating category 10 or 11. Customers in default (with the PD set at 100 percent) are downgraded to rating category 11 even if collateral values or other means of recovery exceed the exposure and, consequently, no impairment charges are booked against it.

Impairment charges against facilities granted to customers in rating category 11 are based on the exposure less the present value of the expected proceeds from realizing collateral and other assets. The collateral values are calculated as the estimated realization value within a six-month time horizon less a haircut to cover the estimated realization costs.

Customers with OEI that are not in default are automatically downgraded to rating category 10. These customers are deemed to be in significant financial difficulties. Examples of such difficulties include, for example, customers' cash flows appearing insufficient to service their future obligations over a realistic period, their capital situation being unsatisfactory, or a restoration of sustainable earnings and capital levels not being expected.

The calculation of impairment charges against facilities granted to customers that are in significant financial difficulties (in rating category 10) is based on an expectation of either financial restructuring or bankruptcy. In the restructuring scenario, the Group assumes that the customer is a going concern, although the debt is too high in relation to the cash flow. The credit officer's best estimate of the amount of debt that the borrower will be able to service in a future financial restructuring serves as a basis for the impairment charge. If restructuring is judged to be impossible, the credit officer assumes that bankruptcy will occur, and the impairment charge is based on the exposure less the present value of the expected proceeds from realizing the collateral and other assets.

For loans measured at fair value, the calculation of individual impairment charges is made in accordance with principles similar to those used for calculating individual impairment charges for loans at amortized cost, with the exception that the current effective interest rate is used instead of the original effective interest rate.

*Collective Impairment Charges*

Loans without OEI are included in a collective assessment of the need for impairment charges. Collective impairment charges are calculated for loans with similar credit characteristics; for example, when the expected cash flow from a customer group deteriorates but no adjustment has been made to the credit margin. The charges are based on changes in customers' rating classifications over time (which is termed "migration").

When external market information indicates that an impairment event has occurred, even though it has not yet caused a change in ratings, the Group registers an "early event" impairment charge. Early events represent an expected rating change because of deteriorating market conditions in an industry. If a rating downgrade does not occur as expected, the charge is reversed.

***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 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.

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 | Other | Allowance account, total | Impairment charges Individual | Impairment charges Collective |
|---|---|---|---|---|---|---|---|
| | | | | (DKK in millions) | | | |
| At January 1, 2012 | 7,873 | 22,713 | 2,042 | 137 | 32,765 | 29,327 | 3,438 |
| New and increased impairment charges | 4,018 | 6,992 | 2,011 | 28 | 13,049 | 11,252 | 1,797 |
| Reversals of impairment charges from previous periods | 1,144 | 3,467 | 847 | 49 | 5,507 | 3,689 | 1,818 |
| Write-offs debited to allowance account | 1,019 | 3,183 | 329 | 112 | 4,643 | 4,643 | – |
| Foreign currency translation | 36 | 266 | (10) | – | 292 | 263 | 29 |
| Other items | 52 | 138 | 10 | (1) | 199 | 199 | – |
| At December 31, 2012 | 9,816 | 23,459 | 2,877 | 3 | 36,155 | 32,709 | 3,446 |
| Transferred to Non-core | 842 | 257 | – | – | 1,100 | 863 | 237 |
| Adjusted At December 31, 2012 | 8,974 | 23,202 | 2,877 | 3 | 35,055 | 31,846 | 3,209 |
| New and increased impairment charges | 3,638 | 5,488 | 944 | 83 | 10,154 | 8,979 | 1,175 |
| Reversals of impairment charges from previous periods | 1,751 | 3,607 | 448 | 85 | 5,891 | 4,994 | 897 |
| Write-offs debited to allowance account | 1,718 | 1,958 | 370 | – | 4,047 | 4,047 | – |
| Foreign currency translation | (36) | (322) | (69) | 11 | (416) | (382) | (34) |
| Other items | (787) | 851 | (160) | (12) | (108) | 62 | (169) |
| At December 31, 2013 | 8,319 | 23,655 | 2,774 | – | 34,748 | 31,464 | 3,284 |
| New and increased impairment charges | 3,401 | 4,997 | 999 | 24 | 9,421 | 7,728 | 1,694 |
| Reversals of impairment charges from previous periods | 1,851 | 3,996 | 660 | 3 | 6,510 | 5,508 | 1,002 |
| Write-offs debited to allowance account | 1,298 | 3,035 | 149 | 22 | 4,503 | 4,503 | – |
| Foreign currency translation | 7 | 285 | 193 | 1 | 486 | 477 | 9 |
| Other items | (196) | (413) | (1) | 2 | (608) | (608) | – |
| At December 31, 2014 | 8,382 | 21,493 | 3,157 | 2 | 33,034 | 29,049 | 3,986 |

*Note*: By December 31, 2014, the adjustment for credit risk on derivatives with customers subject to OEI was excluded from the allowance account relating to lending activities and presented as part of the CVA on derivatives.

The following table sets forth information on the Group's loan impairment charges for the periods indicated:

| | For the six months ended June 30, 2015 | For the six months ended June 30, 2014 | For the year ended December 31, 2014 | For the year ended December 31, 2013 | For the year ended December 31, 2012 |
|---|---|---|---|---|---|
| | | | (DKK in millions) | | |
| Due from credit institutions and central banks | (18) | 37 | 5 | (3) | (2) |
| Loans at amortized cost | (128) | 1,073 | 2,516 | 4,288 | 10,197 |
| Loans at fair value | 319 | 575 | 1,262 | 1,608 | 1,405 |
| Loan commitments and guarantees | (27) | (38) | (65) | (473) | 929 |
| Total | 146 | 1,647 | 3,718 | 5,420 | 12,529 |
| New and increased impairment charges | 4,979 | 6,590 | 12,226 | 13,678 | 20,866 |
| Reversals of impairment charges | 4,912 | 4,875 | 9,300 | 8,034 | 8,722 |
| Write-offs charged directly to income statement | 824 | 672 | 2,198 | 1,362 | 1,356 |
| Received on claims previously written off | 541 | 416 | 966 | 1,052 | 796 |
| Interest income, effective interest method | (204) | (324) | (439) | (534) | (175) |
| Total | 146 | 1,647 | 3,718 | 5,420 | 12,529 |

The following table sets forth certain information on the Group's non-performing loans ("**NPL**") in its core activities as at the dates indicated (comparative information as at December 31, 2012 is not available due to changes in the Group's financial reporting):

| | As at June 30, 2015 | As at December 31, 2014 | As at December 31, 2013 |
|---|---|---|---|
| | (DKK in millions, unless otherwise indicated) | | |
| Total non-performing loans | 28,805 | 29,390 | 27,517 |
| Portion in default | 11,242 | 10,573 | 9,320 |
| Coverage ratio (default) (percent) | 94 | 96 | 100 |
| Coverage ratio (non-default) (percent) | 68 | 73 | 72 |
| Coverage ratio (total non-performing loans) (percent) | 83 | 86 | 87 |
| Non-performing loans as a percentage of total gross exposure (percent) | 2 | 2.5 | 2.7 |

The following tables set forth an industry breakdown of the Group's NPL and impairment charges for the years indicated (comparative information for the year ended December 31, 2012 is not available due to changes in the Group's financial reporting):

| | For the year ended December 31, 2014 | | | |
|---|---|---|---|---|
| | **Gross NPL** | **Acc. individual impairment charges** | **Net NPL exposure** | **Net NPL exposure, excluding collateral** |
| | (DKK in millions) | | | |
| Public institutions | 1 | 1 | 1 | 1 |
| Banks | 246 | 91 | 155 | 155 |
| Credit institutions | – | – | – | – |
| Insurance | 30 | 12 | 18 | – |
| Investment funds | 1,574 | 462 | 1,112 | – |
| Other financials | 142 | 142 | – | – |
| Agriculture | 3,434 | 2,529 | 906 | 377 |
| Commercial property | 16,714 | 7,386 | 9,328 | 850 |
| Construction and building projects | 2,744 | 2,135 | 608 | 186 |
| Consumer discretionary | 3,799 | 2,463 | 1,337 | 169 |
| Consumer staples | 712 | 386 | 325 | 119 |
| Energy and utilities | 596 | 171 | 425 | 374 |
| Health care | 129 | 91 | 38 | 1 |
| Industrial services, supplies and machinery | 2,559 | 1491 | 1,068 | 383 |
| IT and telecommunication services | 247 | 206 | 41 | – |
| Materials | 1,849 | 1,304 | 545 | 68 |
| Non-profits and other associations | 3,808 | 1,237 | 2,571 | – |
| Other commercial | 336 | 336 | – | – |
| Shipping | 4,486 | 1,797 | 2,689 | 794 |
| Transportation | 362 | 241 | 121 | – |
| Personal customers | 14,671 | 6,569 | 8,102 | 1,191 |
| Total | 58,439 | 29,049 | 29,390 | 4,668 |

| | For the year ended December 31, 2013 | | | |
|---|---|---|---|---|
| | **Gross NPL** | **Acc. individual impairment charges** | **Net NPL exposure** | **Net NPL exposure, excluding collateral** |
| | (DKK in millions) | | | |
| Public institutions | 22 | 1 | 21 | 3 |
| Banks | 255 | 87 | 168 | 168 |
| Credit institutions | – | – | – | – |
| Insurance | 34 | 17 | 18 | – |
| Investment funds | 1,640 | 531 | 1,109 | 969 |
| Other financials | 136 | 136 | – | – |
| Agriculture | 3,600 | 2,863 | 736 | 214 |
| Commercial property | 17,519 | 8,175 | 9,344 | 501 |
| Construction and building projects | 3,756 | 2,952 | 805 | 123 |
| Consumer discretionary | 4,871 | 2,930 | 1,942 | 448 |
| Consumer staples | 601 | 370 | 231 | 81 |
| Energy and utilities | 128 | 61 | 67 | 51 |
| Health care | 91 | 83 | 8 | – |
| Industrial services, supplies and machinery | 2,861 | 1,825 | 1,035 | 422 |
| IT and telecommunication services | 277 | 247 | 30 | – |
| Materials | 1,535 | 1,072 | 463 | – |
| Non-profits and other associations | 3,686 | 1,091 | 2,594 | – |
| Other commercial | 354 | 354 | – | – |
| Shipping | 4,179 | 1,890 | 2,289 | 742 |
| Transportation | 474 | 325 | 149 | – |
| Personal customers | 12,962 | 6,455 | 6,507 | 825 |
| Total | 58,981 | 31,464 | 27,517 | 4,546 |

### *Past Due Amounts*

The following tables set forth the Group's past due amounts as at the dates indicated:

| | As at December 31, 2014 | | | | | |
|---|---|---|---|---|---|---|
| | Personal Banking | Business Banking | C&I | Other | Total past due amounts | Total due under loans |
| | (DKK in millions) | | | | | |
| 6–30 days | 64 | 63 | 1 | – | 128 | 2,246 |
| 31–60 days | 16 | 8 | 4 | – | 28 | 738 |
| > 60 days | 36 | 16 | – | – | 52 | 816 |
| Total past due amounts | 115 | 87 | 6 | – | 207 | – |
| Total due under loans | | | | | | 3,799 |

| | As at December 31, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | Personal Banking | Business Banking | C&I | Other | Total past due amounts | Total due under loans |
| | (DKK in millions) | | | | | |
| 6–30 days | 245 | 72 | 8 | – | 325 | 2,715 |
| 31–60 days | 21 | 13 | – | – | 33 | 939 |
| > 60 days | 28 | 24 | – | – | 52 | 1,014 |
| Total past due amounts | 294 | 108 | 9 | – | 410 | – |
| Total due under loans | | | | | | 4,668 |

| | As at December 31, 2012 | | | | | |
|---|---|---|---|---|---|---|
| | Personal Banking | Business Banking | C&I | Other | Total past due amounts | Total due under loans |
| | (DKK in millions) | | | | | |
| 6–30 days | 77 | 26 | 11 | 10 | 123 | 5,307 |
| 31–60 days | 32 | 11 | – | 19 | 63 | 1,888 |
| > 60 days | 27 | 40 | 4 | 10 | 82 | 5,039 |
| Total past due amounts | 136 | 77 | 15 | 39 | 268 | – |
| Total due under loans | | | | | | 12,234 |

## Counterparty Risk

### *General*

The Group enters into transactions involving derivatives and securities-financing instruments ("**SFTs**"), such as repurchase (repo) and reverse repo agreements, and, therefore, takes on counterparty credit risk. Most counterparty credit risk of the Group is related to interest rate and foreign exchange contracts. As at December 31, 2014, 8.6 percent of the Group's total REA related to counterparty credit risk, including Central Clearing Counterparty ("**CCP**") and CVA risk charges.

### *Governance and Responsibility*

The Counterparty Credit Risk Policy is approved by the All Risk Committee and is a part of the overall credit governance described in the Credit Risk section.

Group Risk Management is responsible for the consolidated counterparty credit risk management, risk modelling and reporting. The credit departments of the business units are responsible for the day-to-day management of counterparty credit risk at their units.

The Group has an integrated system for internal counterparty credit risk management covering the assignment of lines, monitoring and control of line utilizations, management of master agreements and management reporting.

In accordance with the Counterparty Credit Risk Policy, the Group has set limitations on trades entailing specific wrong way risk ("**SWWR**"). The limitations cover product range, counterparty rating and the rating of the underlying securities. Trades with SWWR are monitored constantly and reported to senior management on a regular basis.

### *Risk Control Principles and Risk Mitigation*

The Group uses an internal simulation model to calculate exposure used in day-to-day risk management. The model performs a Monte Carlo simulation that simulates potential future market values of each customer's portfolio of transactions.

Close-out netting of the market values is based on legally binding master agreements that the Group has signed with its counterparties. For master agreements that have an associated collateral management agreement, the expected value of the collateral provided or received is also included in the internal simulation model. Counterparty credit risk exposure, which is the potential future value of the netted market values and collateral, is expressed by the potential future exposure ("**PFE**") measure.

In the internal simulation model, PFE consists of the largest exposure that the Group can expect at the time of the calculation, at a confidence level of 97.5 percent. It assumes that all transactions remain in force until the original expiry date. The internal model is used for almost 90 percent of all transactions.

In calculating the PFE on transactions in products for which the Group does not use the internal model, the potential change in market value is determined as a percentage (add-on) of the nominal principal amount. The add-ons represent a conservative margin in comparison with the risk that the internal simulation model would have calculated if the trades had been covered by the model.

To mitigate counterparty credit risk, the Group generally requires master agreements. This enables the Group to net the positive and negative replacement values of contracts if the counterparty defaults. As an additional mitigating measure for larger counterparties, the Group often attaches collateral management agreements to the master agreements.

Collateral management agreements specify threshold amounts and minimum amounts for the transfer of collateral, and collateral to be provided or received is generally determined on a daily basis. The collateral takes the form of cash, government bonds or mortgage bonds with high ratings.

***Counterparty Credit Risk Exposure***

In 2014, the share of derivatives cleared through CCPs, measured by notional amount, was 62 percent, unchanged from the level in 2013. Of the total notional amount of OTC derivatives transactions that were not cleared through a CCP, 94 percent were supported by collateral management agreements.

As at December 31, 2014, approximately 83 percent of the Group's collateral management agreement holdings consisted of cash. The remainder consisted of Danish and Swedish mortgage bonds and government bonds issued by Denmark, France, Germany, the Netherlands, Norway, Sweden and the United States.

The following table sets forth the effect of netting and collateral on current exposure as at December 31, 2014:

| | As at December 31, 2014 | | |
|---|---|---|---|
| | Total | Derivatives | SFTs |
| | | (DKK in millions) | |
| Current gross exposure | 2,024,910 | 791,000 | 1,233,909 |
| Current exposure after netting | 1,343,146 | 109,236 | 1,233,909 |
| Current exposure after netting and collateral | 67,976 | 58,159 | 9,817 |

*Internal Model Method*

In June 2015, the DFSA approved the Group's internal models to calculate counterparty credit exposure and the CVA risk charge for regulatory capital.

**Market Risk**

***General***

Market risk is the risk of losses because the fair value of financial assets, liabilities and off-balance-sheet items varies with changes in market conditions.

The Group uses both conventional risk measures and mathematical and statistical measures, such as VaR, to calculate market risk exposures and regulatory capital. The calculations are used for the following purposes:

- reporting to Group management on a regular basis;
- reporting on the capital requirement for general and specific risk and related backtest results to the DFSA;
- internal risk reporting and limit control; and
- day-to-day management in the business units.

The Group also develops and maintains in-house models that are used for pricing and risk management of financial products that cannot be valued directly on the basis of quoted market prices or standardized financial models.

The Group markets, trades and takes positions in products that entail a variety of market risk components. Most of the Group's trading and position-taking activities involve relatively simple products. Interest rate products represent by far the largest notional trading and position-taking volumes, followed by shares and foreign exchange instruments. Inflation-linked products and commodities are less significant asset classes in the Group's trading and position-taking activities.

