



## EUR 750,000,000 Perpetual Non-cumulative Resettable Additional Tier 1 Capital Notes

**Issue price: 100.00 per cent.**

The EUR 750,000,000 Perpetual Non-cumulative Resettable Additional Tier 1 Capital Notes (in Danish: "kapitalbeviser") (the "Notes") will be issued by Danske Bank A/S (the "Issuer"). Subject to Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes) in "Terms and Conditions of the Notes", the Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer, as described in Condition 4 (Status of the Notes) in "Terms and Conditions of the Notes".

The Notes will bear interest on their Outstanding Principal Amounts (as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes"), payable semi-annually in arrear on 6 April and 6 October in each year (each an "Interest Payment Date"), from (and including) 12 March 2014 (the "Issue Date") to (but excluding) 6 April 2020 (the "First Call Date") at the rate of 5.750 per cent. per annum. The first payment of interest will be made on 6 October 2014 in respect of the period from (and including) the Issue Date to (but excluding) 6 October 2014. The rate of interest will reset on the First Call Date and on each Reset Date (as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes") thereafter. See Condition 5 (Interest) in "Terms and Conditions of the Notes".

The Issuer may elect in its sole discretion to cancel any payment of interest in respect of the Notes at any time, in whole or in part. In addition, a payment of interest in respect of the Notes will be mandatorily cancelled to the extent so required by the Relevant Rules (as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes"). Following any such cancellation of interest in respect of an Interest Period (as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes"), the right of the holders of the Notes (the "Holders") to receive accrued interest in respect of such Interest Period will terminate and the Issuer will have no further obligation to pay such interest to the Holders. See Condition 6 (Interest Cancellation) in "Terms and Conditions of the Notes".

The Notes are perpetual securities and have no fixed date for redemption and Holders do not have the right to call for their redemption. Subject as provided herein, the Issuer may, at its option, redeem all, but not some only, of the Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled. Subject as provided herein, the Issuer may also, at its option, redeem all, but not some only, of the Notes at any time during the relevant redemption period (as specified in Condition 8.2 (Early redemption upon the occurrence of a Special Event) in "Terms and Conditions of the Notes") at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled upon the occurrence of a Tax Event or Capital Event (each as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes"). Any such redemption is subject to certain conditions. See Condition 8 (Redemption and Purchase) in "Terms and Conditions of the Notes".

If at any time the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group has fallen below 7.000 per cent., the Outstanding Principal Amounts shall be reduced. Following any such reduction of the Outstanding Principal Amounts, the Issuer may, at its discretion, reinstate some or all of the principal amount of the Notes, if certain conditions are met. See Condition 7 (Loss Absorption Following a Trigger Event and Reinstatement of the Notes) in "Terms and Conditions of the Notes".

This 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 Prospectus as meeting the requirements imposed under Irish and European Union ("EU") law pursuant to the Prospectus Directive.

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of the Prospectus Directive and has been prepared for the purpose of giving information with regard to the issue of the Notes.

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market with effect from the Issue Date. The Irish Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. The Notes may be offered and sold outside the United States to non U.S. persons in reliance on Regulation S ("Regulation S") under the Securities Act. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus and other offering material relating to the Notes, see "Subscription and Sale".

The Notes are expected to be rated BB+ by Standard & Poor's Credit Markets Services Europe Limited ("S&P") and BB+ by Fitch Ratings Ltd. ("Fitch"). Each of S&P and Fitch is established in the EU and is registered under Regulation (EC) No. 1060/2009 (as amended) (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 Prospectus. This list is available on the ESMA website at [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) (list last updated on 3 June 2013). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The Notes will initially be in the form of a temporary global note (the "Temporary Global Note"), without interest coupons ("Coupons"), which will be deposited on or around the Issue Date with a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "Permanent Global Note" and, together with the Temporary Global Note, the "Global Notes"), without Coupons, on or after 22 April 2014 (the "Exchange Date"), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Notes in definitive form ("Definitive Notes") only in certain limited circumstances in accordance with the terms of the Permanent Global Note. Definitive Notes will have attached Coupons and, if necessary, talons ("Talons") for further Coupons - see "Overview of Provisions relating to the Notes while in Global Form".

An investment in the Notes involves certain risks. Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. For a discussion of these risks see "Risk Factors" below.

### Joint-Lead Managers and Joint Bookrunners

HSBC

J.P. Morgan

BofA Merrill Lynch

BNP PARIBAS

Danske Bank

Goldman Sachs International

The date of this Prospectus is 10 March 2014

This Prospectus should be read and construed together with any documents incorporated by reference herein (see “Documents Incorporated by Reference”).

The Issuer has confirmed to HSBC Bank plc, J.P. Morgan Securities plc, BNP Paribas, Danske Bank A/S in its capacity as a joint-lead manager, Goldman Sachs International and Merrill Lynch International (the “**Joint-Lead Managers**”) that this Prospectus is true, accurate and complete in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held, are based on reasonable assumptions and are not misleading; that there are no other facts in relation to the information contained or incorporated by reference in this Prospectus the omission of which would, in the context of the issue of the Notes, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

No person has been authorised by the Issuer or any Joint-Lead Manager to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any of the Joint-Lead Managers.

No representation or warranty is made or implied by the Joint-Lead Managers or any of their respective affiliates, and neither the Joint-Lead Managers (other than Danske Bank A/S) nor any of their respective affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint-Lead Managers to inform themselves about and to observe any such restrictions (see “Subscription and Sale”).

This Prospectus does not constitute an offer or an invitation to subscribe for or purchase the Notes and should not be considered as a recommendation by the Issuer, the Joint-Lead Managers or any of them that any recipient of this Prospectus should subscribe for or purchase the Notes. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

This Prospectus has been prepared on the basis that any offer of the Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Joint-Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Joint-Lead Manager have authorised, nor do they authorise, the making of any offer of the Notes in circumstances in which an obligation arises for the Issuer or any Joint-Lead Manager to publish or supplement a prospectus for such offer. As used herein, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

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

All references in this Prospectus to “**Danish Kroner**”, “**kroner**”, “**DKr**” or “**DKK**” are to the currency of Denmark, to “**EUR**” or “**euro**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, of those members of the European Union which are participating in the European economic and monetary union and all references to “**USD**” are to the currency of the United States of America.

### **RESPONSIBILITY STATEMENT**

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. References herein to this “Prospectus” are to this document, including the documents incorporated by reference.

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**IN CONNECTION WITH THE ISSUE OF THE NOTES, HSBC BANK PLC AS STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE 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 AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISING OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.**

## OVERVIEW OF THE NOTES

*The following description of key features of the Notes does not purport to be complete and is qualified in its entirety by the remainder of this Prospectus. Words and expressions defined in “Terms and Conditions of the Notes” below or elsewhere in this Prospectus shall have the same meanings in this description of key features of the Notes. References to a numbered “Condition” shall be to the relevant Condition in the Terms and Conditions of the Notes.*

Issuer:	Danske Bank A/S.
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. These are set out under “Risk Factors”.
Notes:	EUR 750,000,000 Perpetual Non-cumulative Resetable Additional Tier 1 Capital Notes.
Joint-Lead Managers:	HSBC Bank plc, J.P. Morgan Securities plc, BNP Paribas, Danske Bank A/S, Goldman Sachs International and Merrill Lynch International.
Fiscal Agent:	Citibank, N.A., London Branch.
Issue Date:	12 March 2014.
First Call Date:	6 April 2020.
Maturity:	The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes at its discretion in the circumstances described herein.
Issue Price:	100.00 per cent.
Status of the Notes:	<p>The Notes (in Danish: “<i>kapitalbeviser</i>”) will be eligible to constitute Additional Tier 1 Capital of the Issuer under CRD IV.</p> <p>Subject to Condition 7 (<i>Loss Absorption Following a Trigger Event and Reinstatement of the Notes</i>), the Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer, and will at all times rank:</p> <ul style="list-style-type: none"><li>(i) <i>pari passu</i> without any preference among themselves;</li><li>(ii) <i>pari passu</i> with (a) the Existing Hybrid Tier 1 Capital Notes, (b) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (c) any other obligations or capital instruments that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;</li><li>(iii) senior to holders of the Issuer’s ordinary shares and any other obligations or capital instruments that rank or are expressed to rank junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the</li></ul>

right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and

- (iv) junior to present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer and (c) subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes.

**Interest and Interest Payment Dates:** The Notes will bear interest on their Outstanding Principal Amounts, payable semi-annually in arrear on 6 April and 6 October in each year, at the relevant Rate of Interest. The first payment of interest will be made on 6 October 2014 in respect of the period from (and including) the Issue Date to (but excluding) 6 October 2014. There will be a long first interest period.

The Rate of Interest will reset on the First Call Date and on each Reset Date thereafter. See Condition 5 (*Interest*).

**Interest Cancellation:** Any payment of interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion, or (ii) will be mandatorily cancelled to the extent so required by the Relevant Rules, including the applicable criteria for Additional Tier 1 Capital instruments. See Condition 6 (*Interest Cancellation*).

**Optional Redemption by the Issuer on the First Call Date or any Interest Payment Date thereafter:** Subject to Condition 8.7 (*Conditions to redemption etc.*), the Issuer may, at its option, redeem all (but not some only) of the outstanding Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled.

**Optional Redemption by the Issuer upon the Occurrence of a Special Event:** Subject to Condition 8.7 (*Conditions to redemption etc.*), upon the occurrence of a Tax Event or a Capital Event (each, a "**Special Event**"), the Issuer may, at its option, at any time redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled.

**Substitution and variation:** Subject to Condition 8.7 (*Conditions to redemption etc.*), if a Special Event has occurred and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Holders, so that they become or remain Qualifying Capital Notes. See Condition 8.6 (*Substitution and variation*).

**Loss absorption following a Trigger Event and reinstatement of the Notes:** If at any time the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group has fallen below 7.000 per cent., the Outstanding Principal Amounts shall be reduced (in whole or in part).

Following any such reduction of the Outstanding Principal Amounts, the Issuer may, at its discretion, reinstate in whole or in part the principal amount of the Notes, if certain conditions are met.

See Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*).

**Negative Pledge:** None.

Cross Default:	None.
Enforcement Events:	There will be enforcement events relating only to non-payment (allowing a Holder to institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Holder) and the liquidation or bankruptcy of the Issuer, provided that a Holder may not itself file for the liquidation or bankruptcy of the Issuer.
Meetings of Holders and Modifications:	<p>The Notes 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.</p> <p>The Issuer may also, subject to Condition 8.7 (<i>Conditions to redemption etc.</i>), make any modification to the Notes which is not prejudicial to the interests of the Holders without the consent of the Holders. Any such modification shall be binding on the Holders.</p>
Taxation:	All payments of principal and interest in respect of the Notes and the Coupons 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, save in certain limited circumstances provided in Condition 10 ( <i>Taxation</i> ), be required to 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.
Form of the Notes:	The Notes will be issued in bearer form and will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream Banking, <i>société anonyme</i> . Interests in the Temporary Global Note will be exchangeable for interests in the Permanent Global Note, without Coupons, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for Definitive Notes only in certain limited circumstances in accordance with the terms of the Permanent Global Note. See “Overview of Provisions relating to the Notes while in Global Form” below.
Denominations:	The Notes will be issued in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to (and including) EUR 199,000.
Listing and Admission to Trading:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market with effect from the Issue Date.
Irish Listing Agent:	Arthur Cox Listing Services Limited.
Governing Law:	The Notes will be governed by, and construed in accordance with, English

law, except for Condition 4 (*Status of the Notes*), Condition 6 (*Interest Cancellation*), Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of Notes*), Condition 8.2 (*Early redemption upon the occurrence of a Special Event*) and Condition 11 (*Enforcement Events*) which shall be governed by, and construed in accordance with, Danish law.

Enforcement of the Notes in Global Form: In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 12 March 2014, a copy of which will be available for inspection at the specified office of the Fiscal Agent.

Ratings: The Notes are expected to be rated BB+ by S&P and BB+ by Fitch. In addition, the Issuer has been rated by each of Moody's Investors Service Ltd. ("**Moody's**"), S&P and Fitch as follows:

	Moody's	S&P	Fitch
senior unsubordinated long-term debt/long-term Issuer default rating	Baa1	A-	A
senior unsubordinated short-term debt/short-term Issuer default rating	P-2	A-2	F1

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 Prospectus. This list is available on the ESMA website at [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) (list last updated on 3 June 2013).