The Group carries out market risk measurement, monitoring and management reporting on a daily basis. In early 2014, the controlling process was enhanced to enable continuous limit monitoring and swift escalation of limit breaches by implementing real-time intra-day monitoring of limit utilizations. The Group calculates current market risk exposures in internally developed systems that are linked to the trading systems and cover all of its market risk positions. Market risk control includes setting limits for C&I, Group Treasury and sub-units.

The Group uses an internal VaR model for the calculation and management of general and specific market risk at the portfolio level. The following risk types are included: interest rate, yield volatility, bond spread risk, inflation rate, foreign exchange and equity market risks. The model estimates the maximum potential loss from changes in general and specific market risk factors within a 10-day horizon at a confidence level of 95 percent assuming unchanged positions. For capital requirement purposes, VaR is also calculated at a confidence level of 99 percent.

Equity market risk is the risk of losses caused by changing equity prices. It is calculated as the net value of long and short positions in equities and equity-based instruments that are subject to various market risk limits. In equity market risk monitoring, the Group distinguishes between risk on listed and unlisted shares. The risk on positions in individual companies is measured and monitored separately. For units trading in equity options, the Group also calculates the maximum standardized loss due to equity price changes of up to +/–20 percent as well as volatility. For unlisted shares, the Group distinguishes between ordinary open positions, 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 and payment service businesses.

Although the exposure to bond spread risk increased from end-2013 to end-2014, the overall exposure to market risk was reduced in 2014. However, bond spread risk was lower during 2014, primarily because of lower exposure to mortgage and covered bond spreads. It increased to its previous level in the fourth quarter of 2014, however, lower than in 2013, mainly because of lower risk at C&I's trading units.

Most of the Group's bond spread risk can be attributed to bonds issued for real property financing, Danish mortgage bonds and covered bonds from other European countries in particular. In addition, the Group is exposed to bond spread risk from government bonds and, to a lesser extent, corporate bonds. The holdings of government bonds are made up mainly of issues from the Scandinavian countries and Germany. The holding of corporate bonds is related primarily to the Group's debt capital market activities at C&I.

As at June 30, 2015, the Group's bond holdings amounted to DKK 577,900 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. Most of the Group's unencumbered bond holdings can be used as collateral for loan facilities with central banks and are thus considered liquid assets.

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 June 30, 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 | 107,524 | 5,402 | 238,570 | 73,979 | 11,929 | 410 | 437,814 |
| AA+ | 62,927 | 1,556 | – | – | 429 | 701 | 65,614 |
| AA | 7,154 | 1,590 | – | – | 667 | 1,199 | 10,609 |
| AA- | 8,446 | – | 189 | – | – | 2,517 | 11,151 |
| A+ | 153 | – | 2,617 | – | 132 | 3,869 | 6,771 |
| A | 170 | – | 12 | – | 1,133 | 6,137 | 7,453 |
| A- | 705 | – | – | – | – | 1,801 | 2,506 |
| BBB+ | 7,807 | – | – | – | 186 | 2,452 | 10,445 |
| BBB | 16,516 | – | 308 | – | – | 2,272 | 19,096 |
| BBB- | 1 | – | – | – | – | 839 | 840 |
| BB+ | 1,292 | – | 2,137 | – | – | 242 | 3,671 |
| BB | 32 | – | – | – | – | 465 | 496 |
| BB- | – | – | – | – | – | 29 | 29 |
| Sub-investment grade or unrated | 422 | – | 502 | – | 9 | 473 | 1,406 |
| Total | 213,148 | 8,548 | 244,334 | 73,979 | 14,485 | 23,406 | 577,900 |

| | As at December 31, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Central and local government bonds | Quasi-government bonds | Danish mortgage bonds | Swedish covered bonds | Other covered bonds | Corporate bonds | Total |
| | | | | (restated)(1) | | | |
| | | | | (DKK in millions) | | | |
| AAA | 129,636 | 5,477 | 293,406 | 64,717 | 13,067 | 518 | 506,821 |
| AA+ | 48,303 | 1,146 | – | – | 59 | 957 | 50,465 |
| AA | 15,207 | 2,937 | – | 5,990 | 1,473 | 934 | 26,542 |
| AA- | 6,426 | – | 199 | – | – | 3,852 | 10,477 |
| A+ | 156 | – | – | – | – | 8,076 | 8,231 |
| A | 209 | – | 1 | – | 231 | 8,329 | 8,769 |
| A- | 3 | – | – | – | 1,466 | 2,315 | 3,784 |
| BBB+ | 16,362 | – | 2 | – | 185 | 1,419 | 17,969 |
| BBB | 13,358 | – | 220 | – | 2 | 2,982 | 16,562 |
| BBB- | 34 | – | – | – | 401 | 343 | 778 |
| BB+ | 2,157 | – | – | – | 184 | 249 | 2,590 |
| BB | – | – | – | – | 254 | 566 | 820 |
| BB- | – | – | – | – | 8 | 26 | 35 |
| Sub-investment grade or unrated | 137 | – | – | – | 18 | 267 | 422 |
| Total | 231,989 | 9,560 | 293,827 | 70,708 | 17,349 | 30,834 | 654,267 |

(1) The breakdown of the bond portfolio between the various rating categories in the Group's annual report as at and for the year ended December 31, 2014 was incorrect and the comparative figures as at December 31, 2014 were restated in the Group's interim report as at and for the six months ended June 30, 2015.

| | As at December 31, 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Central and local government bonds | Quasi-government bonds | Danish mortgage bonds | Swedish covered bonds | Other covered bonds | Corporate bonds | Total |
| | | | | (restated)(1) | | | |
| | | | | (DKK in millions) | | | |
| AAA | 124,195 | 6,867 | 260,752 | 84,832 | 8,375 | 159 | 485,180 |
| AA+ | 46,260 | 278 | – | – | 593 | 438 | 47,569 |
| AA | 594 | 1,573 | 69 | 5 | 1,343 | 921 | 4,505 |
| AA- | 10,248 | – | 62 | – | – | 3,288 | 13,598 |
| A+ | 158 | – | 305 | – | 40 | 3,476 | 3,979 |
| A | 507 | – | 55 | – | 30 | 8,960 | 9,552 |
| A- | – | – | – | – | 1,506 | 1,832 | 3,338 |
| BBB+ | – | – | 5 | – | – | 2,130 | 2,135 |
| BBB | 10,729 | – | 417 | – | 13 | 3,338 | 14,497 |
| BBB- | 6,598 | – | – | – | 1,561 | 392 | 8,551 |
| BB+ | 57 | – | – | – | – | 88 | 145 |
| BB | 274 | – | – | – | – | 251 | 525 |
| BB- | – | – | – | – | – | 94 | 94 |
| Sub-investment grade or unrated | 3,155 | – | 110 | – | 599 | 598 | 4,462 |
| Total | 202,776 | 8,718 | 261,774 | 84,837 | 14,061 | 25,965 | 598,131 |

(1) The breakdown of the bond portfolio by rating categories in the Group's annual report as at and for the year ended December 31, 2013 was incorrect and the comparative figures as at December 31, 2013 were restated in the Group's annual report as at and for the year ended December 31, 2014.

| | As at December 31, 2012 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Central and local government bonds | Quasi-government bonds | Danish mortgage bonds | Swedish covered bonds | Other covered bonds | Corporate bonds | Total |
| | | | | (DKK in millions) | | | |
| AAA | 149,835 | 5,150 | 193,816 | 55,895 | 15,454 | 2,206 | 422,356 |
| AA+ | 15,611 | 235 | – | – | 564 | 194 | 16,604 |
| AA | 2,138 | – | – | – | 1,171 | 1,027 | 4,336 |
| AA- | 1,997 | – | 837 | – | 97 | 662 | 3,593 |
| A+ | 165 | – | 2,535 | – | 302 | 5,914 | 8,916 |
| A | 46 | – | 14,013 | – | 148 | 3,609 | 17,816 |
| A- | 201 | – | – | – | 2,552 | 1,449 | 4,202 |
| BBB+ | 447 | – | 88 | – | 509 | 1,483 | 2,527 |
| BBB | 4,651 | – | 1,337 | – | 1,556 | 4,770 | 12,314 |
| BBB- | 3,624 | – | – | – | 429 | 377 | 4,430 |
| Sub-investment grade or unrated | 3,105 | 12 | 65 | 112 | 173 | 4,820 | 8,287 |
| Total | 181,820 | 5,397 | 212,691 | 56,007 | 22,955 | 26,511 | 505,381 |

The following tables set forth a breakdown of the Group's bond portfolio by type and geography as at the dates indicated:

| | As at June 30, 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 | 17,208 | – | 244,173 | – | – | 2,715 | 264,096 |
| Sweden | 39,735 | – | – | 73,979 | – | 6,052 | 119,766 |
| United Kingdom | 22,970 | 140 | – | – | 2,865 | 1,489 | 27,464 |
| Norway | 5,558 | – | – | – | 5,881 | 2,570 | 14,009 |
| United States | 1,985 | 1,209 | 161 | – | – | 769 | 4,123 |
| Spain | 11,987 | – | – | – | 1,600 | – | 13,587 |
| France | 21,224 | – | – | – | 1,141 | 1,256 | 23,621 |
| Luxembourg | – | 6,976 | – | – | – | 17 | 6,993 |
| Finland | 14,378 | 190 | – | – | 1,637 | 2,493 | 18,698 |
| Ireland | 6,675 | – | – | – | 160 | 230 | 7,065 |
| Italy | 5,786 | – | – | – | – | – | 5,786 |
| Portugal | 1,324 | – | – | – | – | – | 1,324 |
| Austria | 8,130 | – | – | – | – | 1 | 8,131 |
| Netherlands | 9,551 | – | – | – | 81 | 3,295 | 12,927 |
| Germany | 35,398 | – | – | – | 377 | 956 | 36,731 |
| Belgium | 9,777 | – | – | – | 155 | – | 9,932 |
| Other | 1,464 | 33 | – | – | 588 | 1,562 | 3,648 |
| Total | 213,148 | 8,548 | 244,334 | 73,979 | 14,485 | 23,406 | 577,900 |

| | As at December 31, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Central and local government bonds** | **Quasi-government bonds** | **Danish mortgage bonds** | **Swedish covered bonds** | **Other covered bonds** | **Corporate bonds** | **Total** |
| | | | | (DKK in millions) | | | |
| Denmark | 16,835 | – | 293,827 | – | 1,508 | 6,748 | 318,918 |
| Sweden | 24,794 | – | – | 70,708 | – | 7,191 | 102,693 |
| United Kingdom | 17,434 | 102 | – | – | 3,443 | 1,667 | 22,646 |
| Norway | 8,556 | – | – | – | 6,741 | 3,138 | 18,435 |
| United States | 2,486 | 1,264 | – | – | – | 1,586 | 5,336 |
| Spain | 7,750 | – | – | – | 2,380 | – | 10,130 |
| France | 24,753 | – | – | – | 1,146 | 1,778 | 27,677 |
| Luxembourg | – | 8,133 | – | – | – | 49 | 8,182 |
| Canada | 290 | – | – | – | – | 185 | 475 |
| Finland | 18,406 | 60 | – | – | 1,525 | 2,566 | 22,557 |
| Ireland | 11,469 | – | – | – | 112 | 28 | 11,609 |
| Italy | 10,587 | – | – | – | – | – | 10,587 |
| Portugal | 2,123 | – | – | – | – | – | 2,123 |
| Austria | 8,876 | – | – | – | – | 2 | 8,878 |
| Netherlands | 14,986 | – | – | – | 171 | 3,375 | 18,532 |
| Germany | 50,644 | – | – | – | 233 | 1,458 | 52,335 |
| Belgium | 10,865 | – | – | – | 89 | – | 10,954 |
| Lithuania | 844 | – | – | – | – | – | 844 |
| Australia | 1 | – | – | – | – | 830 | 831 |
| Bermuda | – | – | – | – | – | 60 | 60 |
| Switzerland | – | – | – | – | 1 | 147 | 148 |
| Czech Republic | 156 | – | – | – | – | – | 156 |
| Poland | 134 | – | – | – | – | – | 134 |
| Other | 1 | 2 | – | – | – | 26 | 29 |
| Total | 231,989 | 9,560 | 293,827 | 70,708 | 17,349 | 30,834 | 654,267 |

| | As at December 31, 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Central and local government bonds | Quasi-government bonds | Danish mortgage bonds | Swedish covered bonds | Other covered bonds | Corporate bonds | Total |
| | | | | (restated)[(1)] (DKK in millions) | | | |
| Denmark | 10,615 | – | 261,774 | – | 101 | 4,264 | 276,755 |
| Sweden | 27,182 | – | – | 84,837 | – | 6,630 | 118,649 |
| United Kingdom | 10,770 | 137 | – | – | 3,881 | 1,126 | 15,914 |
| Norway | 10,039 | – | – | – | 4,838 | 4,683 | 19,560 |
| United States | 582 | 1,238 | – | – | 40 | 733 | 2,593 |
| Spain | 6,598 | – | – | – | 3,498 | – | 10,096 |
| France | 31,911 | – | – | – | 234 | 2,290 | 34,435 |
| Luxembourg | – | 7,234 | – | – | – | 141 | 7,375 |
| Canada | 292 | – | – | – | – | 131 | 423 |
| Finland | 11,544 | 109 | – | – | 454 | 903 | 13,010 |
| Ireland | 2,612 | – | – | – | 158 | 199 | 2,969 |
| Italy | 10,727 | – | – | – | – | – | 10,727 |
| Portugal | 764 | – | – | – | – | – | 764 |
| Austria | 4,877 | – | – | – | 116 | 6 | 4,999 |
| Netherlands | 4,892 | – | – | – | 404 | 3,137 | 8,433 |
| Germany | 57,974 | – | – | – | 262 | 601 | 58,837 |
| Belgium | 10,249 | – | – | – | 73 | – | 10,322 |
| Lithuania | 286 | – | – | – | – | – | 286 |
| Australia | 26 | – | – | – | – | 733 | 759 |
| Bermuda | – | – | – | – | – | – | – |
| Switzerland | – | – | – | – | – | 247 | 247 |
| Czech Republic | 157 | – | – | – | – | – | 157 |
| Poland | 400 | – | – | – | – | – | 400 |
| Other | 279 | – | – | – | – | 141 | 420 |
| Total | 202,776 | 8,718 | 261,774 | 84,837 | 14,061 | 25,965 | 598,131 |

(1) The breakdown of the bond portfolio by geographical area in the Group's annual report as at and for the year ended December 31, 2013 was incorrect and was restated in the Group's annual report as at and for the year ended December 31, 2014.

| | As at December 31, 2012 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Central and local government bonds | Quasi-government bonds | Danish mortgage bonds | Swedish covered bonds | Other covered bonds | Corporate bonds | Total |
| | | | | (DKK in millions) | | | |
| Denmark | 25,221 | – | 212,691 | – | 77 | 6,233 | 244,222 |
| Sweden | 41,407 | – | – | 56,007 | – | 5,243 | 102,657 |
| United Kingdom | 12,358 | 20 | – | – | 8,268 | 497 | 21,143 |
| Norway | 3,593 | – | – | – | 6,544 | 5,985 | 16,122 |
| United States | 5,839 | 1,478 | – | – | 237 | 883 | 8,437 |
| Spain | 3,161 | – | – | – | 4,513 | 198 | 7,872 |
| France | 14,191 | – | – | – | 1,719 | 1,772 | 17,682 |
| Luxembourg | – | 3,791 | – | – | – | 1,609 | 5,400 |
| Canada | 1,027 | – | – | – | – | 54 | 1,081 |
| Finland | 6,278 | 108 | – | – | 654 | 875 | 7,915 |
| Ireland | 2,582 | – | – | – | 71 | 47 | 2,700 |
| Italy | 4,614 | – | – | – | 4 | – | 4,618 |
| Portugal | 120 | – | – | – | – | 120 | 240 |
| Austria | 3,233 | – | – | – | – | 162 | 3,395 |
| Netherlands | 8,946 | – | – | – | 593 | 2,251 | 11,790 |
| Germany | 44,877 | – | – | – | 19 | 582 | 45,478 |
| Belgium | 3,419 | – | – | – | 53 | – | 3,472 |
| Lithuania | 327 | – | – | – | – | – | 327 |
| Other | 627 | – | – | – | 203 | – | 830 |
| Total | 181,820 | 5,397 | 212,691 | 56,007 | 22,955 | 26,511 | 505,381 |

Inflation rate risk is the risk of losses caused by changes in the traded future inflation rates. The value of a few of the Group's products depends on changes in inflation. The Group has, therefore, set limits on losses caused by changes in traded future inflation rates. Risk is measured as the loss caused by a change in traded future inflation rates of 100 basis points.

The following table sets forth a breakdown of the Group's total market risk, excluding bonds classified as hold-to-maturity (stand-alone VaR for each risk category without including diversification effects, confidence level of 95 percent, 10-day horizon), by risk category as at the dates indicated:

| | As at December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | | (DKK in millions) | |
| Bond spreads | 314 | 282 | 346 |
| Interest rates | 115 | 226 | 97 |
| Currencies | 15 | 25 | 37 |
| Equities | 122 | 174 | 218 |

Interest rate risk is the risk of losses caused by changing yields in the financial markets. Most of the Group's interest rate risk in the trading book derives from activities that involve position-taking in connection with servicing C&I clients with a variety of interest-rate-related products in the Group's various local markets. Most of these activities involve relatively simple interest rate products such as swaps, bonds, futures and standard interest rate options.

Interest rate risk outside the trading book is included in the Group's interest rate risk calculations and thus in day-to-day monitoring and risk management. Interest rate risk outside the trading book is related primarily to the Group's funding activities, and it is hedged and treated according to the rules of fair value hedge accounting. Interest rate risk derives, to a lesser extent, from the Group's banking activities, which offer fixed-rate deposits, loans and other interest rate products. The interest rate risk on the following remaining fixed-rate items is, therefore, not hedged in the accounting process but is managed on a daily basis:

- a portfolio of fixed-rate mortgage loans in Denmark;
- fixed-rate loans and advances provided by Personal Banking and Business Banking in Finland, Northern Ireland and the Baltics;
- operational leasing;
- positions resulting from interest rate payments on Realkredit Danmark loans (monthly interest rate payments that are not passed on to bondholders until the end of the quarter or year);
- positions related to asset/liability management;
- bonds in the hold-to-maturity portfolio; and
- interest rate risk exposure on deposits in the Personal Banking and Business Banking units.

The interest rate risk exposure on deposits derives from demand deposits. The exposure has an element of fixed-interest-rate risk because the interest rates are set according to financial market rates to a limited extent. The portfolio has experienced stable growth during the past years.

The following tables set forth the breakdown of the Group's VaR used for calculating the capital requirement for general market risk by risk category for the years indicated:

| | For the year ended December 31, 2014 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 219 | 138 | 387 | 160 | 343 | 279 | 413 | 296 |
| Foreign exchange risk | 32 | 8 | 73 | 22 | 68 | 14 | 126 | 46 |
| Equity market risk | 28 | 5 | 92 | 10 | 94 | 18 | 266 | 24 |
| Diversification benefit | (63) | – | – | (36) | (167) | – | – | (73) |
| Total VaR | 216 | 126 | 379 | 156 | 338 | 273 | 427 | 293 |

| | For the year ended December 31, 2013 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 203 | 119 | 387 | 330 | 283 | 197 | 366 | 365 |
| Foreign exchange risk | 39 | 6 | 90 | 37 | 67 | 20 | 144 | 73 |
| Equity market risk | 32 | 8 | 92 | 37 | 68 | 20 | 131 | 79 |
| Diversification benefit | (65) | – | – | (66) | (153) | – | – | (159) |
| Total VaR | 209 | 116 | 421 | 338 | 265 | 193 | 358 | 358 |

| | For the year ended December 31, 2012 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 210 | 130 | 319 | 158 | 227 | 135 | 327 | 231 |
| Foreign exchange risk | 31 | 2 | 85 | 60 | 64 | 25 | 114 | 54 |
| Equity market risk | 22 | 9 | 44 | 19 | 49 | 25 | 86 | 32 |
| Diversification benefit | (55) | – | – | (70) | (103) | – | – | (80) |
| Total VaR | 208 | 130 | 322 | 167 | 237 | 116 | 356 | 237 |

***Back Testing and Stress Testing***

The Group conducts regulatory backtests on a daily basis to document the performance of the internal VaR model. The backtesting procedure compares one-day VaR calculated on trading book positions with the actual and hypothetical profit or loss. For the latter, the positions are assumed to be unchanged until the following business day (no intraday trading is included). If the hypothetical or actual loss exceeds the predicted possible loss (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 the capital requirement), the expected number of exceptions per year is two to three.

To comply with the regulatory requirements implemented on December 31, 2011 (CRD III/Basel 2.5), the Group calculates stressed VaR and Incremental Risk Charge (IRC) once a week. The result is fed directly into the calculation of regulatory capital for market risk as an add-on. The calculation of stressed VaR is performed on current positions with market data from a particularly stressed historical period of 12 months using the internal VaR model.

As a supplement to the daily calculation of VaR, the more conventional risk figures and the weekly calculation of stressed VaR, the Group performs stress tests and sensitivity analyses on a regular basis. Some of these tests are part of the daily limit control, while others are performed weekly or quarterly. Stress test scenarios feature changes in interest rates, exchange rates, equity prices, volatilities and bond spreads. Such changes affect the Group's earnings directly through value adjustments. The scenarios are often based on large changes in a single risk factor or on conditions that reflect historical periods of economic or financial crisis, combined with factors relevant under the current market conditions.

The Group's periodic stress tests and sensitivity analyses also include scenarios with extreme market developments as periodically defined by the EBA, as well as hypothetical scenarios involving extreme financial or macroeconomic events.

*Extension of Internal VaR Model*

In June 2015, the DFSA approved the extension of the Group's internal VaR model to include specific market risk factors and the Group's new incremental risk model. The new internal VaR model is used to measure the market risk in the Group, that is, both general and specific market risk factors are included in the model. However, credit risk elements, such as default and credit rating migration risks on bond issuers and CDS names, are estimated in the incremental risk model, which is a separate model.

**Liquidity Risk**

***Governance of Liquidity Risk Management***

Taking on liquidity risk is an integral part of the Group's business strategy. The Board of Directors determines the overall approach to liquidity risk appetite, including the Group's liquidity risk exposure profile and liquidity risk limits. The Group's liquidity policy states that the Group's liquidity risk appetite is conservative and that the Group must maintain a strong liquidity and funding position. The liquidity risk appetite is an articulation in both general and specific terms of the Group's desired risk profile and provides the overall framework and guidance for liquidity management.

The Group manages its liquidity on a daily basis, and liquidity risk is managed through a combination of key performance indicators ("**KPIs**"), risk triggers and risk policy. Two main documents lay the foundation for the Group's liquidity risk management. These documents are (i) the liquidity policy and appetite and (ii) 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 limits and the methods of calculation. Both documents are issued by the Board of Directors.

The GLRC is the committee responsible for overseeing liquidity risk management and funding at the Group level. The GLRC is chaired by the CRO and consists of representatives of Group Risk Management, the CFO area, and the three business units. The GLRC has broad authority to challenge the way in which the Group's liquidity risk profile and funding position is managed.

Group Treasury is responsible for the Bank's liquidity and funding. This includes executing the funding plan and managing the liquidity buffer. Short-term liquidity is managed by FICC (Fixed Income, Commodities and Currencies) under the supervision of Group Treasury.

Group Risk Management, headed by the CRO, oversees liquidity risk management at the Group level and compliance with the liquidity risk appetite framework.

The Group's liquidity management is centralized and conducted on a consolidated basis to ensure regulatory compliance at the Group level as well as compliance with internal requirements. Regulatory compliance and the maintenance of adequate liquidity reserves at subsidiaries are managed locally. Realkredit Danmark and Danica Group conduct their own liquidity risk management. Realkredit Danmark, which issues mortgage bonds, is substantially self-financing, and its liquidity management is conducted separately from the rest of the Group. Danica Group's balance sheet includes long-term life insurance liabilities and assets, much of which is invested in readily marketable bonds and shares. Both companies are subject to statutory limits on their exposures to the Bank. In the following description of the Group's liquidity risk, "Group" refers to the banking units only, meaning that it does not include Realkredit Danmark and Danica Group.

Liquidity risk management focuses on the monitoring and management of all the Group's liquidity risks – both short-term and long-term.

***Liquidity Reserve***

The Group must at all times maintain a liquidity reserve to cover the need for liquidity that may arise under both normal and stressed conditions.

The Group's liquidity reserve is defined as the assets available to Group Treasury in a stressed situation. The assets in the liquidity reserve must be unencumbered, so securities used as collateral for repo transactions do not count towards the reserve while securities received in reverse repo transactions do.

Assets in the liquidity reserve are eligible for repo transactions with central banks. Central bank eligibility is vital for intraday liquidity needs and overnight liquidity facilities and also for defining liquidity in financial markets during stressed periods. Besides central bank eligibility, external credit ratings are an important factor in determining the liquidity value of the assets in the reserve.

The minimum size of the reserve is determined by several requirements, including an LCR of at least 110 percent and a survival horizon of 90 days in both the internal stress test and in the stress test defined by the Danish Central Bank. The current LCR calculation is based on a temporary approach defined by the DFSA. As the Bank is a SIFI, Danish regulation requires that it satisfies an LCR of 100 percent from October 1, 2015. As at June 30, 2015, the Bank's LCR was 130 percent, as compared to 129 percent as at December 31, 2014.

***Liquidity Stress Testing***

The Group conducts stress tests to measure its immediate liquidity risk and to ensure that it has sufficient time to respond to potential crises. 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 activities continue and require funding. The degree of possible refinancing of the Group's funding varies depending on the scenario in question, as well as on the specific funding source. To assess the stability of the funding, the Group considers maturity and makes behavioral assumptions. In the scenarios, the liquidity reserve is used to cover the cash outflows. Scenario-specific haircuts are applied to the bond portfolio.

The Group monitors the diversification of its funding sources by product, currency, maturity and counterparty to ensure that its funding base provides the best possible protection even if financial markets come under pressure.

***Twelve-month Liquidity***

The Group also analyses the survival horizon if it does not have access to funding markets. The market-reliance analysis assumes the following:

- the Group is cut off from capital markets, and refinancing in the markets is not possible. That is, deposits from credit institutions, certificates of deposit and commercial paper, covered bonds, senior unsecured medium-term notes and subordinated debt (as applicable) will not be refinanced at maturity;
- most of the stable deposit base will remain available as a funding source, while some unstable deposits will run off;
- a moderate reduction in business activities will take place; and
- off-balance-sheet items are included until their actual maturity dates.

Based on the above and certain other assumptions, stress tests show that the Group's liquidity reserve is sufficiently large to close any liquidity gap if all capital markets are closed and refinancing is impossible. The Group monitors its liquidity reserve continually to ensure a survival period of at least 12 months in this scenario.

### *Funding Sources*

The Group monitors its funding mix to ensure that it is well-diversified in terms of funding sources, maturities and currencies. The following tables set forth the breakdown of funding sources by type of liability and currency, excluding funding in the form of bonds issued by Realkredit Danmark, as at the dates indicated:

| | As at December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | | (percent) | |
| **Funding sources by type of liability** | | | |
| Central banks/credit institutions | 7 | 7 | 12 |
| Repo transactions | 21 | 18 | 18 |
| Short-term bonds | 1 | 1 | 2 |
| Long-term bonds | 5 | 6 | 6 |
| Other covered bonds | 11 | 11 | 11 |
| Deposits (business) | 23 | 25 | 22 |
| Deposits (personal) | 20 | 21 | 19 |
| Subordinated debt | 2 | 3 | 3 |
| Shareholders' equity | 8 | 8 | 7 |
| Total | 100 | 100 | 100 |

| | As at December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | | (percent) | |
| **Funding sources by currency** | | | |
| DKK | 32 | 33 | 34 |
| EUR | 39 | 35 | 37 |
| USD | 6 | 8 | 8 |
| SEK | 9 | 10 | 8 |
| GBP | 6 | 5 | 5 |
| CHF | 1 | 2 | 1 |
| NOK | 6 | 6 | 6 |
| Other | 1 | 1 | 1 |
| Total | 100 | 100 | 100 |

## Operational Risk

The Group is exposed to operational risk in the form of possible losses resulting from inadequate internal processes, human or system errors, or external events. Operational risk includes legal risk.

Operational risk can often be 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. Operational risk is thus non-financial risk.

In accordance with its definition of operational risk, the Group's risk appetite and tolerance for operational risk are set forth in four risk appetite statements, including operational risk thresholds, for the following areas: processes, people, systems and external events.

The Group's operational risk management process involves a structured and uniform approach across the Group. It includes risk identification; risk assessments; and the monitoring of risk indicators, the control environment and risk mitigation plans for key operational risks in accordance with its risk appetite.

In its qualitative approach to operational risk management, the Group has chosen to include the likelihood, consequence and reputational effects of an event and the adequacy of key internal controls in its assessment of whether a given operational risk event may materially affect the Group. This approach improves the basis for assigning priority to the key risks identified.

As at December 31, 2014, operational risks accounted for 8.6 percent of the Group's total REA. In 2014, the Group focused on the adequacy of key controls to mitigate Group-wide operational risks and risk indicators, and also continued to expand day-to-day operational risk management in all subsidiaries, business units and support functions.

The CRO is the chairman of the Operational Risk Committee. The Committee's general responsibilities are, on behalf of the Executive Board, to set the direction for the Group-wide operational risk management framework and to oversee the implementation of that framework. The Board of Directors is involved in important decisions about operational risks, including approving the Operational Risk Policy and the operational risk appetite and receiving notification of significant operational losses. The Board of Directors receives reporting on the Group's operational risk profile at least once a year.

Each subsidiary, business unit and support function is responsible for the day-to-day monitoring of its operational risks and for reducing and preventing losses caused by operational risks.

## Insurance Risk

### *General*

Insurance risk at Danica Group is related mainly to life insurance and pension products and, to a lesser extent, to insurance against critical illness and health insurance. Most of the risk on life insurance and pension products derives from with-profits policies in Denmark. Unit-linked policies in Denmark, Sweden and Norway account for a smaller share.

### *Market Risk*

Market risk involves the risk of losses on assets in which the shareholders' equity of Danica Group is invested and the risk of losses on policies with guaranteed benefits because the fair value of assets and liabilities allocated to these contracts changes. 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.

*With-profits Business*

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. Interest rate risk that is not covered by the bond portfolio is hedged by means of financial derivatives.

As at December 31, 2014, approximately 72 percent of the bond portfolio consisted of government and mortgage bonds of high quality (AA to AAA ratings from the international rating agencies) or unrated mortgage bonds whose issuers have similarly high ratings. Only 10 percent of the portfolio was invested in non-investment grade bonds. This risk is hedged and managed in the same way as equity market risk is managed.

Concentration risk and counterparty credit risk are limited because of internal investment restrictions and the use of collateral agreements for financial derivatives. Most bonds in Danica Group's portfolio are denominated in Danish Kroner and in euro, and almost all currency risk is hedged, except for the euro.

Early transfer or surrender by policyholders may force Danica Group to sell some of its funds, and thus expose Danica Group to the risk of low sale prices. Danica Group reduces this liquidity risk by investing a large part of its funds in liquid bonds and shares.

Danica Group's liabilities are calculated by discounting expected cash flows at a rate defined by the DFSA. The discount yield curve includes the following constituents: the euro swap curve, a 250-day moving average of the Danish-German government yield spread, and a Danish mortgage bond spread. It is not possible to hedge the liabilities without a significant element of basis risk.

Since the Danish bond market is not large enough and does not have the necessary duration, to hedge the liabilities, Danica Group must also invest in non-Danish fixed-income instruments. The bond portfolio, therefore, consists of a broad range of fixed-income assets: Danish and other European government bonds, Danish mortgage bonds, Danish index-linked bonds and a diversified portfolio of global credit bonds. As a result, Danica Group is exposed to, among other things, changes in yield spreads between other European government bonds and euro-swap rates.

*Unit-linked Business*

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, consisting mainly of Danica Balance policies, policyholders have an investment guarantee. The guarantees do not apply until the time of retirement and are paid for by an annual fee. Danica Group manages the risk on these guarantees in Danica Balance by adjusting the allocation of equities and alternative investments in the individual policies. The adjustments are made with the goal of ensuring that the investments can withstand a substantial decline in equities and alternative investments without bringing the guarantee into the money. 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's Own Investments*

In addition to market risk to which policyholders' savings are exposed, Danica Group's own investments are also exposed to market risk, as are investments related to health and accident insurance. Danica Group's board of directors has set a separate investment strategy for Danica Group's own investments, which are made primarily in short-term Danish bonds.

Since their benefits are similar, investments related to health and accident insurance follow essentially the same investment strategy as the one used for customers' funds allocated to with-profits policies.

***Life Insurance Risks***

Life insurance risks are linked to longevity, mortality, disability, critical 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 factor for Danica Group.

Danica Group subjects its life insurance risks to ongoing actuarial assessment in order to calculate insurance liabilities and make relevant business adjustments. For life insurance policies, Danica Group calculates the insurance liabilities according to expected mortality rates based on empirical data from its insurance portfolio. The rates reflect a possible increase in life expectancy in the future and a safety margin to cover uncertainty about expected mortality.

For health and personal accident policies, Danica Group calculates insurance liabilities on the basis of expectations for future recoveries and re-openings of old claims. The expectations are based on empirical data from Danica Group's insurance portfolio.

To mitigate life insurance risk, Danica Group uses reinsurance for large individual policy exposures and the risk of losses due to disasters.