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

Selling Restrictions: There are restrictions on the transfer of the Notes prior to the expiration of the distribution compliance period, see "Subscription and Sale" below. For a description of additional restrictions on offers, sales and deliveries of the Notes and on the distribution of offering material in the United States of America, the United Kingdom and Denmark, see "Subscription and Sale" below.

## RISK FACTORS

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

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

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

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

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

*Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section, unless otherwise stated. References to a numbered "Condition" shall be to the relevant Condition in the Terms and Conditions of the Notes.*

### **Risks relating to the Issuer**

*The Group is exposed to a number of risks, the categories of which are credit risk, market risk, liquidity risk, operational risk, insurance risk and pension risk*

The Group is exposed to a number of risks, which it manages at different organisational levels. The categories of risk are as follows:

- Credit risk: Credit risk is the risk of losses arising because debtors or counterparties fail to meet all or part of their payment obligations.
- Market risk: Market risk is defined as the risk of losses because the fair value of financial assets, liabilities and off-balance-sheet items varies with market conditions.
- Liquidity risk: Liquidity risk is the risk of losses arising because:
  - funding costs become excessive;
  - a lack of funding prevents the Group from maintaining its current business model; or
  - a lack of funding prevents the Group from fulfilling its payment obligations.
- Operational risk: Operational risk is the risk of losses resulting from inadequate internal procedures, human or system errors, or external events. Operational risk includes legal risk.
- Insurance risk: Insurance risk in the Group is defined as all types of risk in the Danica group (which consists of the Issuer's subsidiary, Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999, which is the parent company of Danica Pension Livsforsikringsaktieselskab and its respective subsidiaries), including market risk, and life insurance risk.

- Pension risk: Pension risk arises because of the Group's liability for defined benefit pension plans. Valuation is uncertain because this type of pension plan entails protracted liabilities and is based on actuarial assumptions. Pension risk includes, *inter alia*, risks of the following:
  - lower-than-expected returns on invested funds;
  - changes in actuarial assumptions, including the assumptions about the discount rate and inflation, that cause an increase in the pension obligations; or
  - longer-than-expected longevity among members of the plan.

*Regulatory changes could materially affect the Issuer's business*

The Issuer is subject to financial services laws, regulations, administrative actions and policies in Denmark and in each other jurisdiction in which the Issuer carries on business. Changes in supervision and regulation, in particular in Denmark, could materially affect the Issuer's business, the products and services offered or the value of its assets. Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

The Issuer is subject to risks as a result of implementation of the European Banking Union. The Group has entities both within and outside the eurozone. Accordingly, these risks could include the outcome of the ECB asset quality review to be performed in 2014 on entities within the eurozone as well as the manner in which the Danish Financial Supervisory Authority (the "DFSA") may implement a similar review of the Group.

*The Issuer will face increased capital and liquidity requirements as a result of the new Basel III Framework*

The final versions of the Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the "CRR") and the Directive of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (the "CRD IV Directive") were adopted in June 2013. The CRR entered into force on 1 January 2014, and the CRD IV Directive is anticipated to be implemented in Denmark in 2014. The framework implements among other things the Basel Committee on Banking Supervision's proposals imposing stricter capital and liquidity requirements upon banks ("Basel III") in the EU. Each of the CRR and the CRD IV Directive covers a wide range of prudent requirements for banks across EU member states, including capital requirements, stricter and aligned definitions of capital, risk-weighted assets ("RWA"), 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 (as defined below) definition, governance and remuneration requirements.

The regulatory impact on the Issuer's core equity tier 1 is expected to be moderate (-1.9 percentage points as of 1 January 2014) and will arise from the changed rules of deductions. The new rules will also have a moderate impact on the RWA. According to the CRR, instruments that no longer qualify as additional tier 1 and tier 2 capital shall be subject to grandfathering, which means that such instruments will be phased out during a 10-year period.

CRD IV 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 CRD IV) pending a subsequent political decision in the European Union on whether this should be a Pillar I (as defined in CRD IV).

The CRD IV Directive will come into force through implementation in the Danish Financial Business Act, whereas the CRR applies directly without implementation in national law. The phase-in of the capital requirements will follow the path in the CRR until 2018 unless required earlier in applicable Danish legislation. The European Banking Authority ("EBA") will propose detailed rules through binding technical standards during the period 2014 to 2016 for many areas including, *inter alia*, liquidity requirements and certain aspects of capital requirements.

For each systemically important financial institution (“**SIFI**”), there will be additional capital requirements beyond the minimum requirements. In October 2013 a political agreement on SIFI requirements was reached in Denmark. In the agreement, which is expected to be implemented into Danish law in 2014, the Issuer has been designated as a SIFI. According to the agreement, this will require the Issuer to comply with an additional CET1 (as defined below) capital requirement of 3 per cent. The intention is for the capital requirements imposed on Danish SIFIs to be on a par with the requirements set in other comparable European countries. Accordingly the final level of the Danish SIFI capital requirements will be assessed no later than 2017 after evaluating these other countries’ final requirements. Regulations for the crisis management of Danish SIFIs and other banks and mortgage-credit institutions will not be established until forthcoming common EU crisis management regulations have been agreed upon, in particular the RRD and SRM (both as defined below) proposals, including whether there should be additional requirements for Danish banks to issue debt that can be bailed-in. The agreement specifically states that it is not the intention that Danish SIFIs shall be resolved pursuant to Bank Package III (as defined in “Description of the Danske Bank Group” below). A position on the Liquidity Coverage Ratio (“**LCR**”) requirement for Danish SIFIs awaits the European Commission’s decision in 2014 on the final definition of the LCR requirement, including clarification of which assets can be used in complying with the LCR requirement, in particular whether Danish covered bonds can be used. All SIFIs must comply with the LCR requirement by 2015.

The DFSA has also made orders against the Issuer concerning its use of the internal ratings-based approach in capital adequacy calculations, as set out in the “Description of the Danske Bank Group” section. The Issuer does not agree with some of the DFSA’s orders and has appealed to the Company Appeals Board.

See “Description of the Danske Bank Group” for a description of the impact on the Group of the new capital and liquidity requirements and, if the Issuer is unsuccessful in its appeal to the Company Appeals Board, the consequences of the orders from the DFSA.

*The Group may 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 may 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 are funded, directly or indirectly, by financial services firms which operate and/or are licensed in the relevant jurisdiction. Revised legislation regarding the Danish Deposit Guarantee Scheme (Bank Package IV (as defined below) and the Deposit Guarantee Scheme Directive) redefines the Danish scheme as a premium based scheme such that the participating banks’ payments to the scheme will be more stable every year in profit and loss terms. The premium payments will stop when a target level of 1 per cent. of covered net deposits has been reached. 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 RRD, the proposal for a repeal and recast of Directive 94/19/EC (the “**revised Deposit Guarantee Schemes Directive**”) and in discussions on a single resolution fund according to the proposal for a regulation 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 published by the European Commission on 10 July 2013 (the “**SRM**”) (the latter of which will be relevant should Denmark choose to participate in the Single Resolution Mechanism). The final texts of the RRD, the revised Deposit Guarantee Schemes Directive and the SRM are anticipated to be published in the first half of 2014, to be followed by entry into force of each of those proposals and the transposition into national legislation of the RRD and the revised Deposit Guarantee Schemes Directive.

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

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

The Danish economy picked up throughout 2013. Gross domestic product rose in the second and third quarters, and economic indicators suggest that growth continued towards the end of the year. Growth was stimulated by increasing exports, real wage growth and low interest rates. Exports are expected to continue to increase in 2014. Housing prices started to rise, but the turnaround is weak and the housing market remains a risk factor.

The Swedish economy did not grow in 2013. Survey data indicates that it might expand in 2014 because of the outlook for higher global growth. Housing prices have risen sharply in recent years, and even taking into account the strong underlying economy, the high prices pose a risk of corrections in the years ahead.

The Norwegian economy remains strong, but growth has slowed markedly because of lower oil prices and a lacklustre housing market. As oil prices remain high, despite a drop from their peak, the deceleration is expected to be temporary. Export growth and a continuation of strong domestic demand are expected to underpin the economy. Housing prices fell in the second half of 2013, and the possibility of a further decline is a risk factor.

The Finnish economy saw economic contraction again in 2013 because of weak exports and a tight fiscal policy. Housing prices have been quite flat. The Group expects a slight pickup in growth in 2014.

In Northern Ireland, the Group saw low growth in 2013. The Irish economy is still fragile, but the Irish government has decided to exit the eurozone bailout programme without a European Stability Mechanism precautionary backstop as the public deficit has been reduced significantly. Housing prices appear to have bottomed out at 50 per cent. below their peak and have now started to rise.

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

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

#### *The secondary market generally*

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

#### *Exchange rate risks and exchange controls*

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

#### *Interest rate risks*

Notwithstanding that the rate of interest applicable to the Notes will be reset on the First Call Date and on each Reset Date thereafter, an investment in the Notes involves the risk that subsequent changes in market interest

rates during the Initial Period or, as the case may be, during a Reset Interest Period may adversely affect the value of the Notes.

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

### **Factors which are material for the purpose of assessing the market risks associated with the Notes**

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

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement to this Prospectus including, but not limited to, any taxation issues related to purchasing and/or holding the Notes;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the 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 where the currency for principal or interest payments, i.e. euro, is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### **Risks related to the structure of the Notes**

*The Issuer's obligations under the Notes are subordinated*

Subject to Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*), the Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer as described in Condition 4 (*Status of the Notes*).

The Issuer may issue other obligations or capital instruments that rank or are expressed to rank senior to the Notes or *pari passu* to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. In the event of a liquidation or bankruptcy of the Issuer, the Issuer will be required to pay its depositors, its unsubordinated creditors and its other subordinated creditors other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes in full before it can make any payments on the Notes. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Notes.

*Loss absorption following a Trigger Event*

The Notes are being issued for regulatory capital adequacy purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer and the Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Terms and Conditions of the Notes and which, in particular,

require the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer and/or the Group.

Accordingly, if at any time the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group has fallen below 7.000 per cent., the Outstanding Principal Amounts shall be reduced as described in Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*).

Holder may lose all or some of their investment as a result of such a reduction to the Outstanding Principal Amounts. Any such reduction of the Outstanding Principal Amounts shall not constitute an Enforcement Event and, following such reduction, Holders' claims in respect of principal will, in all cases, be based on the reduced Outstanding Principal Amounts to the extent the Outstanding Principal Amounts have not subsequently been reinstated as described in Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*).

In addition, following a reduction of the Outstanding Principal Amounts as described above, interest can only continue to accrue on the Outstanding Principal Amounts following such reduction, which will be lower than the Original Principal Amount of the Notes.

Following any such reduction, the Issuer will not in any circumstances be obliged to reinstate the Outstanding Principal Amounts, but any reinstatement must be undertaken, subject to compliance with applicable regulatory restrictions, on a *pro-rata* basis with all other Parity Trigger Loss Absorbing Instruments (if any) which would, following such reinstatement, constitute Additional Tier 1 Capital and feature similar reinstatement provisions.

The market price of the Notes is expected to be affected by fluctuations in the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group. Any indication that the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group is trending towards 7.000 per cent. may have an adverse effect on the market price of the Notes. The level of the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group may significantly affect the trading price of the Notes.

Investors should note that, while such a reduction is not common, it is an appreciable risk and is not limited to the liquidation or bankruptcy of the Issuer.

#### *Danish resolution regimes*

In Denmark, certain schemes were introduced in recent years to facilitate the orderly resolution of distressed banking institutions. The current Danish banking schemes do not contain any provisions that contemplate a statutory write down (or other similar impairment) of subordinated bank liabilities such as the Notes. The schemes, however, allow, *inter alia*, the Danish government to establish a new bank to take over all the assets and liabilities after the initial haircut, if applicable, from failing banks, excluding the failing bank's equity and subordinated capital (such as the Notes), before initiating bankruptcy proceedings against the failing bank. If the Issuer were to become subject to a resolution regime pursuant to such schemes, the Holders may lose some or all of their investment in the Notes. See "Bank Packages" in "Description of the Danske Bank Group" below for a further description of these schemes. It should also be noted that it is currently unclear whether one or more of these schemes will be replaced (in whole or in part) by the proposals outlined in the draft RRD (see also "Loss absorption at the point of non-viability of the Issuer and resolution" risk factor below) and SRM (see also "The Group may have to pay additional amounts under deposit guarantee schemes or resolution funds" section above).

#### *Loss absorption at the point of non-viability of the Issuer and resolution*

On 18 December 2013, the Council of the European Union published a revised legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "RRD"). The stated aim of the draft RRD is to provide relevant authorities

with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers provided to "resolution authorities" in the draft RRD include write down/conversion powers to ensure capital instruments (including Additional Tier 1 capital instruments such as the Notes) and eligible liabilities (including senior debt instruments) fully absorb losses at the point of non-viability of the issuing institution (referred to as the "**Bail-In Tool**"). Accordingly, the draft RRD contemplates that resolution authorities may require the write down of such capital instruments and eligible liabilities in full on a permanent basis or convert them in full into common equity tier 1 instruments ("**RRD Non-Viability Loss Absorption**"). The draft RRD currently provides, *inter alia*, that resolution authorities shall exercise the write down power in a way that results in (i) common equity tier 1 instruments being written down first in proportion to the relevant losses, (ii) thereafter, the principal amount of other capital instruments (including Additional Tier 1 capital instruments such as the Notes) being written down or converted into common equity tier 1 instruments on a permanent basis and (iii) thereafter, eligible liabilities being written down or converted in accordance with a set order of priority.

The point of non-viability under the draft RRD is the point at which the national authority determines if the institution meets the condition for resolution, which is defined as:

- (a) the institution is failing or likely to fail, which means:
  - (i) the institution has incurred/will incur in a near future losses depleting all or substantially all its own funds; and/or
  - (ii) the assets are/will be in a near future less than its liabilities; and/or
  - (iii) the institution is/will be in a near future unable to pay its debts or other liabilities when they fall due; and/or
  - (iv) the institution requires public financial support;
- (b) there is no reasonable prospect that a private action would prevent the failure; and
- (c) a resolution action is necessary in the public interest.

Except for the Bail-In Tool with respect to eligible liabilities, which is expected to apply as from 1 January 2016, the draft RRD contemplates that the measures set out therein, including the Bail-In Tool with respect to capital instruments such as the Notes, will apply as from 1 January 2015.

The draft RRD currently represents the official proposal for the implementation in the European Economic Area of the non-viability requirements set out in the press release dated 13 January 2011 issued by the Basel Committee on Banking Supervision (the "**Basel Committee**") entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the "**Basel III Non-Viability Requirements**"). The Basel III Non-Viability Requirements form part of the broader Basel III package of new capital and liquidity requirements (as described above under "Basel III Framework" and in more detail under "European implementation of the Basel III Framework" in "Description of the Danske Bank Group" below) intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions.

The Basel Committee contemplated implementation of the Basel III reforms as of 1 January 2013. However, implementation of these reforms in the European Economic Area has been delayed but will be by way of the CRD IV Directive and the CRR. These texts were published in the Official Journal of the European Union on 27 June 2013, became effective on 1 January 2014 (except for capital buffer provisions which shall apply as from 1 January 2016) but in practice implementation of the CRD IV Directive has been delayed in many countries including Denmark. The CRR contemplates that the Basel III Non-Viability Requirements will be implemented in the European Economic Area by way of the RRD and the RRD Non-Viability Loss Absorption. If such statutory loss absorption at the point of non-viability is not implemented by 31 December 2015, then CRR indicates that the

European Commission shall review and report on whether a provision should be included in CRR and, in light of that review, come forward with appropriate legislative proposals.

It is currently unclear whether RRD Non-Viability Loss Absorption, when implemented, will apply to capital instruments (such as the Notes) that are already in issue at that time or whether certain grandfathering rules will apply. If and to the extent that such provisions, when implemented, apply to the Notes, and/or if the Basel III Non-Viability Requirements become applicable to the Notes at any time, the Notes may be subject to write down or conversion to common equity tier 1 instruments upon the occurrence of the relevant trigger event, which may result in Holders losing some or all of their investment in the Notes. The exercise of any such power or any suggestion or anticipation of such exercise could, therefore, materially adversely affect the value of the Notes.

In addition to RRD Non-Viability Loss Absorption, the draft RRD provides resolution authorities with broader powers to implement other resolution measures with respect to distressed banks which reach non-viability, which may include (without limitation) the sale of the bank's business, the separation of assets, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

The draft RRD is not in final form and changes may be made to it in the course of the legislative process. In addition, as noted above, it is unclear whether the Basel III Non-Viability Requirements could be applied in respect of the Notes ahead of implementation of the RRD. Accordingly, it is not yet possible to assess the full impact of the relevant loss absorption provisions. There can be no assurance that, once implemented, the availability of applicable loss absorption provisions or the taking of any actions currently contemplated or as finally reflected in such provisions would not adversely affect the price or value of a Holder's investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

#### *No scheduled redemption*

The Notes are perpetual securities and have no fixed date for redemption. The Issuer is under no obligation to redeem the Notes at any time (except as provided in Condition 8 (*Redemption and Purchase*) and, in any such case, subject always to Condition 8.7 (*Conditions to redemption etc.*)). There will be no redemption at the option of the Holders.

#### *Cancellation of Interest*

Subject as provided in Condition 6 (*Interest Cancellation*), any payment of interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

- (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion; or
- (ii) will be mandatorily cancelled to the extent so required by the Relevant Rules, including the applicable criteria for Additional Tier 1 Capital instruments.

It is currently expected that discretionary payments in respect of certain capital instruments (including payments of interest on the Notes, which would include for the avoidance of doubt, any additional amounts in respect of interest which may be payable under Condition 10 (*Taxation*)) will be required to be cancelled, in whole or in part, to the extent that:

- (i) Distributable Items are insufficient to make the relevant payment(s);
- (ii) the combined buffer requirement is not met and, if the relevant payment(s) were made, the amount of such payment(s) would exceed the Maximum Distributable Amount; or

- (iii) the Relevant Rules prescribe and/or, as the case may be, the Relevant Regulator requires that the relevant payment(s) shall be cancelled.

The Issuer's Distributable Items will depend to a large extent on the net income earned by the Issuer. The Maximum Distributable Amount is a novel concept, and its determination is subject to considerable uncertainty. As discussed above, the Issuer is entitled to cancel payments of interest in its sole discretion and it is permitted to do so even if it could make such payments without exceeding the limits described in the paragraph immediately above. Notwithstanding the above expectations, payments of interest on the Notes may be cancelled even if (i) holders of the Issuer's shares continue to receive dividends and/or (ii) Existing Hybrid Tier 1 Capital Notes (if any) remain outstanding and holders of those Existing Hybrid Tier 1 Capital Notes continue to receive interest payments.

Following any cancellation of interest as described above, the right of Holders to receive accrued interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid interest will not be deemed to have "accrued" or been earned for any purpose nor will the non-payment of such interest constitute an Enforcement Event.

Any actual or anticipated cancellation of interest payments will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition.

#### *Notes subject to optional redemption by the Issuer or upon the occurrence of a Special Event*

Subject as provided herein, in particular to Condition 8.7 (*Conditions to redemption etc.*), the Issuer may, at its option, redeem all, but not some only, of the Notes on the First Call Date or on any Interest Payment Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled. Subject as aforesaid, upon the occurrence of a Special Event, the Issuer may also, at its option, at any time redeem all, but not some only, of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled.

Holders should note that the Issuer may redeem the Notes as described in the previous paragraph even if (i) the Outstanding Principal Amounts have been so reduced and (ii) the principal amount of the Notes has not been fully reinstated to the original principal amount of the Notes.

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

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

#### *Substitution and variation of the Notes without Holder consent*

Subject to Condition 8.7 (*Conditions to redemption etc.*), if a Special Event has occurred and is continuing, the Issuer may, at its option, and without the consent or approval of the Holders, elect either (i) to substitute all (but not some only) of the Notes or (ii) to vary the terms of all (but not some only) of the Notes, so that they become or remain Qualifying Capital Notes.

Save to the extent necessary to ensure they continue to comply with the Relevant Rules in relation to Additional Tier 1 Capital, Qualifying Capital Notes are securities issued or guaranteed by the Issuer that have,

*inter alia*, terms not materially less favorable to the Holders than the terms of the Notes (provided that the Issuer shall have delivered a certificate to that effect signed by two of its Directors to the Fiscal Agent). See Condition 8.6 (*Substitution and variation*).

#### *Limited enforcement events*

The Notes will contain limited enforcement events relating to:

- (i) non-payment by the Issuer of any amounts due under the Notes. In such circumstances, as described in more detail in Condition 11 (*Enforcement Events*) and subject as provided below, a Holder may institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Holder; and
- (ii) the liquidation or bankruptcy of the Issuer. In such circumstances, as described in more detail in Condition 11 (*Enforcement Events*), the Notes will become due and payable at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled.

A Holder may not itself file for the liquidation or bankruptcy of the Issuer.

*The calculation of the Common Equity Tier 1 Capital Ratios will be affected by a number of factors, many of which may be outside the Issuer's control*

The occurrence of a Trigger Event and, therefore a write-down of the Original Principal Amounts, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. Because the Relevant Regulator may require the Common Equity Tier 1 Capital Ratios to be calculated as of any date, a Trigger Event could occur at any time. The calculation of the Common Equity Tier 1 Capital Ratios of the Issuer and/or the Group could be affected by a wide range of factors, including, among other things, factors affecting the level of the Issuer's and/or the Group's earnings or dividend payments, the mix of businesses, the ability to effectively manage the risk-weighted assets in both the ongoing businesses and those the Issuer and/or the Group may seek to exit, losses in commercial banking, investment banking or other businesses, changes in the Group's structure or organisation, or any of the factors described in "Description of the Danske Bank Group". The calculation of the ratios also may be affected by changes in applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion is under the applicable accounting rules is exercised.

Due to the uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, the Original Principal Amounts may be written down. Accordingly, the trading behavior of the Notes may not necessarily follow the trading behavior of other types of subordinated securities. Any indication that the Common Equity Tier 1 Capital Ratio of either the Issuer or of the Group is approaching the level that would trigger a Trigger Event may have an adverse effect on the market price and liquidity of the Notes. Under such circumstances, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

*Uncertainties remain regarding the manner in which CRD IV will be implemented*

The defined terms in the Terms and Conditions of the Notes will depend in some cases on the final interpretation and implementation of CRD IV. CRD IV is a recently-adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years. Certain portions of the CRD IV Directive require transposition into Danish law, and although the CRD IV Regulation will be directly applicable in each Member State, the CRD IV Regulation leaves a number of important interpretational issues to be resolved through binding technical standards that will be adopted in the future, and leaves certain other matters to the discretion of the Relevant Regulator. The manner in which the framework and requirements under CRD IV will be applied to the Issuer and the Group remains uncertain.

The determination of the Maximum Distributable Amount is particularly complex. The Maximum Distributable Amount imposes a cap on the Issuer's ability to pay interest on the Notes, and on the Issuer's ability to reinstate the Original Principal Amounts following a reduction upon the occurrence of a Trigger Event.

### **Risks related to the Notes generally**

*Because the Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer*

The Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Notes, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Notes are in global form, the Issuer will discharge its payment obligations under the Notes by making payments to a common depository. A holder of a beneficial interest in a Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in such a Global Note.

### *Meetings of Holders and modification*

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

In addition, the Issuer may, subject to Condition 8.7 (*Conditions to redemption etc.*), make any modification to the Notes, the Terms and Conditions of the Notes, the Agency Agreement and/or the Deed of Covenant which is not prejudicial to the interests of the Holders without the consent of the Holders. Any such modification shall be binding on the Holders.

### *Credit ratings may not reflect all risks and may be lowered, suspended, withdrawn or not maintained*

Each of S&P and Fitch is expected to assign a credit rating to the Notes. In addition, each of Moody's, S&P and Fitch has assigned credit ratings to the Issuer as described in "Overview of the Notes" above. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes or the standing of the Issuer.