***Operational Risks***

Danica Group manages operational risk through internal controls and standard operating procedures that are updated regularly to reflect the then-current business environment. Danica Group systematically reviews its business areas to minimize the risk of financial losses due to sanctions, claims and reputational damage resulting from non-compliance with legislation, rules and standards. Danica Group closely monitors the competition in all relevant markets to ensure that its prices are competitive and customers are satisfied. Danica Group also monitors model risk by comparing model results with actual market results on an ongoing basis.

***Sensitivity Analysis***

The sensitivity indicators show the effect of separate changes in interest rates, equity prices, real property prices and actuarial assumptions on the collective bonus potential, the bonus potential of paid-up policies and shareholders' equity. If the bonus potential is insufficient to cover policyholders' share of the effect, the shortfall will be covered by funds allocated from shareholders' equity.

The following tables set forth the effect on Danica Group's total capital, as well as on the collective bonus potential and the bonus potential of paid-up policies (the capital buffer), caused by each of the stress tests in the so-called "red traffic light" scenario (bond spread risk and risks posed by changes in mortality and disability are not part of the scenario but are shown as supplementary information) as at the dates indicated:

| | As at December 31, 2014 | | | |
|---|---|---|---|---|
| | **Change in collective bonus potential** | **Change in bonus potential of paid-up policies** | **Change in total capital** | **Total** |
| | (DKK in billions) | | | |
| Interest rate increase of 0.7 of a percentage point | 0.1 | 1.6 | (0.1) | 1.6 |
| Interest rate decrease of 0.7 of a percentage point | 1.9 | (0.1) | 0.0 | 1.8 |
| Decline in equity prices of 12 percent | (1.3) | (0.5) | (0.1) | (1.9) |
| Decline in property prices of 8 percent | (1.3) | 0.0 | (0.3) | (1.6) |
| Foreign exchange risk (VaR 99.0 percent) | (0.3) | 0.0 | 0.0 | (0.3) |
| Loss on counterparties of 8 percent | (1.3) | (0.1) | (0.3) | (1.7) |
| Decrease in mortality of 10 percent | (1.0) | 0.0 | (1.0) | (2.0) |
| Increase in mortality of 10 percent | 1.8 | 0.0 | 0.0 | 1.8 |
| Increase in disability of 10 percent | (0.1) | 0.0 | 0.0 | (0.1) |

| | As at December 31, 2013 | | | |
|---|---|---|---|---|
| | Change in collective bonus potential | Change in bonus potential of paid-up policies | Change in total capital | Total |
| | (DKK in billions) | | | |
| Interest rate increase of 0.7 of a percentage point | (0.1) | 2.8 | (0.2) | 2.5 |
| Interest rate decrease of 0.7 of a percentage point | 0.8 | (2.6) | 0.1 | (1.7) |
| Decline in equity prices of 12 percent | (0.6) | (0.7) | (0.6) | (1.9) |
| Decline in property prices of 8 percent | (0.5) | (0.2) | (0.8) | (1.5) |
| Foreign exchange risk (VaR 99.0 percent) | (0.2) | (0.1) | (0.2) | (0.5) |
| Loss on counterparties of 8 percent | (0.5) | (0.4) | (1.0) | (1.9) |
| Decrease in mortality of 10 percent | (0.2) | (0.2) | (1.4) | (1.8) |
| Increase in mortality of 10 percent | 1.5 | 0.1 | 0.0 | 1.6 |
| Increase in disability of 10 percent | 0.0 | 0.0 | 0.0 | 0.0 |

| | As at December 31, 2012 | | | |
|---|---|---|---|---|
| | Change in collective bonus potential | Change in bonus potential of paid-up policies | Change in total capital | Total |
| | (DKK in billions) | | | |
| Interest rate increase of 0.7 of a percentage point | (0.3) | (1.4) | (0.9) | (2.6) |
| Interest rate decrease of 0.7 of a percentage point | (0.6) | (0.1) | (1.8) | (2.5) |
| Decline in equity prices of 12 percent | (0.3) | (1.1) | (0.4) | (1.8) |
| Decline in property prices of 8 percent | (0.2) | (0.4) | (0.8) | (1.4) |
| Foreign exchange risk (VaR 99.0 percent) | (0.2) | (0.2) | (0.2) | (0.6) |
| Loss on counterparties of 8 percent | (0.3) | (0.7) | (1.1) | (2.1) |
| Increase in credit spreads of 1.0 percentage point | (0.3) | (0.5) | (0.5) | (1.3) |
| Decrease in mortality of 10 percent | (0.2) | (0.1) | (1.6) | (1.9) |
| Increase in mortality of 10 percent | 1.7 | – | – | 1.7 |
| Increase in disability of 10 percent | – | – | (0.1) | (0.1) |

## Pension Risk

Pension risk arises because of the Group's liability for defined benefit pension plans for current and former employees.

Most of the Group's pension plans are defined contribution plans under which the Group pays contributions to insurance companies, including Danica Group. Such payments are expensed regularly. The Group has, to a minor extent, entered into defined benefit pension plans. Under defined benefit pension plans, the Group is under an obligation to pay defined future benefits from the time of retirement. Defined benefit plans are typically funded by ordinary contributions made by employers and employees to separate pension funds investing the contributions on behalf of the members to fund future pension obligations.

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.

As at June 30, 2015, the Group's IFRS aggregate net pension obligation was a net pension asset of DKK 1,810 million, as compared to a net pension asset of DKK 1,412 million as at December 31, 2014, and a net pension asset of DKK 1,048 million as at December 31, 2013. The development in the Group's net pension obligation during the periods under review generally reflected lower bond yields (which are used as a discount rate when calculating the net present value of future pension payments), which caused an increase in gross pension liabilities, but this increase was more than offset by an increase in plan assets.

Due to prudential requirements, the Group's net pension asset has been reduced for solvency purposes in the CET1 capital. Pension risk is covered by the Group's ICAAP in its solvency need calculations and is measured by VaR calculated at a confidence level of 99.9 percent and a one-year time horizon.

Defined benefit plans in Northern Ireland and Ireland account for most of the Group's obligations under such plans, but the Group also has a small number of defined benefit plans in Denmark and Sweden. All plans have been closed to new members with existing members still accruing benefits in some of the plans.

More than half of the Group's pension obligations are attributable to the Danske Bank Northern Ireland pension plan. This plan was closed to new members in 2004 and all new hires have since been enrolled in a defined contribution plan. Following the outcome of a comprehensive review of pension benefits carried out by the Group during 2007, the defined benefit pension plan was subject to a number of benefit changes, including a change in the future accrual basis from final salary to career average. The plan was again subject to a plan change in 2012 whereby the basis of pension increases was amended.

In April 2015, the Danske Bank Northern Ireland pension plan entered into a bulk annuity buy-in policy with UK insurer Prudential Retirement Income Limited ("**PRIL**"). Under the policy, PRIL will pay a monthly income to the plan to cover all future pension payments in respect of most of the plan's current pensioners (and pensioner-dependents). A buy-in policy is purchased as an investment in a similar way to bonds and equities, but provides a greater level of risk reduction for the plan as certain risks previously faced by the plan (including changes in life expectancy, inflation rates and investment risks) will be covered by the insurance company. The policy with PRIL is fully collateralized through a ring-fenced pool of assets held with an independent third party custodian and which PRIL needs to maintain at agreed levels during the life of the policy.

Future benefit accruals under the Danske Bank Ireland plan were stopped in 2010 as all staff was transferred to a so-called "cash balance" plan. The Danske Bank Ireland plan had been closed to new entrants since 2008. The cash balance plan can be thought of as a defined contribution plan with defined investment returns. Employer and employee contributions are invested on behalf of each member and the investment return is guaranteed at the outset.

The Group's Swedish defined benefit plan was closed to new members in 2013 and replaced by a collectively negotiated defined contribution pension plan established by the Swedish banking association and the employees' union. Employees had previously been eligible to join a "hybrid" defined benefit plan in which benefits accrue on a final-salary basis up to a certain level of earnings and on a defined contribution basis above this level.

The Danish pension obligations reflect a number of plans that have been closed to new members for many years. Because of the maturity of the plans, pensioners account for the vast majority of plan members.

Due to the complexity of the pension obligations and in particular the special governance structure of the pension funds, the Group does not use its normal limit structure when monitoring pension risk. Instead, it manages market risk on pension plans according to special follow-up and monitoring principles called "business objectives" which sets out specific thresholds for the acceptable levels of risk exposure in terms of VaR.

The Group minimizes pension risk by matching expected future pension obligations with the return on plan assets, that is, predominantly bonds. Another key element of the Group's risk management strategy is to use derivative instruments to mitigate interest rate risk.

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 2014 | Effect 2013 | Effect 2012 |
|---|---|---|---|---|
| | | | (DKK in millions) | |
| Equity prices | –20 percent | (1,137) | (1,268) | (1,108) |
| Interest rates | +1/–1 percent | 681/(380) | 1,076/(788) | 1,198/(959) |
| Life expectancy | + 1 year | (563) | (458) | (446) |

## Business Risk

Business risk is the risk that income will not be able to 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. Unexpected losses arising from other risk types are already covered by capital allocated for credit, market and operational risks. This is known as the "absolute loss" approach.

The method used to calculate economic capital for the Group's business risk takes place in two stages. First, the quarterly earnings before credit, market, and operational losses over the past five years are used to estimate 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.

When the Group's earnings are stressed according to this method, the result is still positive, and no capital is required for business risk. The Group has, nevertheless, allocated DKK 3 billion (based on June 30, 2015 numbers) for business risk to reflect the uncertainty of the current macroeconomic situation.

# DESCRIPTION OF THE GROUP

## Overview

The Group is the leading financial service provider in Denmark (source: *Finansrådet* (Danish Bankers' Association)) – and one of the largest in the Nordic region – measured by total assets as at June 30, 2015. The Group offers its customers in Denmark and in its other markets a broad range of services that, depending on the market, include services in banking, mortgage finance, insurance, trading, leasing, real estate agency and investment management. The Group has a leading market position in Denmark and is one of the larger banks in Finland and Northern Ireland. The Group also has significant operations in its other main markets of Sweden and Norway. As at June 30, 2015 the Group's total assets amounted to DKK 3,452.2 billion and the Group employed 18,874 full-time equivalent employees. As at the same date, the Group had approximately 3.6 million customers and approximately 2.2 million customers used the Group's online services. The Group had 313 branches as at June 30, 2015.

The Bank is the parent company of the Group. Danske Bank is a Nordic universal bank, and its core markets are Denmark, Sweden, Norway and Finland (through its subsidiary). In these countries, it serves all types of customers, from personal customers and businesses to large institutional clients. In Denmark and Finland, it has market-leading positions, while in Sweden and Norway, it has challenger positions. It also operates in Northern Ireland, Estonia, Latvia and Lithuania, where it serves both personal and business customers, focusing on business banking in the Baltic countries. The Group has additional offices in several other European countries including a subsidiary in Luxembourg and branch offices in Poland, Germany and the UK, 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 New York and has a subsidiary in St. Petersburg 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 Commerce and Companies Agency.

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 known as Danske Bank Plc), 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.

## Group Strategy and Mission

The Group's vision is to be "recognized as the most trusted financial partner." The Group's core values are expertise, integrity, value, agility and collaboration. The Group aims to meet and interact with its customers allowing them seamless navigation and connectivity regardless of time or place. As reflected in the Group's corporate responsibility policy, the Group strives to conduct business on the basis of customers' needs in a profitable and sustainable manner.

The Group focuses on strengthening relationships with customers and creating a simpler and more efficient financial institution. For example, the Group aims to create innovative solutions to meet its customers' demand for digital solutions, and constantly offer new solutions and features that enhance the easy banking experience.

The Group's IT strategy is a fundamental prerequisite for the Group's ability to develop dynamically and maintain its position as Denmark's leading financial services provider and as a key financial player in the Nordic region.

## Business Units

With effect from June 1, 2012, the Group created a new organization structured around three main business units: Personal Banking, Business Banking and C&I. These three business units operate across all of the Group's geographical markets. The Group's business units also include Danske Capital, Danica Pension, Other Activities and Non-core. Since

January 1, 2013, the new structure has been reflected in the Group's financial reporting. As of January 1, 2016, Danske Bank in Northern Ireland will be disclosed as a separate business unit.

The following table sets forth certain information regarding the business units of the Group as at the dates and for the periods indicated:

| | As at and for the six months ended June 30, 2015 | | As at and for the year ended December 31, 2014 | |
|---|---|---|---|---|
| | Total assets | Profit before tax | Total assets | Profit before tax |
| | (DKK in billions) | (DKK in millions) | (DKK in billions) | (DKK in millions) |
| Personal Banking | 1,036.5 | 2,619 | 995.0 | (891)[2] |
| Business Banking | 842.9 | 3,950 | 804.5 | 2,174 |
| C&I | 3,745.2 | 3,199 | 4,400.6 | 4,135 |
| Danske Capital | 11.9 | 671 | 18.8 | 1,406 |
| Danica Pension | 371.3 | 1,110 | 365.2 | 2,362 |
| Other Activities[1] | 2,012.2 | 774 | 1,860.6 | 345 |
| Non-core | 16.0 | 30 | 24.7 | (1,503) |
| Eliminations[1] | (4,583.9) | (177) | (5,016.5) | (196) |
| Group total | 3,452.2 | 12,176 | 3,453.0 | 7,835 |

(1) "Other Activities" includes Group Treasury, Group IT and Group Services. In the reporting of the business unit "Other Activities," the income statement includes the effects of the eliminations.
(2) Personal Banking's loss before tax of DKK 891 million was due to goodwill write-down.

### *Personal Banking*

Personal Banking serves personal and private banking customers through a network of branches, finance centers, contact centers, online channels and mobile solutions. Personal Banking offers a wide range of financial products and services within banking, mortgage financing, leasing, insurance and pensions. The Personal Banking business unit encompasses operations in Denmark, Sweden, Norway, Finland, Northern Ireland and Luxembourg. As at June 30, 2015, the Personal Banking business unit had 6,695 full-time equivalent employees.

### *Business Banking*

Business Banking serves business customers, primarily SMEs and mid-sized customers, through a network of finance centers, business centers, contact centers, online channels and mobile solutions. Business Banking offers leading solutions in such fields as online banking, financing, leasing, cash management and risk management. The unit is structured across four regional Danish divisions, business customers in Finland, Sweden, Norway, Northern Ireland and the Baltics, as well as a Specialist Products division. As at June 30, 2015, the Business Banking business unit had 3,065 full-time equivalent employees.

### *Corporates & Institutions*

C&I is a leading provider of wholesale banking services for the largest institutional and corporate clients in the Nordic region. Products and services include cash management, trade finance and custody services; equity, bond, foreign exchange and derivatives products; and corporate and acquisition finance. Wholesale banking services are provided to the largest institutional and corporate customers in the Nordic region. Institutional banking includes services provided to international financial institutions outside the Nordic region. As at June 30, 2015, the C&I business unit had 1,832 full-time equivalent employees.

### *Danske Capital*

Danske Capital develops and sells asset management solutions and wealth management products and services that are marketed through Personal Banking and directly to businesses, institutional clients and external distributors. Danske Capital also supports the advisory and asset management activities of Personal Banking. As at June 30, 2015, the Danske Capital business unit had 514 full-time equivalent employees and was represented in Denmark, Sweden, Norway, Finland, Estonia, Lithuania and Luxembourg. As at June 30, 2015, the assets managed by Danske Capital amounted to DKK 803 billion.

### *Danica Pension*

The Group's insurance activities comprise conventional life insurance, unit-linked insurance and personal accident insurance. Danica Pension targets both personal and business customers. Its products are marketed through a range of distribution channels within the Group, primarily Personal Banking and Danica Pension's own agents and advisers. Danica Pension sells three market-based product groups: Danica Balance, Danica Link and Danica Select. Products in these groups allow customers to select their own investment profiles, and the return on savings depends on market trends. Danica Pension also sells Danica Traditionel, a product that does not offer individual investment profiles and for which Danica Pension sets the rate of interest on policyholders' savings. As at June 30, 2015, Danica Pension's total investment assets (customer funds) amounted to DKK 320 billion, including assets related to unit-link investment contracts (assets managed on behalf of policyholders) amounting to DKK 44 billion. As at June 30, 2015, the Danica Pension business unit had 756 full-time equivalent employees.

***Non-core***

The Non-core business unit is responsible for the controlled winding-up of the loan portfolio that is no longer considered part of the Group's core activities. On January 1, 2014, all Irish customers in Business Banking and Personal Banking were transferred to the Non-core Ireland portfolio, which in addition to these customers, consists mainly of loans to commercial property customers in Ireland. On January 1, 2015, all personal banking customers in the Baltic countries were transferred to the Non-core business unit. The remainder of the Non-core business unit's exposure is to special purpose vehicles and conduits administered by the Group's London office. The Group aims to wind up or divest these exposures.