A rating is not a recommendation to buy, sell or hold securities and any rating agency may revise, suspend or withdraw at any time the relevant rating assigned by it if, in the sole judgement of the relevant rating agency, among other things, the credit quality of the Notes or, as the case may be, the Issuer has declined or is in question. In addition, there is no guarantee that any rating of the Notes and/or the Issuer will be maintained by the Issuer following the date of this Prospectus. If any rating assigned to the Notes and/or the Issuer is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Notes may be reduced.

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

The Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may materially and adversely affect the Issuer's operations or financial condition, the Issuer's willingness or ability to leave individual transactions outstanding and adversely affect the Issuer's capital market standing. In particular, there is an on-going debate about rating methodologies for hybrid capital instruments such as the Notes. Currently S&P has a request for comment outstanding regarding its methodology of assigning credit ratings to such instruments.

### *Change of law*

The Terms and Conditions of the Notes will be governed by the laws of England, except for Condition 4 (*Status of the Notes*), Condition 6 (*Interest Cancellation*), Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*), Condition 8.2 (*Early redemption upon the occurrence of a Special Event*), and Condition 11 (*Enforcement Events*) which shall be governed by, and construed in accordance with, Danish law. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Denmark or administrative practice after the date of this Prospectus.

### *U.S. Foreign Account Tax Compliance Act withholding may affect payments on the Notes*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign pass thru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer’s obligations under the Notes are discharged once it has paid the clearing systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. Prospective investors should refer to the section “Taxation – Foreign Account Tax Compliance Act.”

### *Notes where denominations involve integral multiples: Definitive Notes*

The Notes have denominations consisting of a minimum denomination of EUR 100,000 plus one or more higher integral multiples of EUR 1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of EUR 100,000. In such a case a Holder who, as a result of trading such amounts, holds an amount which is less than EUR 100,000 in its account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of the Notes such that its holding amounts to a denomination.

If Definitive Notes are issued, Holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of EUR 100,000 may be illiquid and difficult to trade.

### *Interests of the Joint-Lead Managers*

Certain of the Joint-Lead Managers 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.

## DOCUMENTS INCORPORATED BY REFERENCE

The Annual Reports of the Group for the financial years ended 31 December 2013 and 31 December 2012 (respectively, the “**Annual Report 2013**” and the “**Annual Report 2012**”, and together, the “**Annual Reports**”) shall be deemed to be incorporated in, and to form part of, this Prospectus, excluding the following sections:

- (i) in respect of the Annual Report 2013:
- the fourth and fifth sentences of the third paragraph in the “Letter to our shareholders” on page 4;
  - the last bullet point in the “Executive summary” on page 7;
  - the section “Ambitions and targets” on page 10 and 11 (including the table on financial targets on page 10); and
  - the section “Outlook for 2014” on page 13 thereof; and
- (ii) in respect of the Annual Report 2012, the section “Outlook for 2013” on page 9 thereof.

The financial statements in the Annual Reports have been audited.

The sources of the financial statements (including the auditors’ reports thereon and notes thereto) in the Annual Reports incorporated by reference herein are as follows:

<i>Information</i>	<i>Source</i>
Income Statement for the Group for the year ended 31 December 2013	Annual Report 2013 pg. 64
Statement of Comprehensive Income for the Group for the year ended 31 December 2013	Annual Report 2013 pg. 65
Balance Sheet for the Group for the year ended 31 December 2013	Annual Report 2013 pg. 66
Statement of Capital for the Group for the year ended 31 December 2013	Annual Report 2013 pgs. 67-69
Cash Flow Statement for the Group for the year ended 31 December 2013	Annual Report 2013 pg. 70
Notes to the Financial Statements for the year ended 31 December 2013	Annual Report 2013 pgs. 71-165
Auditors’ Reports for the Group for the year ended 31 December 2013	Annual Report 2013 pgs. 188-189
Income Statement for the Group for the year ended 31 December 2012	Annual Report 2012 pg. 50
Statement of Comprehensive Income for the Group for the year ended 31 December 2012	Annual Report 2012 pg. 51
Balance Sheet for the Group for the year ended 31 December 2012	Annual Report 2012 pg. 52

Statement of Capital for the Group for the year ended 31 December 2012	Annual Report 2012 pgs. 53-55
Cash Flow Statement for the Group for the year ended 31 December 2012	Annual Report 2012 pg. 56
Notes to the Financial Statements for the year ended 31 December 2012	Annual Report 2012 pgs. 57-160
Auditors' Reports for the Group for the year ended 31 December 2012	Annual Report 2012 pgs. 183-184

The Annual Report 2013 incorporated by reference herein can be viewed online at [www.danskebank.com/en-uk/ir/Documents/2013/Q4/Annualreport-2013-parent-company.pdf](http://www.danskebank.com/en-uk/ir/Documents/2013/Q4/Annualreport-2013-parent-company.pdf).

The Annual Report 2012 incorporated by reference herein can be viewed online at [www.danskebank.com/en-uk/ir/Documents/2012/Q4/Annualreport-2012.pdf](http://www.danskebank.com/en-uk/ir/Documents/2012/Q4/Annualreport-2012.pdf).

The Annual Reports are English translations of the original reports in the Danish language. The Issuer accepts responsibility for the English translations of the Annual Reports.

This Prospectus is available for viewing at [www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx](http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx).

## OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

*Words and expressions defined in “Terms and Conditions of the Notes” herein shall have the same meanings in this “Overview of Provisions relating to the Notes while in Global Form”.*

### Temporary Global Note exchangeable for Permanent Global Note

The Notes will initially be in the form of the Temporary Global Note, without Coupons, which will be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg. Interests in the Temporary Global Note will be exchangeable, in whole or in part, for interests in the Permanent Global Note, without Coupons, which will also be deposited on or around the Issue Date with a common depository for Euroclear and Clearstream, Luxembourg, on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

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

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) in either case, receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The Outstanding Principal Amounts of the Notes represented by the Permanent Global Note shall be equal to the aggregate of the original principal amounts specified in the certificates of non-U.S. beneficial ownership as adjusted to reflect any reduction and/or reinstatement pursuant to Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*) and/or any reduction as otherwise required by then current legislation and/or regulations applicable to the Issuer; provided, however, that in no circumstances shall the Outstanding Principal Amounts of the Notes represented by the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

### Permanent Global Note exchangeable for Definitive Notes

Interests in the Permanent Global Note will be exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Definitive Notes, if:

- (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so; or
- (ii) any of the circumstances described in Condition 11 (*Enforcement Events*) occurs.

Interests in the Permanent Global Note will also become exchangeable, in whole but not in part only and at the request of the Issuer, for Definitive Notes if, by reason of any change in the laws of Denmark, the Issuer will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes are in definitive form.

Definitive Notes will have attached thereto at the time of their initial delivery Coupons. Definitive Notes will also, if necessary, have attached thereto at the time of their initial delivery Talons and the expression Coupons shall, where the context so requires, include Talons.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and, if necessary, Talons attached, in an aggregate principal amount equal to the Outstanding Principal Amounts of the Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within thirty days of the bearer requesting such exchange.

Each Definitive Note shall state that its Outstanding Principal Amount may be reduced and/or reinstated pursuant to Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*) or reduced as otherwise required by then current legislation and/or regulations applicable to the Issuer and that details thereof may be obtained during normal business hours at the Specified Office of the Fiscal Agent.

The Permanent Global Note also provides, *inter alia*, that:

- (i) if Definitive Notes have not been delivered in accordance with the terms of the Permanent Global Note by 6.00 p.m. (London time) on the thirtieth day after the day on which such Permanent Global Note becomes due to be exchanged; or
- (ii) if the Permanent Global Note (or any part thereof) becomes due and payable in accordance with the Terms and Conditions or the date for final redemption of the Permanent Global Note has occurred, and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made on the due date for payment by 6.00 p.m. (London time) on such due date,

then the Permanent Global Note will become void in accordance with its terms but without prejudice to the rights conferred by the Deed of Covenant.

### **Terms and Conditions applicable to the Notes**

The Terms and Conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the Terms and Conditions set out under “Terms and Conditions of the Notes” below.

The Terms and Conditions applicable to the Notes represented by one or more Global Notes will differ from those Terms and Conditions which would apply to the Notes were they in definitive form to the extent described in this “Overview of Provisions relating to the Notes while in Global Form”.

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the relevant Global Note. The following is a summary of certain of those provisions:

*Payments:* The Holder of a Global Note shall be the only person entitled to receive payments in respect of the Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the Holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of the Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the Holder of such Global Note. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “**Payment Business Day**” set out in Condition 2.1 (*Definitions*).

*Notices:* Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by one or more Global Notes and such Global Note(s) are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, the requirement in Condition 16 (*Notices*) for a notice to be published in a leading English language daily newspaper having general circulation in Europe shall not apply and notices to Holders may instead be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein and, in any case, such notices shall be deemed to have been given to the Holders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

**Legend concerning United States persons**

Global Notes, Definitive Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

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

**Clearing Systems**

Any reference herein to Euroclear and/or Clearstream, Luxembourg, as the case may be, shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Fiscal Agent and the Holders.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes which will be endorsed on each Definitive Note. The Terms and Conditions applicable to any Global Note will differ from those Terms and Conditions which would apply to a Definitive Note to the extent described under “Overview of Provisions relating to the Notes while in Global Form” above.*

### 1. Introduction

- 1.1 *Notes:* The EUR 750,000,000 Perpetual Non-cumulative Resettable Additional Tier 1 Capital Notes (the “**Notes**”) are issued by Danske Bank A/S (the “**Issuer**”).
- 1.2 *Issue and Paying Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated 12 March 2014 (as supplemented, amended and/or replaced from time to time, the “**Agency Agreement**”) between the Issuer, Citibank, N.A., London Branch as fiscal agent and paying agent (the “**Fiscal Agent**”, which expression shall include any successor to Citibank, N.A., London Branch in its capacity as such and together with any additional or successor paying agents appointed from time to time in accordance with the Agency Agreement, the “**Paying Agents**”).
- 1.3 *Deed of Covenant:* The Notes have the benefit of a deed of covenant dated 12 March 2014 (as supplemented, amended and/or replaced from time to time, the “**Deed of Covenant**”).
- 1.4 *Summaries:* 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**”) and the holders of the interest coupons (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant 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 Specified Office of each of the Paying Agents.

### 2. Interpretation

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

“**6-year Mid-Swap Rate**” means, in relation to a Reset Interest Period and the Reference Rate Determination Date in relation to such Reset Interest Period:

- (i) the rate for euro swaps with a term of 6 years which appears on the Screen Page as of 11:00 a.m. (Brussels time) on such Reference Rate Determination Date; or
- (ii) if the 6-year Mid-Swap Rate does not appear on the Screen Page at such time on such Reference Rate Determination Date, the Reset Reference Bank Rate on such Reference Rate Determination Date;

“**6-year Mid-Swap Rate Quotations**” means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which:

- (i) has a term of 6 years commencing on the relevant Reset Date;
- (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (iii) has a floating leg based on 6-month EURIBOR (calculated on an Actual/360 day count basis);

“**Additional Tier 1 Capital**” means capital which is treated as Additional Tier 1 capital (or any equivalent or successor term) under the Relevant Rules by the Relevant Regulator for the purposes of the Issuer and the Group;

“**Base Capital Executive Order**” means Executive Order No. 915 of 12 September 2012 on calculation of base capital issued under the Danish Financial Business Act;

“**Business Day**” means a TARGET Settlement Day and 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 Copenhagen;

“**Calculation Amount**” means EUR 1,000 (the “**Original Calculation Amount**”), provided that if the Outstanding Principal Amount of each Note is amended (either by reduction or reinstatement) in accordance with Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*) or as otherwise required by then current legislation and/or regulations applicable to the Issuer, the Fiscal Agent shall (i) adjust the Calculation Amount on a *pro-rata* basis to account for such reduction or reinstatement, as the case may be, and (ii) notify the Holders in accordance with Condition 16 (*Notices*) of the details of such adjustment;

“**Capital Event**” means, at any time, on or after the Issue Date, there is a change in the regulatory classification of the Notes that results or will result in:

- (i) their exclusion, in whole or, to the extent not prohibited by the Relevant Rules, in part, from the regulatory capital of the Issuer and/or Group; or
- (ii) reclassification, in whole or, to the extent not prohibited by the Relevant Rules, in part, as a lower quality form of regulatory capital of the Issuer and/or Group,

in each case provided, to the extent required by the Relevant Rules, that the Issuer satisfies the Relevant Regulator that the regulatory reclassification of the Notes was not reasonably foreseeable at the time of their issuance;

“**Code**” means the U.S. Internal Revenue Code of 1986;

“**Common Equity Tier 1 Capital**” means common equity tier 1 capital (or any equivalent or successor term) of, as the case may be, the Issuer or the Group, in each case as calculated by the Issuer in accordance with the Relevant Rules and any applicable transitional arrangements under the Relevant Rules;

“**Common Equity Tier 1 Capital Ratio**” means:

- (i) in relation to the Issuer, the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Issuer divided by the Risk Weighted Assets of the Issuer; and
- (ii) in relation to the Group, the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Group divided by the Risk Weighted Assets of the Group,

in each case, all as calculated by the Issuer in accordance with the Relevant Rules and any applicable transitional arrangements under the Relevant Rules and reported to the Relevant Regulator;

“**Contractual Currency**” has the meaning given to such term in Condition 17 (*Currency Indemnity*);

“**Coupon Sheet**” means, in relation to a Note, the coupon sheet relating to that Note;

“**CRD IV**” means, as the context requires, any or any combination of the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

“**CRD IV Directive**” means the Directive (2013/36/EU) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time;

“**CRD IV Implementing Measures**” means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis) to the extent required by the CRD IV Directive or the CRR, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof);

“**CRR**” means the Regulation (2013/575) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time;

“**Danish Bankruptcy Act**” means the Danish Bankruptcy Act (Consolidated Act No. 11 of 6 January 2014, as amended);

“**Danish Financial Business Act**” means the Danish Financial Business Act (Consolidated Act No. 948 of 2 July 2013, as amended);

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), “**Actual/Actual (ICMA)**” which means:

- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in such Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) two; and
- (ii) where the Calculation Period is longer than one Regular Period, the sum of:
  - (a) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) two; and
  - (b) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) two;

“**Distributable Items**” means:

- (i) the amount of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments less any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the institution’s by-laws and sums placed to non-distributable reserves in accordance with applicable national law or the statutes of the institution, those losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts; or
- (ii) any equivalent or successor term from time to time as prescribed by the Relevant Rules as applicable to Additional Tier 1 Capital instruments;

“**Enforcement Events**” has the meaning given to such term in Condition 11 (*Enforcement Events*);

“**EUR**” means euro;

“**Existing Hybrid Tier 1 Capital Notes**” means obligations or capital instruments issued by the Issuer prior to the Issue Date constituting hybrid core capital (in Danish: “*hybrid kernekapital*”) within the meaning of the Base Capital Executive Order including EUR 600,000,000 4.878 per cent. Notes (ISIN XS0287195233), SEK 1,350,000,000 Floating Rate Notes (ISIN XS0286467989), SEK 650,000,000 5.1192 per cent. Notes (ISIN XS0286467559), GBP 500,000,000 5.6838 per cent. Notes (ISIN XS0279056419), GBP 150,000,000 5.563 per cent. Notes (ISIN XS0214342569), USD 750,000,000 5.914 per cent. Notes (ISIN USK22272CP99 (RegS) or US236363AA58 (144A)) and DKK 23,991,500,000 Loan Notes constituting Hybrid Tier 1 Capital from the Danish State;

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

“**First Call Date**” means 6 April 2020;

“**First Interest Payment Date**” means 6 October 2014;

“**Group**” means the Issuer together with its Subsidiaries and other entities that are consolidated in the Issuer’s calculation of the Common Equity Tier 1 Capital Ratio on a consolidated level in accordance with the Relevant Rules;

“**Higher Trigger Loss Absorbing Instruments**” means obligations or capital instruments which include a principal loss absorption mechanism that is capable of generating Common Equity Tier 1 Capital of the Issuer and/or the Group and that is activated by an event equivalent to the Trigger Event in all material respects except that the threshold for activation of such principal loss absorption is set at a Common Equity Tier 1 Capital Ratio of higher than the Trigger Event Threshold;

“**Initial Period**” means the period from (and including) the Issue Date to (but excluding) the First Call Date;

“**Initial Rate of Interest**” means 5.750 per cent. per annum;

“**Interest Payment Date**” means 6 April and 6 October in each year from (and including) 6 October 2014;

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

“**Issue Date**” means 12 March 2014;

“**Long First Interest Period**” means the period beginning on (and including) the Issue Date and ending on (but excluding) the First Interest Payment Date;

“**Margin**” means 4.640 per cent.;

“**Optional Redemption Date (Call)**” means the First Call Date or any Interest Payment Date thereafter;

“**Original Calculation Amount**” has the meaning given to such term in the definition of Calculation Amount;

“**Original Principal Amount**” means, with respect to an issue of Additional Tier 1 Capital instruments (including the Notes), the original principal amount of such Additional Tier 1 Capital instruments which, in the case of each integral of EUR 1,000 comprising a denomination of the Notes, is equal to an original principal amount of EUR 1,000;

“**Outstanding Principal Amount**” means, in respect of a Note, the outstanding principal amount of such Note, as adjusted from time to time for any reduction or reinstatement of the principal amount, in accordance with Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*) or as otherwise required by then current legislation and/or regulations applicable to the Issuer and “**Outstanding Principal Amounts**” means the sum of the Outstanding Principal Amount of each Note;

**“Parity Trigger Loss Absorbing Instruments”** means (i) obligations or capital instruments (other than the Notes) which are eligible to constitute Additional Tier 1 Capital of the Issuer and/or the Group and (ii) any other obligations or capital instruments which are expressed to absorb losses on a *pro-rata* basis with the Notes, in each case which include a principal loss absorption mechanism that is capable of generating Common Equity Tier 1 Capital of the Issuer and/or the Group and that is activated by an event equivalent to the Trigger Event in all material respects. For the avoidance of doubt, the Existing Hybrid Tier 1 Capital Notes are not Parity Trigger Loss Absorbing Instruments;

**“Payment Business Day”** means a TARGET Settlement Day and 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 the relevant place of presentation;

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

**“Qualifying Capital Notes”** means, at any time, any securities (other than the Notes) issued or guaranteed by the Issuer that:

- (i) (A) contain terms which at such time comply with the Relevant Rules in relation to Additional Tier 1 Capital (which, for the avoidance of doubt, may result in such securities not including, or restricting for a period of time the application of, one or both of the Special Event redemption events which are included in the Notes) and (B) provide the same amount of regulatory capital recognition as the Notes prior to the relevant substitution or variation pursuant to Condition 8.6 (*Substitution and variation*); and
- (ii) carry the same rate of interest, including for the avoidance of doubt any reset provisions, from time to time applying to the Notes prior to the relevant substitution or variation pursuant to Condition 8.6 (*Substitution and variation*); and
- (iii) have the same Original Principal Amount and Outstanding Principal Amounts as the Notes prior to substitution or variation pursuant to Condition 8.6 (*Substitution and variation*); and
- (iv) rank *pari passu* with the Notes prior to the substitution or variation pursuant to Condition 8.6 (*Substitution and variation*); and
- (v) shall not at such time be subject to a Special Event; and
- (vi) have terms not otherwise materially less favourable to the Holders than the terms of the Notes, as reasonably determined by the Issuer, and provided that the Issuer shall have delivered a certificate to that effect signed by two of its directors to the Fiscal Agent (and copies thereof will be available at the Fiscal Agent’s Specified Office during its normal business hours) not less than 5 Business Days prior to (x) in the case of a substitution of the Notes pursuant to Condition 8.6 (*Substitution and variation*), the issue date of the relevant securities or (y) in the case of a variation of the Notes pursuant to Condition 8.6 (*Substitution and variation*), the date such variation becomes effective; and
- (vii) if (A) the Notes were listed or admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a Regulated Market or (B) the Notes were listed or admitted to trading on a recognised stock exchange other than a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a Regulated Market), in either case as selected by the Issuer;

**“Rate of Interest”** means:

- (i) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest; or

- (ii) in the case of each Interest Period thereafter, the sum, converted from an annual basis to a semi-annual basis (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it), of (A) the Reference Rate in respect of the Reset Interest Period in which such Interest Period falls and (B) the Margin,

all as determined by the Fiscal Agent (in conjunction with the Issuer, where applicable) in accordance with Condition 5 (*Interest*);

“**Reference Rate**” means, in relation to a Reset Interest Period, the 6-year Mid-Swap Rate determined for such Reset Interest Period by the Fiscal Agent in accordance with Condition 5 (*Interest*);

“**Reference Rate Determination Date**” means, in relation to a Reset Interest Period, the day falling two TARGET Settlement Days prior to the Reset Date on which such Reset Interest Period commences;

“**Regular Period**” means each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means 6 April and 6 October;

“**Regulated Market**” means a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC);

“**Relevant Date**” means, in relation to any payment, whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received 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 in accordance with Condition 16 (*Notices*);

“**Relevant Regulator**” means the Danish Financial Supervisory Authority (the “**DFSA**”) and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer, as determined by the Issuer;

“**Relevant Rules**” means the regulatory capital rules from time to time as applied to the Issuer and the Group by the Relevant Regulator and as amended from time to time (including CRD IV and/or the RRD, as applicable);

“**Reset Date**” means the First Call Date and each day which falls on the sixth anniversary of the immediately preceding Reset Date;

“**Reset Interest Amount**” has the meaning given to such term in Condition 5.5 (*Determination of Reference Rate in relation to a Reset Interest Period*);

“**Reset Interest Period**” means each period from (and including) the First Call Date or any Reset Date and ending on (but excluding) the next Reset Date;

“**Reset Reference Bank Rate**” means, in relation to a Reset Interest Period and the Reference Rate Determination Date in relation to such Reset Interest Period, the percentage rate determined on the basis of the 6-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Fiscal Agent at approximately 11:00 a.m. (Brussels time) on such Reference Rate Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate for the relevant Reset Interest Period will be (i) in the case of each Reset Interest Period other than the Reset Interest Period commencing on the First Call Date, the 6-year Mid-Swap Rate in respect of the immediately preceding Reset Interest Period or (ii) in the case of the Reset Interest Period commencing on the First Call Date, 1.187 per cent. per annum;

“**Reset Reference Banks**” means five leading swap dealers in the euro interbank market selected by the Fiscal Agent in its discretion after consultation with the Issuer;

“**Risk Weighted Assets**” means the aggregate amount of the risk weighted assets (or any equivalent or successor term) of, as the case may be, the Issuer or the Group, in each case as calculated by the Issuer in accordance with the Relevant Rules and any applicable transitional arrangements under the Relevant Rules;

“**RRD**” means the Directive of the European Parliament and of the Council on resolution and recovery of credit institutions and investment firms, a first draft of which was published on 6 June 2012, as amended or replaced from time to time;

“**Screen Page**” means Reuters Screen “ISDAFIX2” or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 6-year Mid-Swap Rate;

“**Special Event**” means either a Tax Event or a Capital Event;

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

“**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;

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

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

“**Tax Event**”, means:

- (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 on or after the Issue Date, the Issuer receives an opinion of external counsel in Denmark that (A) it would be required to pay additional amounts as provided in Condition 10 (*Taxation*) or (B) to the extent a payment of interest under the Notes was tax deductible for the purposes of Danish tax prior to the relevant change, it will no longer be able to obtain a tax deduction for the purposes of Danish tax for such payment of interest, in each case provided, to the extent required by the Relevant Rules, that the Issuer satisfies the Relevant Regulator that such change in tax treatment of the Notes is material and was not reasonably foreseeable at the time of their issuance; and
- (ii) (in the case of (i)(A), above, only) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided further that (in the case of (i)(A) above, only) no Tax Event shall occur if the Issuer would be required to pay additional amounts as provided in Condition 10 (*Taxation*) as a result of:

- (a) Section 16A of the Danish Tax Assessment Act (in Danish: “*Ligningsloven*”) in effect as of 10 March 2014, which defines dividends on shares, or any change in the interpretation or administration of such law after such date; or
- (b) the enactment of the law implementing, based on or arising out of the political agreement between the Government (*Socialdemokraterne, Radikale Venstre* and *Socialistisk Folkeparti*) and *Venstre, Dansk Folkeparti, Liberal Alliance* and *Det Konservative Folkeparti* concerning the regulation of SIFIs, as well as requirements imposed on all banks and mortgage-credit institutions to have more capital and capital of a higher quality as well as higher liquidity, which was entered into on 10 October 2013;

“**Trigger Event**” means that the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group has fallen below the Trigger Event Threshold; and

“**Trigger Event Threshold**” means 7.000 per cent.