***Other Activities***

Other Activities consists of the following Group resource and service functions: Group Risk Management; the CFO area (including Group Treasury); Group HR; Group Marketing and Communications; COO Office and the Group Executive Office. These service areas support the main business units, performing tasks that span various customer groups and markets.

**Products and Services**

The Group offers advisory services and a broad range of financial products and services in the fields of banking, mortgage financing, insurance and pensions, trading, real estate agency, leasing and investment management.

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, life insurance and pensions 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 pension, the Group offers both private and corporate customers a wide range of investment and insurance products and services.

**Distribution Channels**

As at June 30, 2015, the Group served approximately 3.6 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 June 30, 2015, the Group had 313 branches, including 133 in Denmark, 38 in Sweden, 32 in Norway, 45 in Finland, 46 in Northern Ireland and 19 in the Baltics (seven in Estonia, one in Latvia and 11 in Lithuania).

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 of June 30, 2015, approximately 2.2 million customers used the Group's online services and approximately 61 percent of the Group's eBanking customers 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.

The following table sets forth a geographic breakdown of the estimated GDP growth in 2015 in the main countries in which the Group operates together with the Group's total lending and deposits in those countries, as well as the market share of total lending and deposits such amounts represent for the periods indicated:

| | Lending | | | Lending market share[(1)] | | | Deposits | | | Deposits market share[(1)] | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| | (DKK in billions) | | | (percent) | | | (DKK in billions) | | | (percent) | | |
| Denmark | 912 | 911 | 953 | 26.5 | 26.9 | 26.6 | 277 | 283 | 292 | 27.1 | 27.6 | 29.1 |
| Sweden | 169 | 175 | 184 | 4.9 | 4.8 | 5.2 | 67 | 79 | 78 | 4.2 | 4.7 | 4.6 |
| Norway | 124 | 120 | 141 | 4.6 | 4.4 | 4.9 | 65 | 70 | 68 | 5.1 | 5.8 | 5.0 |
| Finland | 141 | 142 | 152 | 9.8 | 10.3 | 11.3 | 92 | 92 | 101 | 11.9 | 12.2 | 11.2 |
| Northern Ireland[(2)] | 51 | 49 | 46 | – | – | – | 57 | 53 | 51 | – | – | – |
| Estonia | 9 | 8 | 8 | 7.5 | 7.2 | 7.6 | 14 | 13 | 13 | 12.9 | 13.1 | 13.7 |
| Latvia | 2 | 2 | 2 | 2.3 | 1.8 | 1.5 | 2 | 2 | 1 | 1.6 | 1.2 | 1.3 |
| Lithuania | 7 | 7 | 7 | 6.1 | 6.2 | 6.2 | 9 | 7 | 6 | 6.9 | 7.9 | 5.9 |
| Other | 141 | 138 | 181 | | | | 180 | 193 | 178 | | | |
| Total | 1,564 | 1,552 | 1,674 | | | | 763 | 792 | 789 | | | |

(1) Market share information is based on data reported to the local central banks (Denmark: market shares for lending and deposits exclude mortgage loans (Realkredit Danmark), but include repos; Sweden, Norway and Finland: market shares for lending and deposits include repos; Northern Ireland: market shares are not calculated the same way as for other markets as there is no central bank for Northern Ireland alone and, therefore, includes the entire United Kingdom).

(2) All market information on Northern Ireland includes the entire United Kingdom.

### *Denmark*

In the first quarter of 2015, Denmark and its EUR/DKK peg attracted a high degree of attention at the start of the year 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. The recovery in the Danish economy continued for the seventh consecutive quarter supported by low oil prices, record-low interest rates and the significant weakening of the Danish Kroner. The improvement in the labor market continued while the housing market was stimulated by the low interest rates. As at June 30, 2015, the Group's market share of lending in Denmark, excluding mortgage loans, was 26.3 percent, while its share of deposits was 28.7 percent.

The Danish economy experienced slow, modest growth throughout 2014, which was the first full year of positive economic growth since 2011. Growth was driven by slowly increasing domestic demand. Employment rose gradually as well, and house prices continued the positive trend of the previous years. Domestic growth and the housing market in particular were stimulated by very low interest rates. Export growth was limited by slow growth in Europe. Agricultural exports in particular were adversely affected by the economic sanctions between Russia and the EU. As at December 31, 2014, the Group's market share of lending in Denmark, excluding mortgage loans, was 26.5 percent, while its share of deposits was 27.1 percent.

The Danish economy contracted from 2012 to 2013 but picked up in the second half of 2013 as GDP rose in the third and fourth quarters. Growth in the second half of 2013 was supported by modest economic growth in the EU. Employment began to recover slightly while house prices continued to increase modestly. As at December 31, 2013, the Group's market share of lending in Denmark, excluding mortgage loans, was 26.9 percent, while its share of deposits was 27.6 percent.

Of the economies in the Nordic region, Denmark suffered the most from the financial crisis that began in 2008. The difficulties continued in 2012, when the Danish economy contracted as a result of the European debt crisis. Denmark is a small open economy with a fixed exchange rate system, which means that the Danish business cycle typically tracks the European business cycle. House prices began to recover in the second half of 2012. As at December 31, 2012, the Group's market share of lending in Denmark, including mortgage loans, was 26.6 percent, while its share of deposits was 29.1 percent.

The following table sets forth percentage changes for certain key economic indicators for Denmark for the periods indicated:

| | For the three months ended March 31, 2015 | For the year ended December 31, | | |
|---|---|---|---|---|
| | | 2014 | 2013 | 2012 |
| | (annual growth, percent) | | | |
| GDP | 1.7 | 1.1 | (0.5) | (0.7) |
| Private consumption | 2.8 | 0.8 | 0.0 | 0.4 |
| Government consumption | 1.2 | 0.2 | (0.5) | (0.2) |
| Gross fixed investments | 1.1 | 4.0 | 0.9 | 0.6 |
| Exports | 1.5 | 2.6 | 0.8 | 0.1 |
| Imports | 0.9 | 3.8 | 1.5 | 0.9 |

*Source: Statistics Denmark, Danske Bank Research.*

The following table sets forth certain additional economic indicators for Denmark for the periods indicated:

| | For the three months ended March 31, 2015 | For the year ended December 31, | | |
|---|---|---|---|---|
| | | 2014 | 2013 | 2012 |
| | | (percent) | | |
| Inflation, CPI[(1)] | 0.3 | 0.6 | 0.8 | 2.4 |
| Unemployment rate | 4.8 | 5.1 | 5.8 | 6.1 |
| General government budget balance, as percentage of GDP | n/a | 1.8 | (1.1) | (3.7) |
| Current account (4Q sum), as percentage of GDP | 6.8 | 6.3 | 7.2 | 5.6 |

*Source:* *Statistics Denmark, Danske Bank Research.*
(1) Consumer price index.

***Sweden***

In the first quarter of 2015, Sweden attracted a lot of attention. While 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 prices increased, stimulated by the low interest rates. As at June 30, 2015, the Group's market share of lending in Sweden, including mortgage loans, was 4.9 percent, while its share of deposits was 3.9 percent.

In Sweden, growth picked up further in 2014, mainly because of domestic demand driven by record-low interest rates. The record-low interest rates also stimulated the housing market further and house prices reached a record-high level. The higher house prices and increased household debt prompted the Swedish central bank and the Swedish Financial Supervisory Authority to intensify their effort to redress macroeconomic imbalances. Following two cuts of the repo rate by the Swedish central bank in 2014, reflecting the growing fear that it would not fulfill its inflation target, the repo rate was 0 percent at the end of the year. As at December 31, 2014, the Group's market share of lending in Sweden, including mortgage loans, was 4.9 percent, while its share of deposits was 4.2 percent.

Swedish growth picked up in 2013, driven mainly by private and government consumption, although growth remained below the longer-term trend. House prices increased supported by the lower interest rates. The Swedish central bank lowered its repo rate one time in 2013. As at December 31, 2013, the Group's market share of lending in Sweden, including mortgage loans, was 4.8 percent, while its share of deposits was 4.7 percent.

Sweden is a small economy with a floating exchange rate and an inflation targeting central bank. The Swedish economy emerged from the financial crisis successfully in 2010 with real GDP at pre-crisis levels, but it became clear in 2012 that the European debt crisis was also affecting Sweden as GDP growth was slightly negative in 2012. As at December 31, 2012, the Group's market share of lending in Sweden, including mortgage loans, was 5.2 percent, while its share of deposits was 4.6 percent.

The following table sets forth percentage changes for certain key economic indicators for Sweden for the periods indicated:

| | For the three months ended March 31, 2015 | For the year ended December 31, | | |
|---|---|---|---|---|
| | | 2014 | 2013 | 2012 |
| | | (annual growth, percent) | | |
| GDP | 2.6 | 2.3 | 1.3 | (0.3) |
| Private consumption | 2.0 | 2.4 | 1.9 | 0.8 |
| Government consumption | 2.3 | 1.9 | 0.7 | 1.1 |
| Gross fixed investments | 5.2 | 7.4 | (0.4) | (0.2) |
| Exports | 3.6 | 3.3 | (0.2) | 1.0 |
| Imports | 4.7 | 6.6 | (0.7) | 0.5 |

*Source:* *Statistics Sweden, Danske Bank Research.*

The following table sets forth certain additional economic indicators for Sweden for the periods indicated:

| | For the three months ended March 31, 2015 | For the year ended December 31, | | |
|---|---|---|---|---|
| | | 2014 | 2013 | 2012 |
| | | (percent) | | |
| Inflation, CPI[(1)] | 0.0 | (0.2) | 0.0 | 0.9 |
| Unemployment | 7.8 | 7.9 | 8.0 | 8.0 |
| General government budget balance, as percentage of GDP | n/a | (1.9) | (1.4) | (0.9) |
| Current account (4Q sum), as percentage of GDP | 7.1 | 6.8 | 7.3 | 6.6 |

*Source:* *Statistics Sweden, Danske Bank Research.*
(1) Consumer price index.

*Norway*

In the first quarter of 2015, the decline in oil investments began to have a clear adverse impact on the Norwegian economy. This was, however, still partly offset through exports supported by the weaker Norwegian Kroner. The housing market remained tight supported by even lower interest rates. As at June 30, 2015, the Group's market share of lending in Norway, including mortgage loans, was 5.2 percent, while its share of deposits was 5.2 percent.

In 2014, the Norwegian economy remained strong, but the significant drop in oil prices in the second half of 2014 made Norway more vulnerable. Exports were supported by the weakening of the Norwegian Kroner. The housing market recovered from the small downturn in 2013, supported by low interest rates. As at December 31, 2014, the Group's market share of lending in Norway, including mortgage loans, was 4.6 percent, while its share of deposits was 5.1 percent.

In 2013, the Norwegian mainland economy remained strong despite a lackluster housing market, but total GDP growth slowed markedly because of lower oil production. As at December 31, 2013, the Group's market share of lending in Norway, including mortgage loans, was 4.4 percent, while its share of deposits was 5.8 percent.

Norway is a small economy with a floating exchange rate and an inflation targeting central bank. The Norwegian economy recovered quickly from the financial crisis. In 2012, the Norwegian mainland economy expanded due to strong domestic demand. As at December 31, 2012, the Group's market share of lending in Norway, including mortgage loans, was 4.9 percent, while its share of deposits was 5.0 percent.

The following table sets forth percentage changes for certain key economic indicators for Norway for the periods indicated:

| | For the three months ended March 31, 2015 | For the year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|---|
| | (annual growth, percent) | | | |
| GDP (mainland) | 1.3 | 2.2 | 2.3 | 3.8 |
| Private consumption | 3.5 | 1.9 | 2.1 | 3.5 |
| Government consumption | 2.0 | 2.7 | 1.7 | 1.6 |
| Gross fixed investments (total) | (3.3) | 0.6 | 6.8 | 7.6 |
| Exports | 2.3 | 2.7 | (3.0) | 1.4 |
| Imports | 7.6 | 1.9 | 4.3 | 3.1 |

*Source: Statistics Norway, Danske Bank Research.*

The following table sets forth certain additional economic indicators for Norway for the periods indicated:

| | For the three months ended March 31, 2015 | For the year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|---|
| | (percent) | | | |
| Inflation, CPI[1] | 2.0 | 2.0 | 2.1 | 0.8 |
| Unemployment | 4.3 | 3.5 | 3.5 | 3.2 |
| General government budget balance, as percentage of GDP | n/a | 4.8 | 7.4 | 9.9 |
| Current account (4Q sum), as percentage of GDP | 8.4 | 9.4 | 10.0 | 12.4 |

*Source: Statistics Norway, Danske Bank Research.*

(1) Consumer price index.

For further information about the Group's main markets, see "*Operating and Financial Review and Prospects—Primary Factors Affecting the Group's Results of Operations*."

***Finland***

In the first quarter of 2015, the Finnish economy experienced no growth. While investments remained weak, private consumption surprised on the upside. The Finnish economy still struggled with both cyclical and structural problems. Certain signs that the situation in the housing market was stabilizing emerged. Unemployment increased further. As at June 30, 2015, the Group's market share of lending in Finland, including mortgage loans, was 9.8 percent, while its share of deposits was 13.6 percent.

The Finnish economy contracted for the third successive year in 2014 as the Finnish economy was affected negatively by the economic sanctions between Russia and the EU. The sanctions and the Russian recession affected the Finnish economy more relative to other European countries as Russia is one of the largest export markets for Finnish companies. Domestic demand also remained subdued in Finland. Private consumption increased but this was offset by lower exports and investments. House prices declined and unemployment rose. As at December 31, 2014, the Group's market share of lending in Finland, including mortgage loans, was 9.8 percent, while its share of deposits was 11.9 percent.

In 2013, the Finnish economy contracted again because of weak domestic demand. Both private consumption and gross fixed capital formation declined. Housing prices increased, driven by the development in Helsinki. As at December 31, 2013, the Group's market share of lending in Finland, including mortgage loans, was 10.3 percent, while its share of deposits was 12.2 percent.

Finland is a small open economy and is a member of the eurozone. In 2012, Finland was adversely affected by the effects of the European debt crisis and by the downscaling of the Nokia Corporation's operations. Investments declined while growth in exports was low compared to previous years. As at December 31, 2012, the Group's market share of lending in Finland, including mortgage loans, was 11.3 percent, while its share of deposits was 11.2 percent.

The following table sets forth percentage changes for certain key economic indicators for Finland for the periods indicated:

| | **For the three months ended March 31, 2015** | **For the year ended December 31,** | | |
|---|---|---|---|---|
| | | **2014** | **2013** | **2012** |
| | | **(annual growth, percent)** | | |
| GDP | 0.0 | (0.4) | (1.1) | (1.4) |
| Private consumption | 1.0 | 0.5 | (0.3) | 0.3 |
| Government consumption | (0.3) | (0.2) | 0.8 | 0.5 |
| Gross fixed investments | (3.7) | (3.3) | (5.2) | (2.2) |
| Exports | 1.7 | (0.7) | 1.1 | 1.2 |
| Imports | 0.6 | 0.0 | 0.0 | 1.6 |

*Source: Statistics Finland, Danske Bank Research.*

The following table sets forth certain additional economic indicators for Finland for the periods indicated:

| | **For the three months ended March 31, 2015** | **For the year ended December 31,** | | |
|---|---|---|---|---|
| | | **2014** | **2013** | **2012** |
| | | **(percent)** | | |
| Inflation, CPI(1) | (0.1) | 1.0 | 1.5 | 2.8 |
| Unemployment | 9.3 | 8.7 | 8.2 | 7.7 |
| General government budget balance, as percentage of GDP | n/a | (3.2) | (2.5) | (2.1) |
| Current account (4Q sum), as percentage of GDP | (1.5) | (1.9) | (1.8) | (1.9) |

*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 on-going 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.

### 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, including its headquarters at 2–12 Holmens Kanal in Copenhagen K, Denmark. Apart from the Group's headquarters, the portfolio mainly consists of leased office premises, but also includes a small proportion of other commercial property and residential property.

As at June 30, 2015, total assets included tangible assets and investment property of DKK 7.0 billion and DKK 3.5 billion, respectively, which together represented 0.3 percent of the Group's total balance sheet. Tangible assets include the Group's own domicile property of DKK 2.7 billion, plant and equipment of DKK 0.4 billion and lease assets of DKK 3.9 billion.

In addition, the Group has under other assets recognized assets held for sale, which together amounted to DKK 0.2 billion as at June 30, 2015, 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 of the date of this Base Prospectus, the Group had no material planned investments in tangible assets and investment property.

The Group's balance sheet also included investment property under insurance contracts of DKK 22.3 billion as at June 30, 2015, 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 June 30, 2015, the Group had a total of 18,874 full-time equivalent employees.