## 2.2 *Interpretation:* In these Conditions:

- (i) Notes and Holders shall respectively be deemed to include references to Coupons and Couponholders, if relevant;
- (ii) references to Coupons shall be deemed to include references to Talons;
- (iii) any reference to principal shall be deemed to include the Outstanding Principal Amount(s), any additional amounts in respect of principal which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of principal payable pursuant to these Conditions;
- (iv) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (v) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement; and
- (vi) any reference to a numbered “Condition” shall be to the relevant Condition in these Conditions.

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

- 3.1 *Form of Notes and denominations:* The Notes are in bearer form, serially numbered, in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to (and including) EUR 199,000, each with Coupons and, if necessary, Talons attached on issue. Notes of one denomination will not be exchangeable for Notes of another denomination.

The Outstanding Principal Amounts may be adjusted as provided in Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*) or as otherwise required by then current legislation and/or regulations applicable to the Issuer. Any such adjustment to the Outstanding Principal Amounts will not have any effect on the denominations of the Notes.

- 3.2 *Title:* Title to Notes and Coupons will pass by delivery. The Holder of any Note or Coupon 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 thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder.

## 4. **Status of the Notes**

The Notes (in Danish: “*kapitalbeviser*”) will be eligible to constitute Additional Tier 1 Capital of the Issuer under CRD IV.

Subject to Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*), the Notes constitute direct, unsecured and subordinated debt obligations of the Issuer, and will at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with (a) the Existing Hybrid Tier 1 Capital Notes, (b) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (c) any other obligations or capital instruments that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (iii) senior to holders of the Issuer’s ordinary shares and any other obligations or capital instruments that rank or are expressed to rank junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (iv) junior to present or future claims of (a) depositors of the Issuer, (b) other unsubordinated creditors of the Issuer and (c) subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes.

*The Notes may be subject to Danish statutory provisions as applicable from time to time that could lead to the write down and/or conversion of the Outstanding Principal Amount (and any accrued interest thereon insofar as it has not been cancelled) of the Notes to common equity tier 1 instruments of the Issuer, as further described in “Risk Factors – Loss absorption at the point of non-viability of the Issuer and resolution”.*

## **5. Interest**

5.1 *Interest rate:* The Notes bear interest on their Outstanding Principal Amounts at the relevant Rate of Interest from (and including) the Issue Date. Interest shall be payable semi-annually in arrear on each Interest Payment Date, subject in any case as provided in Condition 6 (*Interest Cancellation*) and Condition 9 (*Payments*). The first payment of interest will be made on 6 October 2014 in respect of the Long First Interest Period.

5.2 *Accrual of interest:* Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the Outstanding Principal Amount in respect thereof is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (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 in accordance with Condition 16 (*Notices*) 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).

5.3 *Interest to (but excluding) the First Call Date:* Unless the Calculation Amount has been adjusted as described in the definition thereof, the amount of interest per Calculation Amount payable on:

- (i) each Interest Payment Date in relation to an Interest Period falling in the Initial Period (other than the Long First Interest Period) will be EUR 28.750; and
- (ii) the First Interest Payment Date will be EUR 32.699.

If the Calculation Amount has been adjusted as described in the definition thereof, Condition 5.7 (*Calculation of amount of interest per Calculation Amount*) will apply.

- 5.4 *Interest from (and including) the First Call Date*: The rate of interest for each Interest Period from (and including) the First Call Date will be equal to the sum of (i) the Reference Rate in respect of the Reset Interest Period in which such Interest Period falls and (ii) the Margin, all as determined by the Fiscal Agent.
- 5.5 *Determination of Reference Rate in relation to a Reset Interest Period*: The Fiscal Agent will, as soon as practicable after 11:00 a.m. (Brussels time) on each Reference Rate Determination Date in relation to a Reset Interest Period, determine the Reference Rate for such Reset Interest Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Dates in relation to each Interest Period falling in such Reset Interest Period (each a “**Reset Interest Amount**”).
- 5.6 *Publication of Reference Rate and Reset Interest Amount*: With respect to each Reset Interest Period, the Fiscal Agent will cause the relevant Reference Rate and the relevant Reset Interest Amount determined by it, together with the relevant Interest Payment Dates in relation to each Interest Period falling in such Reset Interest Period, to be notified to the Paying Agents and 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 any event not later than the relevant Reset Date. Notice thereof shall also promptly be given to the Holders in accordance with Condition 16 (*Notices*).
- 5.7 *Calculation of amount of interest per Calculation Amount*: Save as specified in Condition 5.3 (*Interest to (but excluding) the First Call Date*), the amount of interest payable in respect of the Calculation Amount (including, for the avoidance of doubt, the Reset Interest Amount) for any period shall be calculated by:
  - (i) applying the applicable Rate of Interest to the Calculation Amount;
  - (ii) multiplying the product thereof by the Day Count Fraction; and
  - (iii) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

If pursuant to Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*) or as otherwise required by then current legislation and/or regulations applicable to the Issuer, the Outstanding Principal Amounts are reduced and/or reinstated during an Interest Period, the Calculation Amount will be adjusted by the Fiscal Agent to reflect such Outstanding Principal Amounts from time to time so that the relevant amount of interest is determined by reference to such Calculation Amount as adjusted from time to time, all as determined by the Fiscal Agent.

- 5.8 *Calculation of amount of interest per Note*: The amount of interest payable in respect of a Note shall be the product of:
  - (i) the amount of interest per Calculation Amount; and
  - (ii) the number by which the Original Calculation Amount is required to be multiplied to equal the denomination of such Note.
- 5.9 *Notifications etc*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Fiscal Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Holders and the

Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## 6. Interest Cancellation

6.1 *Interest Cancellation:* Any payment of interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

- (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion; or
- (ii) will be mandatorily cancelled to the extent so required by the Relevant Rules, including the applicable criteria for Additional Tier 1 Capital instruments.

6.2 *Notice of Interest Cancellation:* The Issuer shall give notice to the Holders in accordance with Condition 16 (*Notices*) of any such cancellation of a payment of interest, which notice might be given after the date on which the relevant payment of interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay interest as described above.

6.3 *Effect of Interest Cancellation:* Following any cancellation of interest as described above, the right of Holders to receive accrued interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid interest will not be deemed to have "accrued" or been earned for any purpose nor will the non-payment of such interest constitute an Enforcement Event.

*It is currently expected that discretionary payments in respect of certain capital instruments (including payments of interest on the Notes, which would include for the avoidance of doubt, any additional amounts in respect of interest which may be payable under Condition 10 (Taxation)) will be required to be cancelled, in whole or in part, to the extent that:*

- (i) *Distributable Items are insufficient to make the relevant payment(s);*
- (ii) *the combined buffer requirement is not met and, if the relevant payment(s) were made, the amount of such payment(s) would exceed the Maximum Distributable Amount; or*
- (iii) *the Relevant Rules prescribe and/or, as the case may be, the Relevant Regulator requires that the relevant payment(s) shall be cancelled.*

*For the purposes hereof, the "Cancellation of Interest" section in "Risk Factors" above and the italicised text under Condition 7.2 (Reinstatement of the Notes) below, "**Maximum Distributable Amount**" means any maximum distributable amount relating to the Issuer (as will be implemented in Danish law in relation to the provisions described under Article 141 of the CRD IV Directive, as such provisions are amended or replaced from time to time).*

## 7. Loss Absorption Following a Trigger Event and Reinstatement of the Notes

7.1 *Loss Absorption Following a Trigger Event:* If at any time a Trigger Event occurs, the Issuer shall immediately notify the Relevant Regulator and, in accordance with Condition 16 (*Notices*), the Holders and the Outstanding Principal Amounts shall be reduced as described below.

Such reduction shall take place on such date selected by the Issuer in consultation with the Relevant Regulator (the "**Write Down Date**") but no later than one month following the occurrence of the relevant Trigger Event unless, in accordance with the Relevant Rules, the Relevant Regulator has agreed with the

Issuer in writing that the Outstanding Principal Amounts may be reduced after a longer period, in which case, on such date as agreed with the Relevant Regulator.

The amount of the reduction of the Outstanding Principal Amounts on the Write Down Date will be equal to the lower of:

- (i) the amount of a reduction to the Outstanding Principal Amounts that would restore the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group, as applicable, to at least the Trigger Event Threshold at the point of such reduction, taking into account:
  - (A) first, the amount of Common Equity Tier 1 Capital (if any) of the Issuer and/or the Group, as the case may be, generated on or prior to the Write Down Date by all Higher Trigger Loss Absorbing Instruments (if any) outstanding at such time; and
  - (B) second, the *pro-rata* reduction to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of all Parity Trigger Loss Absorbing Instruments (if any) outstanding at such time with such proration based on the amount of Common Equity Tier 1 Capital (if any) of the Issuer and/or the Group, as the case may be, generated on or prior to the Write Down Date by all Parity Trigger Loss Absorbing Instruments (if any) outstanding at such time,

in each case, in accordance with the terms of the relevant instruments and the Relevant Rules and provided that each of provision (A) and/or (B) above shall be disappplied to the extent the existence of such provision(s) would cause the occurrence of a Capital Event

and

- (ii) the amount of a reduction of the Outstanding Principal Amounts that would reduce the Outstanding Principal Amounts to EUR 0.01.

Following a reduction of the Outstanding Principal Amounts as described above, interest will continue to accrue on the Outstanding Principal Amounts following such reduction, and will be subject to Condition 6 (*Interest Cancellation*) and Condition 7.2 (*Reinstatement of the Notes*) as described herein.

For the avoidance of doubt, the Outstanding Principal Amount of each Note shall, upon the reduction of the Outstanding Principal Amounts described above, be reduced on a likewise *pro-rata* basis.

Any reduction of the Outstanding Principal Amounts pursuant to this Condition 7.1 (*Loss Absorption Following a Trigger Event*) shall not constitute an Enforcement Event.

7.2 *Reinstatement of the Notes*: Following a reduction of the Outstanding Principal Amounts in accordance with Condition 7.1 (*Loss Absorption Following a Trigger Event*), the Issuer may, at its discretion, reinstate some or all of the principal amount of the Notes, subject to compliance with the Relevant Rules, on a *pro-rata* basis with all other Parity Trigger Loss Absorbing Instruments (if any) which would, following such reinstatement, constitute Additional Tier 1 Capital and feature similar write down and reinstatement provisions.

For the avoidance of doubt, at no time may the Outstanding Principal Amounts exceed the Original Principal Amount of the Notes.

To the extent that the principal amount of the Notes has been reinstated as described above, interest shall begin to accrue on the reinstated principal amount of the Notes, and become payable in accordance with these Conditions, as from the date of the relevant reinstatement.

*It is currently expected that any reinstatement of the principal amount of an institution's Additional Tier 1 instruments (including, in the case of the Issuer, the Notes) may not exceed the reinstatement limit applicable to that institution, which is calculated as the lower of:*

- (i) the Maximum Distributable Amount; and*
- (ii) the amount equal to the Profits (as defined below) of the institution multiplied by the ratio of the original principal amount of all outstanding Additional Tier 1 instruments of the institution where the principal amount of such Additional Tier 1 instruments has been reduced, divided by the total Tier 1 capital of the institution at the date of the relevant reinstatement.*

*For the purposes hereof, "Profits" means the profits of the institution after the institution has taken a formal decision confirming the final profits of the institution.*

## **8. Redemption and Purchase**

- 8.1 *Scheduled redemption:* The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes at its discretion in the circumstances described herein. The Notes are not redeemable at the option of the Holders at any time.
- 8.2 *Early redemption upon the occurrence of a Special Event:* Subject to Condition 8.7 (*Conditions to redemption etc.*), upon the occurrence of a Special Event, the Issuer may, at its option, at any time and having given no less than thirty nor more than sixty days' notice to the Holders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled; provided however that where the Special Event is a Tax Event, no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts as referred to in the definition of Tax Event.  
  