The following table sets forth the number of full-time equivalent employees by business unit as at the dates indicated:

| | As at June 30, 2015 | As at December 31, 2014 | 2013 | 2012 |
|---|---|---|---|---|
| Personal Banking | 6,695 | 6,617 | 6,934 | 8,016 |
| Business Banking | 3,065 | 3,608 | 3,769 | 3,772 |
| C&I | 1,832 | 1,643 | 1,565 | 1,499 |
| Danske Capital | 514 | 506 | 504 | 481 |
| Danica Pension | 756 | 772 | 766 | 799 |
| Other Activities | 5,619 | 5,257 | 5,506 | 5,466 |
| Non-core | 393 | 75 | 78 | 93 |
| Total | 18,874 | 18,478 | 19,122 | 20,126 |

In Denmark, collective bargaining agreements are made periodically between The Danish Employers' Association for the Financial Sector (FA) and Financial Services Union Denmark (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 its 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 shall, 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 (*sparekasser*) and cooperative savings banks (*andelskasser*). As at December 31, 2014, there were 84 commercial and savings banks in Denmark, excluding the Faroe Islands and Greenland, with total assets totaling approximately DKK 4,049 billion.

Other principal financial institutions in Denmark include mortgage credit institutions, insurance companies and pension funds. As at December 31, 2014, the aggregate principal amount of bonds outstanding issued by mortgage credit institutions was approximately DKK 2,740 billion (fair value).

### Regulation

#### *Overview of the Regulation Framework*

Danish banks are subject to the CRR and the CRD IV Directive that was 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 of the EEA, including capital requirements, stricter and aligned definitions of capital, REA, a leverage ratio, 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 (Act. No. 610 of April 28, 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 Internal Ratings-Based ("**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. The DFSA has permitted the Bank to apply the advanced IRB method to calculate credit risk.

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 backtesting.

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 CRD IV Directive, 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 1 requirements, the CRD IV Directive also 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 global systemically important institutions 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.

The CRR and the CRD IV Directive set forth a minimum total capital ratio of 8 percent calculated by dividing the total Tier 1 and Tier 2 capital by REA. Each of the CRR and the CRD IV Directive includes a requirement for credit institutions to calculate, report and monitor their leverage ratios, defined as Tier 1 capital as a percentage of total exposure. The leverage ratios will be assessed under Pillar II (as defined in the CRD IV Directive) pending a subsequent political decision in the EU on whether this should be a Pillar I requirement (as defined in the CRD IV Directive).

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.

In accordance with EU directives, Denmark established a deposit protection scheme in 1987. Payments under the scheme will be met by the Guarantee Fund. The scheme covers in full deposits made on certain accounts established according to law, including, among others, certain pension accounts, and up to EUR 100,000 of a customer's aggregate net ordinary deposits with any bank. 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 EEA Member States, including Finland, Ireland, Luxembourg, Norway, Sweden, and the United Kingdom 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 co-operation agreement between EU regulators, the Bank is mainly regulated by the DFSA. The Bank's subsidiary in Finland is subject to the supervision of the Single Supervisory Mechanism since Finland is a member of the euro, meaning that the ECB is a part of the supervisory college of the Bank.

**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 the BRRD. The BRRD provides that it should be applied by Member States from January 1, 2015, except for the general bail-in tool and MREL, which are to be applied from January 1, 2016. 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 Resolution Act and 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: (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, of a failing institution, which equity could also be subject to any future application of the general bail-in tool.

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

An institution will be considered as failing or likely to fail when: (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 that resolution authorities will be required to exercise a "write-down and conversion" power relating to Tier 1 and Tier 2 capital instruments before taking any other form of resolution action. This power provides the resolution authority with the ability 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 conversion into equity may also be subject to any application of the general bail-in tool.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant 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 would no longer be viable.

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

With the implementation of the BRRD, European banks are required to have bail in-able resources in order to fulfill the 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 resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution. The requirement for Danish institutions is expected to be based on the EBA methodology. The authorities are expected to determine the exact MREL requirement for the largest Danish banks during 2016 in conjunction with the preparation of their resolution plans. This may require Danish SIFIs and other banks to issue debt that can be bailed in. If an institution does not fulfill the MREL requirement, the relevant authority may withdraw its banking license. Also, a comparable concept for loss absorption, TLAC, is under discussion internationally, and these discussions and their outcome could influence the implementation of MREL.

The powers set out in the BRRD will 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 has required changes to the current 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.

According to the BRRD and the Danish Resolution Act, a Danish resolution fund was established in 2015. Under certain conditions, the fund can make contributions in case of resolution of a credit institution. The resolution fund must amount to 1 percent of the covered deposits of all Danish credit institutions by December 31, 2024 at the latest. Each Danish credit institution must make annual contributions to this fund on the basis of its size and risk relative to other credit institutions in Denmark. The first contribution to the fund must be made by December 31, 2015. If the 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 Guarantee Fund for Depositors and Investors, which covers losses incurred on covered deposits in distressed credit institutions.

***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 remains in force as at the date of this Base Prospectus. The Act on Financial Stability (Act No. 1003 of October 10, 2007 on Financial Stability) allows for the Guarantee Fund for Depositors and Investors and the Danish state to contribute, under certain conditions, by way of 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, 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), as amended or replaced from time to time ("**Solvency II**"), will take effect on January 1, 2016. The rules are intended to protect customer funds, and the excess capital base based on these new rules is expected to fluctuate around the current level of excess capital base. The Bank believes that Danica Group is well prepared for Solvency II. The DFSA introduced individual solvency need requirements in 2007. Under these requirements, which are also risk based, Danish insurance companies are 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**

Various aspects of banking regulations are still under debate internationally in the Basel Committee of Banking Supervision, including, among other things, proposals to review standardized approaches for capital requirements for credit, market and operational risk (together with a proposed capital floor based on the revised approaches for banks using internal models) (known as "Basel IV").

## ORGANIZATION AND MANAGEMENT

### General Meeting

According to the Articles of Association, an annual general meeting of shareholders (the "**General Meeting**") must be held every year not later than April 30. Extraordinary General Meetings may be held if so decided by the General Meeting or the Board of Directors or requested by one of the auditors appointed by 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 in the Danish Commerce and Companies Agency's IT system and 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.

There is only one class of shares and 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 electronically or by 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 of shareholders 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 employ more than 35 employees 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 shareholders. The members of the Board of Directors elected by the shareholders in a 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, but they must retire on the date of the Bank's first General Meeting of shareholders after they have reached the age of 70. 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. The Group's Internal Audit reports directly to the Board of Directors.

The Board of Directors has set up four committees to monitor specific areas, each such committee operating in accordance with a specific charter. As stipulated by Danish law, the formation of these committees implies no change in the powers or responsibilities of the Board of Directors. One of the four committees is the Credit and Risk Committee, whose members serve in a consulting capacity in relation to the Group's risk management. The Audit Committee conducts reviews on matters concerning accounting, auditing and security both with and without the participation of the Executive Board, while the Remuneration Committee focuses on the Group's remuneration and incentive programs systems. The Nomination Committee assists the Board of Directors with the nomination of candidates for membership of the Board of Directors.

On March 18, 2015, the General Meeting re-elected Ole Andersen, Urban Bäckström, Lars Förberg, Jørn P. Jensen, Rolv Erik Ryssdal, Carol Sergeant, Jim Hagemann Snabe and Trond Ø. Westlie as 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 | 2016 |
| Trond Ø. Westlie, Vice Chairman | 2012 | 2016 |
| Urban Bäckström | 2012 | 2016 |
| Lars Förberg | 2013 | 2016 |
| Jørn P. Jensen | 2012 | 2016 |
| Rolv Erik Ryssdal | 2014 | 2016 |
| Carol Sergeant | 2013 | 2016 |
| Jim Hagemann Snabe | 2013 | 2016 |
| Kirsten Ebbe Brich(1) | 2014 | 2018 |
| Carsten Eilertsen(1) | 2010 | 2018 |
| Charlotte Hoffmann(1) | 2006 | 2018 |
| Steen Lund Olsen(1) | 2014 | 2018 |

(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, Chr. Hansen Holding A/S and Zebra A/S. Mr. Andersen is also a Senior Advisor in EQT Partners, a member of NASDAQ OMX Nordic Nomination Committee and the Danish Committee on Corporate Governance and an adjunct professor at Copenhagen Business School.

Within the last five years, Mr. Andersen has held positions as chairman of the board of directors of ISS A/S, ISS Equity A/S, ISS World Services A/S, Bang & Olufsen Operations A/S and Privathospitalet Hamlet A/S, and as a member of the boards of directors of Duke Infrastructure Holding ApS, Duke Infrastructure A/S, Kommunekemi A/S, Nordgroup A/S and Georg Jensen A/S. Furthermore, Mr. Andersen has held positions as CEO of his wholly-owned companies OGA Holding ApS, OGA Holding/D1 ApS and OGA Holding/D4 ApS.

*Trond Ø. Westlie* has been a member of the Board of Directors since 2012 and has been the Vice Chairman of the Board of Directors since 2014. Mr. Westlie is the group chief financial officer and a member of the executive board of A.P. Møller-Mærsk A/S and Firmaet A.P. Møller, and is the chairman or a member of the boards of directors of the following subsidiaries of A.P. Møller-Mærsk A/S: Maersk A/S, Maersk Drilling Holding A/S, Maersk Drilling A/S, Maersk Line A/S, Maersk Shipping 1 A/S, Maersk Shipping 2 A/S, Maersk Tankers A/S, Mærsk Olie & Gas A/S, Rederiet A.P. Møller A/S, APM Terminals B.V., APM Terminals Management B.V., Odense Staalskibsværft A/S and ESVAGT A/S. Mr. Westlie is also the chief executive officer of Shama AS, his wholly-owned company, and a member of the board of directors and the chairman of the audit committee of VimpelCom Ltd.

Within the last five years, Mr. Westlie has held positions as member of the boards of directors of Danmarks Skibskredit A/S, Pepita AS, Subsea 7 S.A. and Tønsberg Delikatesse AS, and as a member of the boards of directors of a number of subsidiaries of A.P. Møller-Mærsk A/S for instance F. Salling A/S, F. Salling Holding A/S, Dansk Supermarked A/S, Svitzer A/S and Maersk Supply Service A/S.

*Urban Bäckström* has been a member of the Board of Directors since 2012. Mr. Bäckström is the chairman of the boards of directors of Rederi AB Gotland and its subsidiary Destination Gotland AB and a member of the boards of directors of Stiftelsen Fritt Näringsliv/Timbro and Lancelot Holding AB and its subsidiary Lancelot Asset Management AB.

Within the last five years, Mr. Bäckström has held positions as the CEO of Svenskt Näringsliv, deputy chairman of Nasdaq OMX Inc. and as a member of the boards of directors of AMF Pension, Business Sweden and Institutet för Näringslivsforskning (research institute of industrial economics).

*Lars Förberg* has been a member of the Board of Directors since 2013. Mr. Förberg is a founder and the managing partner of Cevian Capital AG, the chairman of the board of directors of Cevian Capital AG, a member of the boards of directors of Alent Plc. and Cevian Capital Ltd. and a member of the nomination committee of AB Volvo.

Within the last five years, Mr. Förberg has held positions as member of the boards of directors of Panalpina Welttransport (Holding) AG, Intrum Justitia AB and Förberg Gardell General Partner Ltd.

*Jørn P. Jensen* has been a member of the Board of Directors since 2012. Mr. Jensen is the deputy chief executive officer and chief financial officer of Carlsberg A/S and Carlsberg Breweries A/S and the chairman of the boards of directors of the following subsidiaries of Carlsberg Group: Carlsberg Global Business Services A/S, Carlsberg Finans A/S, Carlsberg Supply Company AG, Carlsberg Ejendomme Holding A/S, Investeringsaktieselskabet af 02.12.2005, Carlsberg Invest A/S, Carlsberg International A/S, Boliginteressentskabet Tuborg (affiliate company), Ejendomsaktieselskabet Tuborg Nord C, Ejendomsaktieselskabet af 4. marts 1982 and Carlsberg Shared Services SP.z.o.o. Mr. Jensen is a member of the boards of directors of the following subsidiaries of Carlsberg Group: Carlsberg Breweries A/S, Danish Malting Group A/S, Carlsberg Insurance A/S, Oy Sinebrychoff Ab, Baltika Breweries and Feldschlösschen Getränke Holding AG. Mr. Jensen is also the vice chairman of the boards of directors of Carlsberg Byen P/S and the following subsidiaries of Carlsberg Byen P/S: Carlsberg Byen I A/S, Carlsberg Byen Komplementar ApS, Carlsberg Byen Ejendomme P/S, Carlsberg Byen Komplementar Byggefelt 8 ApS, Carlsberg Byen Ejendomme I P/S and Carlsberg Byen Komplementar I ApS. Mr. Jensen is also a member of the Danish Committee on Corporate Governance.

Within the last five years, Mr. Jensen has held positions as a member of the board of directors of Dong Energy A/S and as a member of the boards of directors of a number of subsidiaries of Carlsberg A/S or Carlsberg Byen P/S. Furthermore Mr. Jensen has also been the chief executive officer of Ekeløf Invest ApS, his wholly-owned company.

*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 the following subsidiaries of Schibsted Media Group: Schibsted Classified Media AS, Schibsted Norge AS, Schibsted Multimedia AS, Schibsted Print Media AS and Schibsted Sverige AB. Mr. Ryssdal is also a member of the board of directors of J.E. Pedersen & Co AS.

Within the last five years, Mr. Ryssdal has held positions as the chairman or a member of the boards of directors of subsidiaries of Schibsted ASA.

*Carol Sergeant* has been a member of the Board of Directors since 2013. Ms. Sergeant is a member of the board of directors of Secure Trust Bank Plc and Tullet Prebon plc and chairman of the risk committee and member of the audit committee of Tullet Prebon. Furthermore, Ms. Sergeant is the chairman of the Public Concern at Work (a United Kingdom whistleblowing charity) and the British Standards Institute Policy and Strategy Committee, a member of the advisory board of Cass Business School, a trustee of the Lloyds Register Foundation and a member of the governing council of the Centre for the Study of Financial Innovation (CSFI).

Within the last five years, Ms. Sergeant has held positions as the chief risk officer of Lloyds Banking Group, as board member of Martin Currie (Holdings) Limited, Martin Currie Inc. and Martin Currie Investment Management Ltd. Furthermore, Ms. Sergeant has had a number of public policy positions and charity and academic positions.

*Jim Hagemann Snabe* has been a member of the Board of Directors since 2013. Mr. Snabe is the Vice Chairman of the board of directors of Bang & Olufsen A/S and a member of the supervisory boards of Siemens AG, Allianz SE and SAP SE. Mr. Snabe is also a member of the foundation board of the World Economic Forum and the chairman of the Forum's Centre for Global Industries.

Within the last five years, Mr. Snabe has held positions as the co-chief executive officer of SAP AG, and as a member of the board of directors of Linkage A/S and Thrane & Thrane A/S. Furthermore, Mr. Snabe has been the chief executive officer of Snabe ApS, a wholly-owned company.

*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 a member of the executive committee of Danske Kreds.

Within the last five years, Ms. Brich has held no other positions.

*Carsten Eilertsen* has been elected by the Bank's employees and has been a member of the Board of Directors since 2010. Mr. Eilertsen is the vice chairman of Danske Kreds. Mr. Eilertsen is also the vice chairman of the governing body of Apostelgaardens fond, a member of the executive committee of Danske Unions, the vice chairman of the Parochial Church Council of Sct. Mortens Church, Næstved, and a member of the board of the Næstved Cemeteries.

Within the last five years, Mr. Eilertsen has held no other 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 customer adviser at Danske Bank.

Within the last five years, Ms. Hoffmann has held no other positions.

*Steen Lund Olsen* has been elected by the Bank's employees and has been a member of the Board of Directors since 2014. Mr. Olsen is the chairman of Danske Kreds. Mr. Olsen is also a member of the board of directors of Danske Bank Pensionskasse for Førtidspensionister and the chairman of the executive committee of Danske Unions. Furthermore, Mr. Olsen is a member of the executive committee of Finansforbundet (Financial Services Union Denmark).

Within the last five years, Mr. Olsen has held no other 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 |
| Tonny Thierry Andersen | Head of Personal Banking | 1964 | 1999 | 2006 |
| Lars Stensgaard Mørch | Head of Business Banking | 1972 | 1999 | 2012 |
| Glenn Söderholm | Head of C&I | 1964 | 1998 | 2013 |
| Henrik Ramlau-Hansen | Chief Financial Officer | 1956 | 1988 | 2011 |
| James Ditmore | Chief Operating Officer (Group Services & Group IT) | 1960 | 2014 | 2014 |
| Gilbert Kohnke | Group Chief Risk Officer | 1958 | 2015 | 2015 |

(1) Includes employment in Group companies and entities acquired by the Bank.

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 chairman of the subsidiary Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 and this company's subsidiary Danica Pension, Livsforsikringsaktiesselskab. Mr. Borgen is also a member of the board of directors of Kong Olav V's Fond.

Within the last five years, Mr. Borgen has held positions as vice chairman of Danish Ship Finance A/S (Danmarks Skibskredit A/S) and member of the board of directors of VP Securities A/S. Mr. Borgen has also been chairman of the subsidiaries Northern Bank Ltd. and Sampo Pankki Oyj.