The Issuer, having satisfied itself that a Special Event has occurred, shall notify the Holders in accordance with Condition 16 (*Notices*) of the occurrence of such Special Event.
- 8.3 *Redemption at the option of the Issuer:* The Issuer may, at its option (but subject to Condition 8.7 (*Conditions to redemption etc.*)) and having given no less than thirty nor more than sixty days' notice to the Holders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes on the relevant Optional Redemption Date (Call) at their Outstanding Principal Amounts, together with accrued interest (if any) thereon insofar as it has not been cancelled.
- 8.4 *Purchase:* The Issuer or any of its Subsidiaries may at any time (but subject to Condition 8.7 (*Conditions to redemption etc.*)) purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith. Such Notes may be held, reissued, resold or surrendered to any Paying Agent for cancellation.
- 8.5 *Cancellation:* All Notes which are redeemed will forthwith (but subject to Condition 8.7 (*Conditions to redemption etc.*)) be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8.4 (*Purchase*) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.
- 8.6 *Substitution and variation:* Subject to Condition 8.7 (*Conditions to redemption etc.*) and having given no less than thirty nor more than sixty days' notice to the Holders (in accordance with Condition 16 (*Notices*)) and the Fiscal Agent, if a Special Event has occurred and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Holders, so that they become or remain Qualifying Capital Notes.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Holders can inspect or obtain copies of the new terms and conditions of the Qualifying Capital Notes. Such substitution or variation will be effected without any cost or charge to the Holders.

- 8.7 *Conditions to redemption etc.:* The Notes may only be redeemed, purchased, cancelled, substituted, varied or modified (as applicable) pursuant to Condition 8.2 (*Early redemption upon the occurrence of a Special Event*), Condition 8.3 (*Redemption at the option of the Issuer*), Condition 8.4 (*Purchase*), Condition 8.5 (*Cancellation*), Condition 8.6 (*Substitution and variation*) or paragraph (ii) of Condition 15.2 (*Modification of the Notes*), as the case may be, if:
- (i) the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has consented to, or, as the case may be, not objected to, such redemption, purchase, cancellation, substitution, variation or modification (as applicable); and
  - (ii) in the case of a redemption of the Notes as a result of a Special Event, the Issuer has delivered a certificate signed by two of its Directors to the Fiscal Agent (and copies thereof will be available at the Fiscal Agent's Specified Office during its normal business hours) not less than 5 Business Days prior to the date set for redemption that such Special Event has occurred or will occur no more than ninety days following the date fixed for redemption, as the case may be.

## **9. Payments**

- 9.1 *Principal:* Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of the Note at the Specified Office of any Paying Agent outside the United States. Subject as provided in these Conditions, payments will be in euro made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee, or, at the option of the payee, by a euro cheque.
- 9.2 *Interest:* Payments of interest shall, subject to Condition 9.6 (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 9.1 (*Principal*) above.
- 9.3 *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to Condition 10 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to Condition 10 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Holders in respect of such payments.
- 9.4 *Unmatured Coupons void:* On the due date for redemption of any Note pursuant to Condition 8.2 (*Early redemption upon the occurrence of a Special Event*), Condition 8.3 (*Redemption at the option of the Issuer*) or Condition 11 (*Enforcement Events*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- 9.5 *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day, the Holder shall not be entitled to payment of the amount due until the next succeeding Payment Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.
- 9.6 *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

9.7 *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

9.8 *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, any Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 12 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## 10. Taxation

10.1 *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons 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 or Coupon:

- (i) to, or to a third party on behalf of, a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it having some connection with Denmark other than:
  - (A) the mere holding of the Note or Coupon; or
  - (B) the receipt of principal, interest or other amount in respect of such Note or Coupon; or
- (ii) presented for payment 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
- (iii) where such withholding or deduction is imposed on a payment to 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 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

10.2 *Taxing jurisdiction:* If the Issuer 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. Enforcement Events

The following events or circumstances (each an “**Enforcement Event**”) shall be enforcement events:

- (i) subject to Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*) and Condition 6 (*Interest Cancellation*), if the Issuer shall fail to meet its payment

obligations under the Notes and such payment obligations are not met within seven Business Days after the Issuer has received notice thereof, any Holder may, at its own discretion and without further notice, institute proceedings in Denmark in order to recover the amounts due from the Issuer to such Holder, provided that a Holder may not at any time file for liquidation or bankruptcy of the Issuer. Any Holder may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, provided that the Issuer shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it; and

- (ii) if an order is made or an effective resolution is passed for the liquidation or bankruptcy of the Issuer, then the Notes shall become due and payable at their Outstanding Principal Amounts together with interest (if any) accrued to such date insofar as it has not been cancelled).

*According to Section 234(2) of the Danish Financial Business Act, notwithstanding Section 17(2) of the Danish Bankruptcy Act, if the Issuer cannot meet its obligations regarding capital raised as hybrid core capital or subordinated loan capital, which as of the Issue Date will include the Notes, the Issuer is not considered insolvent. According to Section 17(2) of the Danish Bankruptcy Act, a debtor is insolvent, if it cannot meet its obligations as and when they fall due, unless the inability to meet such obligations may be considered to be temporary.*

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

## **12. 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 Coupons are presented for payment within five years of the appropriate Relevant Date.

## **13. Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified 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 having its Specified Office 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 or Coupons must be surrendered before replacements will be issued.

## **14. Agents**

- 14.1 *Obligations of Agents:* In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents 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 or Couponholders, 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.
- 14.2 *Termination of Appointments:* The initial Paying Agents and their initial Specified Offices are listed in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any

Paying Agent (including the Fiscal Agent) and to appoint an additional or successor fiscal agent or paying agent; provided, however, that:

- (i) the Issuer shall at all times maintain a Fiscal Agent;
- (ii) the Issuer shall at all times maintain a Paying Agent (which may be the Fiscal Agent) with a Specified Office in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated;
- (iii) 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) each with a Specified Office in the place required by such listing authority, stock exchange and/or quotation system; and
- (iv) the Issuer shall at all times maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

14.3 *Change of Specified Offices:* The Paying Agents reserve the right at any time to change their respective Specified Offices to some other Specified Office in the same city. Notice of any change in the identities or Specified Offices of any Paying Agent shall promptly be given to the Holders in accordance with Condition 16 (*Notices*).

## **15. Meetings of Holders; Modification**

15.1 *Meetings of Holders:* The Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of Holders to consider matters relating to the Notes, including (without limitation) the modification by Extraordinary Resolution of any provision of these Conditions and the Deed of Covenant insofar as the same may apply to the Notes. Any Extraordinary Resolution duly passed at any such meeting of Holders will be binding on all Holders, whether present or not at the meeting and on all Couponholders.

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

15.2 *Modification of Notes:* The Issuer may make, without the consent of the Holders or Couponholders:

- (i) any modification to the Notes, these Conditions, the Agency Agreement and/or the Deed of Covenant to correct a manifest error; or
- (ii) subject to Condition 8.7 (*Conditions to redemption etc.*), any modification to the Notes, these Conditions, the Agency Agreement and/or the Deed of Covenant which is not prejudicial to the interests of the Holders and the Couponholders.

Any such modification to the Agency Agreement shall be subject to the consent of the Fiscal Agent. Subject as provided in these Conditions, no other modification may be made to the Notes, these Conditions, the Agency Agreement or the Deed of Covenant except with the sanction of an Extraordinary Resolution and, in the case of a modification to the Agency Agreement, the consent of the Fiscal Agent.

Any such modification shall be binding on the Holders and the Couponholders and any such modification shall be notified to the Holders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

## 16. Notices

Notices to Holders will be deemed to be validly given if published in a leading English language daily newspaper having general circulation in Europe or, if the 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 the 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](http://www.ise.ie)).

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

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

Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by one or more Global Notes and such Global Note(s) are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, the requirement for a notice to be published in a leading English language daily newspaper having general circulation in Europe shall not apply and notices to Holders may instead be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein and, in any case, such notices shall be deemed to have been given to the Holders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## 17. Currency Indemnity

The currency in which the Notes are denominated is euro (the “**Contractual Currency**”), which 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 or Coupon 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.

## 18. Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder, 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.

## 19. Governing Law and Jurisdiction

- 19.1 *Governing Law:* The Notes, the Agency Agreement and the Deed of Covenant, and any non-contractual obligations arising therefrom or in connection therewith, shall be governed by, and construed in accordance with, English law, except for Condition 4 (*Status of the Notes*), Condition 6 (*Interest Cancellation*), Condition 7 (*Loss Absorption Following a Trigger Event and Reinstatement of the Notes*), Condition 8.2 (*Early redemption upon the occurrence of a Special Event*) and Condition 11 (*Enforcement Events*) which shall be governed by, and construed in accordance with, Danish law.
- 19.2 *English courts:* The courts of England have jurisdiction to settle any dispute (a “**Dispute**”) arising from or connected with the Notes (including any Dispute relating to any non-contractual obligations arising from or connected with the Notes).
- 19.3 *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- 19.4 *Rights of the Holders to take proceedings outside England:* Condition 19.2 (*English courts*) is for the benefit of the Holders only. As a result, nothing in this Condition 19 prevents any Holder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, any Holder may take concurrent Proceedings in any number of jurisdictions.
- 19.5 *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.

## 20. Rights of Third Parties

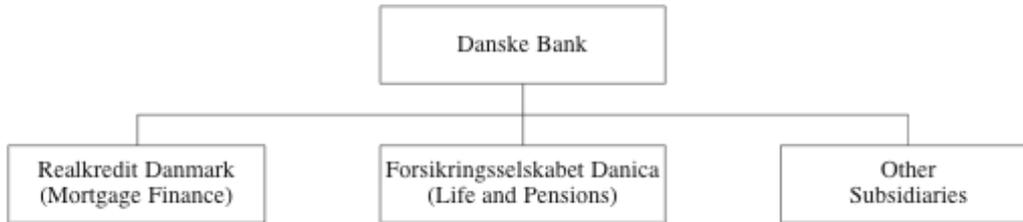
No person shall have any right to enforce any term or Condition in respect of a Note under the Contracts (Rights of Third Parties) Act 1999.

## **USE OF PROCEEDS**

The issue of the Notes will form part of the Issuer's capital base and the net proceeds of the issue of the Notes will be applied by the Issuer to meet part of its general financing requirements.

## DESCRIPTION OF THE DANSKE BANK GROUP

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



### Overview

The Group is the leading financial service provider in Denmark – and one of the largest in the Nordic region – measured by total assets as at 31 December 2013<sup>1</sup>. 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 Northern Ireland and Finland. The Group also has significant operations in its other main markets of Sweden, Norway and the Baltics. As at 31 December 2013, the Group’s total assets amounted to DKK 3,227 billion (EUR 432.6 billion)<sup>2</sup> and the Group employed approximately 19,100 employees.

Danske Bank A/S (“**Danske Bank**” or the “**Issuer**”) is the parent company of the Group. The Issuer is an international retail bank that operates in 15 countries with a focus on the Nordic region and with larger retail banking operations in Northern Ireland, Estonia, Latvia and Lithuania.

The registered office of the Issuer is at 2-12 Holmens Kanal, DK-1092 Copenhagen K, Denmark, with telephone number +45 33 44 00 00 and Danish corporate registration number 61126228.

### The Issuer’s History and Development

The Issuer was founded in Denmark and registered on 5 October 1871 and has, through the years, merged with a number of financial institutions. The Issuer is a commercial bank with limited liability and carries on business under the Danish Financial Business Act. The Issuer is registered with the Danish Commerce and Companies Agency.