*Tonny Thierry Andersen* joined the Executive Board in 2006 and is the Head of Personal Banking. Mr. Andersen is chairman of the subsidiaries Realkredit Danmark A/S, Danske Bank International S.A. and Danske Bank Plc. Mr. Andersen is a member of the boards of directors of Bankernes Kontantservice A/S. Mr. Andersen is also the chairman of the supervisory boards of Danish Bankers Association and chairman of the Private Contingency Association for the Winding up of Distressed Banks, Savings Banks and Cooperative Banks and a member of Værdiansættelsesrådet, ICC Danmark and the Danish Economic Council. Furthermore, Mr. Andersen is chief financial officer of the Young Presidents' Organization, Denmark.

Within the last five years, Mr. Andersen has held positions as vice chairman of the subsidiary Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 and its subsidiary Danica Pension, Livsforsikringsaktiesselskab, as well as chairman of Danske Leasing A/S. Mr. Andersen has also been chairman of Kreditforeningen Danmarks Pensionsafviklingskasse and a member of the board of directors of Bluegarden Holding A/S and its subsidiary Bluegarden A/S, as well as Nets Holding A/S, Olga og Esper Boels Fond and its subsidiary Ejendomsaktieselskabet Boels Gård.

*Lars Stensgaard Mørch* joined the Executive Board in 2012 and is the Head of Business Banking. Mr. Mørch is chairman of the subsidiaries Northern Bank Limited and Danske Leasing A/S and is the vice chairman of Realkredit Danmark A/S. Mr. Mørch is also a member of the boards of directors of Grænsefonden and Dagmar Marshalls Fond.

Within the last five years, Mr. Mørch has held the position of vice chairman of Finanssektorens Arbejdsgiverforening.

*Glenn Söderholm* joined the Executive Board in 2013 and is the Head of Corporates & Institutions. Mr. Söderholm is a member of the board of directors and audit committee of Danish Ship Finance A/S (Danmarks Skibskredit A/S) and Nasdaq OMX Nordic Oy.

Within the last five years, Mr. Söderholm has held no other positions.

*Henrik Ramlau-Hansen* joined the Executive Board in 2011 and is the Chief Financial Officer. Mr. Ramlau-Hansen is vice chairman of the subsidiary Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 and its subsidiary Danica Pension, Livsforsikringsaktiesselskab, and is a member of the board of directors of Realkredit Danmark A/S. Mr. Ramlau-Hansen is also chairman of Kreditforeningen Danmarks Pensionsafviklingskasse and is a member of the board of directors of LR Realkredit A/S.

Within the last five years, Mr. Ramlau-Hansen has held positions as the chief executive officer of Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 and its subsidiary Danica Pension, Livsforsikringsaktiesselskab, and as a member of the board of directors of Sampo Pankki Oyj, a subsidiary of Danske Bank A/S. Furthermore, Mr. Ramlau-Hansen has been a member of the boards of directors of Administrationsaktieselskabet Forenede Gruppeliv, Bluegarden Holding A/S and its subsidiary Bluegarden A/S, as well as the Danish Financial Council.

*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 boards of directors of Northern Bank Limited and ITPeopleNetwork.

Within the last five years, Mr. Ditmore has held positions as chief technology officer of Allstate Insurance and chief information officer of Barclays.

*Gilbert Kohnke* joined the Executive Board in 2015 and is the Group Chief Risk Officer.

Within the last five years, Mr. Kohnke has held the position as the group chief risk officer of OCBC Bank, Singapore.

**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 fulfill their duties 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 triple 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 Bank's Board of Directors for the year ended December 31, 2014:

| | For the year ended December 31, 2014 |
|---|---|
| | (DKK in thousands) |
| Ole Andersen | 1,931 |
| Trond Ø. Westlie | 907 |
| Urban Bäckström | 767 |
| Lars Förberg | 617 |
| Jørn P. Jensen | 657 |
| Rolv Erik Ryssdal(1) | 354 |
| Carol Sergeant | 807 |
| Jim Hageman Snabe | 617 |
| Kirsten Ebbe Brich(1) | 354 |
| Carsten Eilertsen | 467 |
| Charlotte Hoffmann | 579 |
| Steen Lund Olsen(1) | 354 |
| Niels B. Christiansen(2) | 300 |
| Susanne Arboe(2) | 113 |
| Helle Brøndum(2) | 113 |
| Per Alling Toubro(2) | 113 |
| Total remuneration | 9,048 |
| of which remuneration for committee work | 2,110 |

(1) Joined the Board of Directors on March 18, 2014.
(2) Resigned from the Board of Directors on March 18, 2014.

***Remuneration of the Executive Board***

According to the Group's Remuneration Policy, the remuneration of the Executive Board is intended to ensure the Group's continued ability to attract and retain the most qualified Executive Board members and to provide a solid basis for succession planning. In connection with the annual assessment of the remuneration of the Executive Board, developments in market practice are assessed systematically.

The Remuneration Committee submits recommendations on adjustments in remuneration of the Executive Board members for the approval of the Board of Directors. The remuneration of the Executive Board may consist of fixed salary and supplements, incentive programs and pension schemes. Subject to individual agreement, members of the Executive Board are also entitled to a company car, phone and other fixed benefits. The maximum severance pay is two years' fixed salary.

The performance of Executive Board members is assessed once a year based on written performance agreements containing both financial and non-financial KPIs. These KPIs reflect the Group's value creation targets, both in the short and in the long term. The yearly performance-based remuneration to members of the Executive Board cannot exceed 50 percent of the yearly gross salary inclusive of pension, subject to applicable legislation.

To support a strong alignment of interests with the Bank's shareholders, the Board of Directors has for 2015 introduced long-term performance goals based on the relative development of value creation for the Bank's shareholders relative to peers. This supplements the current short-term performance goals. Measurement of performance-based pay to the individual member of the Executive Board is thus based on short-term (one year) goals including goals at group, business unit and individual levels as well as both financial and non-financial goals and including long-term (three years) performance goals related to the relative value creation. The individual total performance-based pay is limited to 50 percent of fixed compensation pursuant to applicable regulation.

Performance-based pay to the individual members of the Executive Board is endorsed by the Remuneration Committee for the approval of the Board of Directors at the beginning of each year, when the Group's results for the preceding year are known. The first time the long-term performance goal can be assessed is at the end of 2017, when the result of the first three-year period (2015 to 2017) will be available.

The members of the Executive Board are subject to rules for material risk takers. A significant part of the performance-based pay 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. Deferred shares are according to applicable regulation subject to an additional retention period of six months.

The agreements on performance-based pay for the individual members of the Executive Board ensure that all or part of the deferred performance-based pay may be clawed back if the Group's results prove unsatisfactory or the pay has been granted on basis of data that is subsequently proven to be manifestly misstated.

The following table sets forth the remuneration of the Executive Board for the year ended December 31, 2014:

| | For the year ended December 31, 2014 | | | | |
|---|---|---|---|---|---|
| | Contractual remuner-ation[1] | Pension | Variable cash payment | Variable share-based payment | Total |
| | (DKK in millions) | | | | |
| Thomas F. Borgen | 11.2 | 2.2 | 2.2 | 0.6 | 16.2 |
| Tonny Thierry Andersen | 6.9 | 1.0 | 1.2 | 0.4 | 9.5 |
| Lars Stensgaard Mørch | 5.9 | 0.9 | 1.1 | 0.3 | 8.2 |
| Glenn Söderholm | 6.4 | 1.0 | 0.6 | 0.2 | 8.2 |
| Henrik Ramlau-Hansen | 6.9 | 1.1 | 1.0 | 0.3 | 9.3 |
| James Ditmore | 10.0[2] | – | 0.6 | 0.3 | 10.9 |

(1) Contractual remuneration includes fixed salary and other benefits.

(2) Includes a sign-on fee of DKK 4.8 million in the form of conditional shares. This fee falls due for payment in instalments over a four-year period from the employment date (April 21, 2014).

For additional information regarding remuneration of the Board of Directors and the Executive Board, see note 33 to the Group's audited consolidated financial statements as at and for the year ended December 31, 2014 incorporated by reference into this Base Prospectus.

### *Severance Terms for the Board of Directors and 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.

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.

## 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 | 31,199 | – | – |
| Trond Ø. Westlie | 7,000 | – | – |
| Urban Bäckström | 11,000 | – | – |
| Lars Förberg | 5,000 | – | – |
| Jørn P. Jensen | 2,098 | – | – |
| Rolv Erik Ryssdal | – | – | – |
| Carol Sergeant | 5,073 | – | – |
| Jim Hageman Snabe | 2,645 | – | – |
| Kirsten Ebbe Brich | 2,208 | – | – |
| Carsten Eilertsen | 120 | – | – |
| Charlotte Hoffmann | 2,175 | – | – |
| Steen Lund Olsen | 788 | – | – |
| Total | 69,306 | – | – |
| **Executive Board** | | | |
| Thomas F. Borgen | 24,519 | – | 9,190 |
| Tonny Thierry Andersen | 24,770 | – | 7,018 |
| Lars Stensgaard Mørch | 24,627 | – | 6,112 |
| Glenn Söderholm | 21,177 | – | 51,790 |
| Henrik Ramlau-Hansen | 26,818 | – | 5,874 |
| James Ditmore | 4,233 | – | 36,545 |
| Gilbert Kohnke | 1,315 | – | – |
| Total | 127,459 | – | 116,529 |

Under the Danish Act on Trading in Securities (Consolidated Act No. 831 of June 12, 2014), the acquisition and sale of shares in the Bank by members of the Board of Directors and the Executive Board and related parties must be reported to the DFSA and be publicly disclosed when transactions exceed EUR 5,000 per calendar year. The Bank discloses all additions, disposals and total holdings of members of the Board of Directors and the Executive Board and related parties.

From January 1, 2015, 10 percent of the Executive Board's salary is paid out in shares, and the shares will be granted continuously with the payment of the base salary.

***Employee Share Remuneration Programs***

Effective from 2010, the Group has granted rights to conditional shares, as part of the bonus structure for material risk takers, to the Executive Board and designated members of senior management as part of their variable remuneration. Rights to the shares in the Bank for material risk takers vest three years after being granted (four years for 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 material risk takers) are still considered fulfilled, whether the Bank's economic situation has deteriorated significantly and whether the individual has proven fit and proper.

**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. Members of the Board of Directors must retire on the date of the first General Meeting after they have reached the age of 70. 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.

After 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 discussions of accounts and facilities available to a company in which they are members of the board of directors or the executive board, 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. 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 Group Chief Auditor are entitled to attend meetings of the Board of Directors when the Board considers matters to be of importance to the audit or to the preparation of accounts. 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

The Board of Directors has appointed four committees to supervise specific areas or prepare cases for subsequent consideration by the full Board. The four board committees are the Audit Committee, the Credit and Risk Committee, the Remuneration Committee and the Nomination Committee. The committees base their work on clearly defined and publicly disclosed charters that set forth their purposes and duties. The four committees report to the Board of Directors. Any delegation to the committees does not change the authority or responsibilities of the Board of Directors

The Audit Committee examines accounting and auditing issues. These are issues that the Board, the Audit Committee itself, the Group Chief Auditor or the external auditors believe deserve attention before they are brought before the full Board. The Audit Committee held eight meetings in 2014. Currently, the Audit Committee consists of Jørn P. Jensen (Chairman), Carol Sergeant and Trond Ø. Westlie.

The Credit and Risk Committee serves in a consulting capacity regarding risk management and matters related thereto. The Credit and Risk Committee also reviews the credit quality of the Group's loan portfolio. The Credit and Risk Committee held six meetings during 2014. Currently, the Credit and Risk Committee consists of Carol Sergeant (Chairman), Ole Andersen and Urban Bäckström.

The Remuneration Committee monitors trends in the Group's salary and bonus policies and practices. It monitors the incentive programs to ensure that they promote ongoing, long-term shareholder value creation. The Remuneration Committee held four meetings during 2014. Currently, the Remuneration Committee consists of Ole Andersen (Chairman), Lars Förberg, Charlotte Hoffmann and Jim Hagemann Snabe.

The Nomination Committee identifies possible candidates for membership on the Executive Board and the Board of Directors and has overall responsibility for evaluating the two boards. The Nomination Committee held three meetings during 2014. Currently, the Nomination Committee consists of Ole Andersen (Chairman), Urban Bäckström and Trond Ø. Westlie.

## 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 May 2013 (updated in November 2014) (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, made at the beginning of the year 2015, 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-term and long-term financing are the primary services provided by the Bank. 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, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | | (DKK in millions) | |
| Loans and irrevocable loan commitments | 3,669 | 5,420 | 6,389 |
| Securities and derivatives | 10,215 | 8,168 | 8,648 |
| Deposits | 917 | 77 | 454 |
| Derivatives | 966 | 1,286 | 1,705 |
| Guarantees issued | 3 | 1 | 66 |
| Guarantees and collateral received | 1,155 | 3,132 | 4,719 |
| Interest income | 209 | 166 | 182 |
| Interest expense | 26 | 132 | 43 |
| Fee income | 4 | 6 | 3 |
| Dividend income | 153 | 169 | 197 |
| Other income | 1 | – | – |

Transactions with associated companies covers transactions with the following companies: Automatia Pankkiautomaatit Oy, Bankernes Kontantservice A/S, BAB Bankernas Automatbolag AB, BDB Bankernas Depå AB, Bluegarden Holding A/S (previously Multidata), Danmarks Skibskredit A/S, DAN-SEB 1 A/S, Dantop Ejendomme ApS, Dantop Ejendomme komplementarselskab APS, DKA I Komplementar A/S, DKA I P/S, DKA II A/S, DNP Ejendomme Komplementarselskab ApS, DNP Ejendomme P/S, Ejendomsaktieselskabet af 22. juni 1966, Ejendomsselskabet af Januar 2002 A/S, Ejendomselskabet af januar 2002 Komplementarselskab ApS, E-nettet Holding A/S, Hovedbanegårdens Komplementarselskab ApS, Interessentskabet af 23. dec. 1991, Irish Clearing House Limited, LR Realkredit A/S, MB Equity Fund Ky, Sanistål A/S and Tapio Technologies.

### 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 2014, 2013 and 2012, the A.P. Møller and Chastine Mc-Kinney Møllers Foundation and companies of A.P. Møller Holding Group on a consolidated basis, were such related parties. During this three-year period and in 2015 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, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | (DKK in millions) | | |
| Loans and irrevocable loan commitments | 5,524 | 5,776 | 6,041 |
| Securities and derivatives | 1,825 | 1,634 | 1,408 |
| Deposits | 1,551 | 3,133 | 2,175 |
| Derivatives | 129 | 218 | 183 |
| Guarantees issued | 882 | 875 | 965 |
| Guarantees and collateral received | 211 | 269 | 352 |
| Interest income | 33 | 40 | 78 |
| Interest expense | 75 | 94 | 86 |
| Fee income | 19 | 17 | 7 |
| Dividend income | 35 | 17 | 10 |
| Other income | 22 | 61 | 4 |
| Trade in Danske Bank shares | | | |
| Acquisition of shares | – | – | 1,633 |
| Sale of shares | – | – | – |

**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, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | (DKK in millions) | | |
| **Board of Directors** | | | |
| Loans and irrevocable loan commitments | 16 | 15 | 18 |
| Deposits | 13 | 36 | 20 |
| Guarantees and collateral received | 12 | 14 | 16 |
| Fee income | 1 | – | – |
| Acquisition of shares | 3 | – | 2 |
| Sale of shares | – | – | – |
| **Executive Board** | | | |
| Loans and irrevocable loan commitments | 18 | 17 | 27 |
| Deposits | 9 | 10 | 13 |
| Guarantees and collateral received | 17 | 17 | 25 |
| Interest income | – | – | 1 |
| Interest expense | – | – | – |
| Trade in Danske Bank shares | | | |
| Acquisition of shares | 6 | – | 2 |
| Sale of shares | – | – | – |

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, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| | (percent) | | |
| Board of Directors | 2.5 | 2.1 | 2.1 |
| Executive Board | 2.3 | 2.7 | 2.8 |

## 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.$ 10,000,000,000 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 a fiscal and paying agency agreement dated September 4, 2015 (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 September 4, 2015 (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;

"**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;

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

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

"**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 of the EU on recovery and resolution 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 Centre, and if TARGET is an Applicable Business Centre, a TARGET Settlement Day;

"**Business Day Convention**," in relation to any particular date, shall be as specified in the relevant Final Terms 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, *société anonyme*;

"**Contractual Currency**" has the meaning given to such term in Condition 20 (*Currency Indemnity*);

"**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. 928 of August 4, 2014, as amended);

"**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;

“**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;

“**HIBOR**” means the Hong Kong interbank offered rate;

“**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;

“**NIBOR**” means the Norwegian interbank offered rate;

“**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;

"**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 Centre specified in the relevant Final Terms and, if TARGET is an Applicable Financial Centre, a TARGET Settlement Day;

"**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;

"**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;

"**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 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;

"**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;

"**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 Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders;

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**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.

"**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**").

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**").

3.4 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.

3.5 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*."

3.6 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 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 (*Transfer of Notes*) 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

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other ordinary, non-preferred unsubordinated and unsecured obligations of the Issuer, present and future, save for certain mandatory exceptions provided by law, including those required as a result of the BRRD as implemented into Danish law.

## 6. Fixed Rate Note Provisions

6.1 This Condition 6 (*Fixed Rate Note Provisions*) 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 (*Fixed Rate Note Provisions* ) (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 default in 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 (*Floating Rate Note Provisions*) 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 (*Floating Rate Note Provisions*) (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 default in 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 Centre 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 Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(b) determine the arithmetic mean of such quotations; and

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

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or, as the case may be, the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or, as the case may be, an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the 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 *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Floating Rate Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents and the

Holders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent 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 (*Zero Coupon Note Provisions*) 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 default in 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 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 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 19 (*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 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 9.5 (*Redemption at the Option of Holder*).

9.3 *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 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 19 (*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 9.3 (*Redemption at the Option of the Issuer*) 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 9.5 (*Redemption at the Option of Holder*).

9.4 *Partial Redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9.3 (*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.

9.5 *Redemption at the Option of Holder:* If a Put Option is specified in the relevant Final Terms as being applicable, upon a Holder of any 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 9.5 (*Redemption at the Option of Holder*), 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 Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9.5 (*Redemption at the Option of Holder*), 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 Note is held by a Paying Agent in accordance with this Condition 9.5(*Redemption at the Option of Holder*), 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 Note may not exercise such Put Option in respect of any 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.

9.6 *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 9.6 (*Early Redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

9.7 *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

9.8 *Cancellation:* All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled, and any Notes purchased pursuant to Condition 9.7 (*Purchase*) above that are cancelled, shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

## 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 received 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 on a payment to or for the benefit of an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26–27, 2000, or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(v) presented for payment (where presentation is required) by or on behalf of a Holder or beneficial owner who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union; or

(vi) 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 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

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 Tranche of Notes, namely:

(i) the Issuer fails to pay any amount of principal or interest in respect of the 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 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 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 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 Notes, unless the principal amount of the relevant Series of Notes shall have already become due and payable, the Holders of not less than 25 percent in aggregate principal amount of such Series of 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 Notes and (if such Series of 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 Notes to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the relevant Series of Notes shall have been cured.

## 13. 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.

## 14. 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.

## 15. Agents

15.1 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.

15.2 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.

## 16. Meetings of Holders; Modification and Waiver

16.1 *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.

16.2 *Modification:* The Issuer may, with the consent of the Fiscal Agent, amend the Notes of any Series and these Conditions without the consent of the Holders of Notes of any Series to correct a manifest error with respect to the Notes of the relevant Series.

**17. 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.

**18. 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.

**19. 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 the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange (so long as such Notes are listed on the Official List of the Irish Stock Exchange and the rules of that exchange so permit), if published on the website of the Irish Stock Exchange (*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 seventh 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.

**20. 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.

**21. 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.

**22. 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.

**23. Governing Law and Jurisdiction**

23.1 *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.

23.2 *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.

23.3 *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.

23.4 *Rights of the Holders to Take Proceedings outside England:* Condition 23.2 (*English Courts*) is for the benefit of the Holders only. As a result, nothing in this Condition 23 (*Governing Law and Jurisdiction*) 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.

23.5 *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. 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.

[Date]

**DANSKE BANK A/S**

**U.S.$ 10,000,000,000**

**U.S. Medium-Term Note Program**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

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## 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 September 4, 2015 [and the Prospectus Supplement No. [*insert number*] dated [*insert number*]] 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*.

*[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.]*

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(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): | [ ]<br><br>(*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: | [ ]<br><br>(*If only one Specified Denomination, insert the Specified Denomination.*<br><br>*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]<br>[[[ ]-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]<br>[Zero Coupon]<br>(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: | Senior Notes |
| | [(ii) | Date [Board] approval for issuance of Notes obtained: | [ ]]<br><br>(*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]<br><br>(*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 [ ]]<br><br>[*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]<br><br>(*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |

| | | |
|---|---|---|
| (i) | Specified Period: | [Not Applicable/[ ]]<br><br>(*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]<br><br>(*Specified Period and Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"*) |
| (iii) | Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] |
| (iv) | Applicable Business Centre(s): | [*insert Applicable Business Centre(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]<br><br>(*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 Centre |
| | – Relevant Financial Centre: | [ ] |
| | – Reference Banks: | [ ] |
| (viii) | ISDA Determination: | [Applicable/Not Applicable]<br><br>(*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 (*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: | [Actual/365<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360] |
| 17. | **Zero Coupon Note Provisions** | | [Applicable/Not Applicable]<br>(*If not applicable, delete the remaining sub-paragraphs of this paragraph*) |
| | (i) | Accrual Yield: | [ ] percent per annum |
| | (ii) | Reference Price: | [ ] |
| | (iii) | Day Count Fraction: | [ ] |

**PROVISIONS RELATING TO REDEMPTION**

| | | | |
|---|---|---|---|
| 18. | **Call Option** | | [Applicable/Not Applicable]<br>(*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]<br>(*If not applicable, delete the remainder of this subparagraph*) |
| | | (a) Minimum Redemption Amount: | [ ] |
| | | (b) Maximum Redemption Amount: | [ ] |
| | (iv) | Notice period: | Minimum period: [ ] days<br>Maximum period: [ ] days<br>(*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]<br>(*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<br>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. | **Final Redemption Amount:** | [[ ] per Calculation Amount/Not Applicable] |
| 21. | (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**

| | | |
|---|---|---|
| 22. | Applicable Financial Centre(s): | [Not Applicable/G*ive details*]<br>(*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*) |

[[*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

**FORM OF FINAL TERMS**

**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 the Irish Stock Exchange/other (*specify*)/None] |
| (ii) | Admission to trading: | [Application has been made for the Notes to be admitted to trading on the Irish Stock Exchange's regulated market with effect from [ ]/Not Applicable.]<br>*(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 ratings 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: [ ]

Calculated as [*include details of method of calculation in summary form*] on the Issue Date.

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 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 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 NEITHER 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, A PLAN TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), APPLIES OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH PLAN'S OR EMPLOYEE BENEFIT PLAN'S INVESTMENT IN THE ENTITY OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO OTHER LAWS THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") (COLLECTIVELY, "PLANS") AND IT IS NOT PURCHASING OR HOLDING THE NOTE ON BEHALF OF OR WITH THE ASSETS OF ANY SUCH PLAN, 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, SECTION 4975 OF THE CODE OR 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.

Each purchaser or holder of a Note, or any interest therein, and each fiduciary who causes any entity to purchase or hold a Note or any such interest, will be deemed to have represented and warranted, on each day such purchaser or holder holds such Note or interest therein, that either (a) it is neither 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, a plan to which Section 4975 of the Code, applies or an entity whose underlying assets include "plan assets" by reason of any such plan's or employee benefit plan's investment in the entity, or a governmental, church or non-U.S. plan that is subject to other laws that are substantially similar to Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**") (collectively, "**Plans**") and it is not purchasing or holding the Note on behalf of or with the assets of any such Plan, or (b) its purchase, holding and subsequent disposition of such Note or interest therein shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any applicable provision of Similar Law.

# PLAN OF DISTRIBUTION

The Notes are being offered on a continuous basis for sale by the Issuer to or through Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Danske Bank A/S, Goldman, Sachs & Co., J.P. Morgan 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 a program agreement entered into on September 4, 2015 (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 credit default swaps 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**

***European Economic Area***

In relation to each Relevant Member State, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

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

***United Kingdom***

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

(i) in relation to any Notes which have a maturity of less than a year (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000;

(ii) 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 does not apply to the Issuer; and

(iii) 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.

***Ireland***

Each Dealer has represented and agreed that: (a) it will not underwrite the issue of, or place, any Notes, otherwise than in conformity with the provisions of the Irish European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3), including without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith; (b) it will not underwrite the issue of, or place, any Notes, otherwise than in conformity with the provisions of the Central Bank Acts 1942 to 1999, as amended, and any codes of conduct rules made under Section 117(1) thereof; and (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of any Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank.

***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law 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 (Law 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. 831 of June 12, 2014 on Trading in Securities, as amended, and any Executive Orders issued thereunder and in compliance with Executive Order 623 of April 24, 2015 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, the United States and Ireland as of the date of this Base Prospectus, and is subject to changes in Danish, United States or Irish 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, the United States or Ireland. You are advised to consult your own professional tax advisors as to the Danish, United States, Irish 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 or 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 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 in "*—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.

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).

You should consult your 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 in "—*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, at the U.S. Holder's election, at the spot rate of exchange on the last day of the accrual period or the spot rate on the date of receipt, if that date is within five days of the last day of the accrual period. 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.

*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 United States 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**." 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 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 at an 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 on the Notes made in proportion to the stated principal amount of 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 as 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 Discount Notes*

OID for any accrual period on a 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 (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder will recognize foreign currency gain or loss in an amount determined in the same manner as interest income received by a Holder on the accrual basis, as described in "*—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. 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 OID, or 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. 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. 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.

*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 Form 8886. A reportable transaction includes transactions involving foreign currency gains or losses exceeding a statutory amount. U.S. Holders should consult their own tax advisors as to the possible obligation to file 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; Surtax*

Individuals and, to the extent provided by the U.S. Secretary of Treasury in regulations or other guidance, certain domestic entities 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 U.S.$ 50,000. A "specified foreign financial asset" includes any depository or custodial accounts at foreign financial institutions, non-publicly traded debt or equity interest in a foreign financial institution, and to the extent not held in an account at a financial institution, (i) stocks or securities issued by non-U.S. persons (other than any such interest held in a custodial account with a U.S. financial institution); (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 disclosure 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.

Certain U.S. Holders of Notes who are individuals, estates or trusts will be required to pay a 3.8 percent tax on net investment income, including on interest and capital gains. U.S. Holders of Notes should consult their tax advisors regarding the effect, if any, of this legislation on their acquisition, ownership and disposition of the Notes.

***Non-U.S. Holders***

Under U.S. federal income tax law currently in effect, subject to the discussion below under the caption "*—U.S. Backup Withholding and Information Reporting*," 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.

Subject to the discussion below under the caption "*—U.S. Backup Withholding and Information Reporting*," 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 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 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 (other than an exempt recipient. 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 28 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.

***FATCA***

With respect to (i) Notes issued after the Grandfather Date, that is, 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, or (ii) Notes issued on or before the Grandfather Date that are materially modified after the Grandfather Date, the Bank may, under certain circumstances, be required pursuant to FATCA or any applicable 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, 2017, 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 Bank issues further Notes on or after the Grandfather Date pursuant to a reopening of 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 FATCA withholding tax may be triggered if: (i) the Bank is an “FFI” under FATCA or any applicable IGA between the United States and certain other countries together with implementing legislation and regulation, and (ii) the Bank, or any paying agent through which payments on the Notes are made, has agreed to provide the IRS or other applicable authority with certain information on its account holders (making the Bank or such paying agent a “Participating FFI” (as defined in FATCA)) and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI that is making the payment to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of such FFI, or (b) any FFI through or to which payments on the Notes are made is not a Participating FFI.

The United States has concluded several IGAs with other jurisdictions in respect of FATCA. On November 19, 2012, the governments of Denmark and the United States signed the Danish IGA. Under 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 IRS. The Bank is an FFI and provided it complies with the requirements of the Danish IGA and the Danish legislation implementing the Danish IGA, it should not be subject to FATCA withholding on any payments it receives and it should not be required to withhold tax on any “foreign passthru payments” that it makes.

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 U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, none of the Bank, 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. You should consult your own tax advisor with respect to application of FATCA to interest, principal or other amounts paid on or with respect to the Notes.

**Irish Taxation**

*The following is a summary based on the laws and practice of the Revenue Commissioners currently in force in Ireland as at the date of this Base Prospectus of Irish withholding tax on interest and may be subject to change. The statements in this summary are based on the understanding that the Notes will be treated as debt for Irish tax purposes. It deals with holder of Notes who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, including dealers in securities and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under the laws of their country of residence, citizenship or domicile.*

***Withholding Tax***

Tax at the standard rate of income tax (currently 20 percent) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes should not be treated as having an Irish source unless:

(i) the Issuer is resident in Ireland for tax purposes; or

(ii) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or

(iii) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer does not and will not have a branch or permanent establishment in Ireland; (iii) that Notes will not be physically located in Ireland; and (iv) the Issuer will not maintain a register of any registered Notes in Ireland.

### *Encashment Tax*

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 percent) from any interest, dividends or annual payments paid on Notes issued by a company not resident in Ireland, where such interest, dividends or annual payments are collected or realized by a bank or encashment agent in Ireland on behalf of any holder of Notes who is Irish resident. Encashment tax does not apply where the holder of Notes is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

### EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On March 24, 2014, the Council of the EU adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from January 1, 2017. The changes will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. The EU Savings Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the EU.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed that the EU Savings Directive should be repealed, generally with effect from January 1, 2016, in order to avoid overlap with Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by the Council Directive 2014/107/EU), pursuant to which Member States will be required to apply new measures on mandatory automatic exchange of information, generally with effect from January 1, 2016.

Investors who are in any doubt as to their position should consult their professional advisers.

### 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**").

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.

Joint statements issued by participating Member States indicate an intention to implement the FTT by January 1, 2016. However, 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 other 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, Section 4975 of the Code or any applicable provision of Similar Law.

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 Similar Law. 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 financial statements of the Group as at and for the year ended December 31, 2014 and as at and for the year ended December 31, 2013 have been audited by Ernst & Young P/S, independent auditors as stated in their reports incorporated by reference into this Base Prospectus. At the time of issuing its report on the consolidated financial statements as at and for the year ended December 31, 2013, Ernst & Young P/S was named KPMG Statsautoriseret Revisionspartnerselskab. KPMG Statsautoriseret Revisionspartnerselskab left the KPMG network and joined the EY network on July 1, 2014, in which connection its name was changed to Ernst & Young P/S.

At the 2015 Annual General Meeting of the Bank, Deloitte was elected as the Group's independent auditor. The unaudited consolidated interim financial statements of the Group as at and for the six months ended June 30, 2015 have been reviewed by Deloitte.

## 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 Commerce and Companies Agency 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 ordinary Annual General Meeting of the Issuer held on March 18, 2015 are, and the unaudited consolidated interim financial statements of the Group as at and for the six months ended June 30, 2015 have been reviewed by:

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S
Denmark.

The Group's previous auditors were, and the consolidated financial statements of the Group as at and for the year ended December 31, 2014 and as at and for the year ended December 31, 2013 have been audited by:

Ernst & Young P/S
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
DK-2000 Frederiksberg
Denmark.

**Admission to Listing and Trading**

Application has been made to the Irish Stock Exchange 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 Irish Official List and admitted to trading and/or quotation by the regulated market of the Irish Stock Exchange 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 Arthur Cox Listing Services Limited and the address of its registered office is Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland. Arthur Cox Listing Services Limited 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 the Irish Stock Exchange.

**Authorizations**

The establishment of the Program was authorized by a resolution of the Board of Directors of the Issuer passed on September 11, 2008. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorizations in connection with the issue and performance of the Notes.

**Material Adverse Change and Significant Change**

There has been no:

(i) significant change in the financial position of the Issuer or of the Issuer and its subsidiaries taken as a whole since June 30, 2015, the last day of the financial period in respect of which the most recent financial statements of the Issuer have been prepared; and

(ii) material adverse change in the prospects of the Issuer since December 31, 2014, 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**

**Citigroup Global Markets Inc.**
388 Greenwich Street
New York, NY 10013
United States

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

**Goldman, Sachs & Co.**
200 West Street
New York, NY 10282
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

**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**

1155 Avenue of the Americas
New York, NY 10036
United States

5 Old Broad Street
London EC2N 1DW
United Kingdom

Eteläranta 14
FI-00130 Helsinki
Finland

*As to Danish law:*

**Flemming S. Pristed**
Group General Counsel
Danske Bank A/S
2-12 Holmens Kanal
DK-1092 Copenhagen K
Denmark

*To the Arranger:*

*As to United States and English law:*

**Davis Polk & Wardwell London LLP**
5 Aldermanbury Square
London EC2V 7HR
United Kingdom

**AUDITOR**

*To the Issuer:*

*From January 1, 2015*
**Deloitte Statsautoriseret Revisionspartnerselskab**
Weidekampsgade 6
DK-2300 Copenhagen S
Denmark

*Until December 31, 2014*
**Ernst & Young P/S**
Osvald Helmuths Vej 4
DK-2000 Frederiksberg
Denmark

**LISTING AGENT**

**Arthur Cox Listing Services Limited**
Arthur Cox Building
Earlsfort Terrace
Dublin 2
Ireland

**FISCAL AGENT**

**U.S. Bank National Association**
100 Wall Street
New York, NY 10005
United States