In the period from 1997-2007, the Issuer strengthened its position in the Nordic region through acquisitions. In 1997, it acquired Östgöta Enskilda Bank in Sweden, in 1999, Fokus Bank A/S (“**Fokus Bank**”) in Norway and, in 2000, RealDanmark and its subsidiaries BG Bank A/S and Realkredit Danmark A/S. Furthermore, on 1 March 2005, the Issuer acquired Northern Bank Limited (“**Northern Bank**”) in Northern Ireland and National Irish Bank in the Republic of Ireland, and, on 1 February 2007, the purchase of Sampo Bank in Finland, including Sampo Bank’s activities in the three Baltic countries and a subsidiary in St. Petersburg, Russia, was completed.

Effective 1 June 1998, all branches of Östgöta Enskilda Bank were converted into branches of the Issuer and, effective 1 April 2007, Fokus Bank and National Irish Bank were converted into branches of the Issuer and, in June 2008, the three Baltic banks, AS Sampo Bank in Estonia, AS Sampo Banka in Latvia and AB Sampo

<sup>1</sup> Source: Finansrådet (Danish Bankers' Association)

<sup>2</sup> Unless specified, DKK amounts are converted into EUR at 7.4603 DKK per EUR.

bankas in Lithuania, were converted into branches of the Issuer. In November 2012, the Group rebranded its banking units and markets all its banking operations under the Danske Bank brand name. With effect from 1 January 2014, the Group refocused its activities in the Republic of Ireland to serve exclusively Corporates & Institutions clients. All other activities are to be transferred to the Non-core unit.

## Financial highlights

Danske Bank Group	(DKKm)			(EURm)		
	2013	2012	2011	2013	2012	2011
Total income	40,004	45,662	43,377	5,362	6,121	5,835
Expenses	24,343	24,642	25,987	3,263	3,303	3,496
Loan impairment charges	4,187	7,680	13,185	561	1,029	1,774
Profit before tax, core	11,474	13,340	-	1,538	1,788	-
Profit before tax, Non-core	-1,415	-4,801	-	-190	-644	-
Profit before tax	10,059	8,539	4,205	1,348	1,145	566
Tax	2,944	3,814	2,482	395	511	334
<b>Net profit for the period</b>	<b>7,115</b>	<b>4,725</b>	<b>1,723</b>	<b>954</b>	<b>633</b>	<b>232</b>
Loans and advances	1,552,645	1,640,656	1,698,025	208,121	219,915	228,407
Trading portfolio assets	695,722	812,966	909,755	93,257	108,971	122,374
Assets in Non-core	25,803	33,100	-	3,459	4,437	-
Other assets	952,887	998,227	816,623	127,728	133,803	109,847
<b>Total assets</b>	<b>3,227,057</b>	<b>3,484,949</b>	<b>3,424,403</b>	<b>432,564</b>	<b>467,126</b>	<b>460,628</b>
Deposits	788,269	783,759	795,275	105,662	105,056	106,975
Bonds issued by Realkredit Danmark	614,196	614,325	557,699	82,329	82,345	75,018
Trading portfolio liabilities	435,183	531,860	697,913	58,333	71,291	93,879
Liabilities in Non-core	5,002	4,831	-	670	648	-
Other liabilities	1,238,750	1,412,170	1,247,661	166,046	189,289	167,827
<b>Total liabilities</b>	<b>3,081,400</b>	<b>3,346,945</b>	<b>3,298,548</b>	<b>413,040</b>	<b>448,628</b>	<b>443,699</b>
<b>Total equity</b>	<b>145,657</b>	<b>138,004</b>	<b>125,855</b>	<b>19,524</b>	<b>18,498</b>	<b>16,929</b>
Earnings per share	7.1	5.0	1.9	1.0	0.7	0.3
Total capital ratio (%)	21.4	21.3	17.9	—	—	—
Core tier 1 capital ratio (%)	14.7	14.5	11.8	—	—	—
Exchange rate (DKK/EUR) (End of period)				7.4603	7.4604	7.4342

Source: Annual Report 2013, pg. 6; Annual Report 2012, pg. 8.

2012 figures have been restated due to adoption of the amended IAS 19, Employee Benefits, from 1 January 2013. Further, changes have been made to the selected historical key financial information as presented in note 39 to the Annual Report 2013.

Share ratios for 2011 have been divided by an adjustment factor to reflect the share capital increase in April 2011.

## Business Units

With effect from 1 June 2012, the Group created a new organisation structured around three main business units: Personal Banking, Business Banking and Corporates & Institutions. The three new units operate across all of the Group's geographical markets. The new organisation was the first step in a new strategy for the Danske Bank Group launched on 30 October 2012. Since 1 January 2013 the new structure has been reflected in the Group's financial reporting.

The following table sets forth certain information with respect to the Group's business units.

(DKK million)	Personal Banking	Business Banking	C&I	Danske Capital	Danica Pension	Other Activities	Non-core
Total income	16,736	13,424	8,434	2,164	1,918	-273	121
Expenses	12,103	6,893	4,588	1,033	830	1,185	303
Profit before loan impairment charges	4,633	6,531	3,846	1,131	1,088	-1,458	-182
Loan impairment charges	1,935	1,779	473	-	-	-	1,233
Profit before tax, core	2,698	4,752	3,373	1,131	1,088	-1,458	
Profit before tax, Non-core							-1,415
Profit before tax	2,698	4,752	3,373	1,131	1,088	-1,458	-1,415
Cost/income ratio (%)	72.3	51.3	54.4	47.7	43.3	-433.6	250.4
Full-time-equivalent staff (end of period)	6,934	3,769	1,565	504	766	5,506	78
Loans and advances, excluding reverse transactions (end of period)	814,865	591,144	151,996	296	-	25,562	25,752
Deposits, excluding repo deposits (end of period)	348,948	265,347	173,655	219	-	10,124	4,885

Source: Annual Report 2013, pg 76.

## Organisational structure

### Personal Banking

Personal Banking serves personal and private banking customers through a strong network of branches, finance centres, contact centres and online channels. Personal Banking offers a wide range of financial products and services within banking, property financing, leasing, insurance and pensions. The unit encompasses operations in Denmark, Finland, Sweden, Norway, Northern Ireland and Luxembourg.

### Business Banking

Business Banking serves business customers through a network of finance centres, business centres, contact centres and online channels. 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 and Northern Ireland and the Baltics; as well as a Specialist Products division.

## ***Corporates & Institutions***

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.

## ***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 31 December 2013, Danske Capital had 504 employees and was represented in Denmark, Sweden, Norway, Finland, Estonia, Lithuania and Luxembourg. As at 31 December 2013, the assets managed by Danske Capital amounted to DKK 727 billion (EUR 97.4 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 two market-based product groups: Danica Balance and Danica Link. 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 31 December 2013, Danica Pension had 766 employees.

As at 31 December 2013, Danica Pension’s total investment assets (customer funds) amounted to DKK 288 billion (EUR 38.7 billion), with unit-linked assets (assets managed on behalf of policy holders) amounting to DKK 29 billion (EUR 3.9 billion).

## ***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 1 January 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. The remainder is exposure 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; Group Finance & Legal (including Group Treasury); Group HR; Group Communications; Group IT; and Group Services. These service areas support the main business units, performing tasks that span various customer groups and markets.

## ***Funding structure***

The Group continues to ensure that it has a prudent ratio between lending and long-term funding. In addition, the Group has comprehensive and well-established funding programmes, including covered bonds. The existing CP, CD and EMTN programmes are used for short- and medium-term funding, while covered bond issues

are used mainly for longer-term funding. Covered bonds thus help diversify the Group's funding across investors and maturities.

Group funding sources (by type) (Year-end)

(%)	2013	2012
Central banks, Credit institutions and repo transactions	25	30
Short-term bonds	1	2
Long-term bonds	6	6
Total covered bonds	11	11
Deposits	46	41
Subordinated debt	3	3
Shareholders' equity	8	7
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Annual Report 2013, pg. 159.

The Group has two channels through which it grants mortgage loans: (i) Realkredit Danmark A/S; and (ii) the Issuer itself including bank subsidiaries.

The mortgage loans on the Realkredit Danmark A/S platform are funded through the issuance of mortgage bonds according to the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act and executive orders issued by the DFSA.

Realkredit Danmark A/S currently issues mortgage covered bonds only through the Capital Centres of Realkredit Danmark A/S.

### Shareholders' equity

The Issuer's shareholders' equity was DKK 146 billion (EUR 19.5 billion) as at the end of 2013 against DKK 138 billion (EUR 18.5 billion) at the end of 2012.<sup>3</sup>

At year-end 2013, the Issuer's authorised and issued share capital totalled DKK 10,086,200,000 (EUR 1,352 million) based on 1,008,620,000 shares of DKK 10 (EUR 1.34) each. The Issuer's shares are listed on the NASDAQ OMX, Copenhagen.

At year-end 2013, the Issuer had approximately 303,000 shareholders. According to the Danish Companies Act, shareholders must notify a company if their shareholding exceeds 5 per cent. of the company's share capital or higher percentages divisible by 5. Two shareholder groups have notified the Issuer that they hold or represent more than 5 per cent. of its share capital at the end of 2013:

- A.P. Møller and Chastine Mc-Kinney Møller Foundation, Copenhagen, held a total of (directly and indirectly) 22.84 per cent. of the share capital of which A.P. Møller-Maersk A/S directly holds 20 per cent.;
- Cevian Capital II GP Limited, Jersey, held or represented 9.29 per cent. of the share capital.

<sup>3</sup> FX rate at 31 December 2012 = 7.4604 DKK per EUR.

The Issuer estimates that more than 48 per cent. of its share capital is held by investors outside of Denmark. Most foreign investors are based in the United States and the United Kingdom.

## Capital and Solvency

Pursuant to the Danish Act No. 67 of 3 February 2009 on State Capital Injections in Credit Institutions etc., as amended by the Consolidated Act. No. 876 of 15 September 2009, Act No. 516 of 12 June 2009, Act No. 1273 of 16 December 2009 and Act No. 556 of 21 December 2010, (the “**Credit Act**”), a scheme was set up whereby the Danish State offered to inject state funded tier 1 hybrid capital and/or to underwrite issues of tier 1 hybrid capital for Danish banks and mortgage credit institutions. The capital injections were in the form of tier 1 hybrid capital without a set maturity and a possibility for redemption after three years. Redemption is to be subject to approval from the DFSA.

At the general meeting of the Issuer held on 4 March 2009, the shareholders authorised the Board of Directors to apply for and implement a tier 1 hybrid capital injection from the Danish State. In May 2009, the Issuer and Realkredit Danmark A/S received subordinated loan capital from the Danish State in the form of hybrid core capital of approximately DKK 24 billion (EUR 3,224 million)<sup>4</sup> and approximately DKK 2 billion (EUR 269 million)<sup>5</sup>, respectively. The subordinated loans strengthened the capital base, and the Group was better prepared to withstand losses that any further negative economic developments may cause. In May 2012, the subordinated loan capital of approximately DKK 2 billion (EUR 269 million) for Realkredit Danmark A/S was repaid. In contrast to the three-year redemption limitation described above, the Issuer's hybrid capital from the Danish State can only be redeemed at the earliest on 11 April 2014 and the Issuer plans to redeem it in 2014. The following table below shows the total capital ratio, tier 1 capital ratio and core tier 1 capital ratio excluding hybrid capital. The second table shows the risk-weighted assets, subordinated debt and hybrid capital. The interest rate (defined as “annual yield”) on the loans from the Danish State is 9.265 per cent. per annum, with an annual premium of 0.5 of a percentage point per annum for the conversion option. The interest rate will increase if the Issuer pays dividends in excess of DKK 5.5 billion (EUR 0.74 billion) per annum.

Pursuant to the agreement on state-funded capital injection between the Issuer and the Danish State, dated 5 May 2009 (the “**State-funded Hybrid Agreement**”), the Issuer is subject to, amongst other things, restrictions on capital reductions, share repurchases and the terms of new and existing share issues, restrictions on the distribution of dividends, restrictions on the use of funds to capitalise businesses in violation of the Credit Act and certain conditions concerning executive pay and bonuses. The State-funded Hybrid Agreement is annexed to the Articles of Association which are available for inspection at the places specified in “General Information”.

### Danske Bank Group

(%)	31 Dec. 2013	31 Dec. 2012
Total capital ratio .....	21.4	21.3
Tier 1 capital ratio .....	19.0	18.9
Core tier 1 capital ratio, excluding hybrid core capital .....	14.7	14.5

Note: The ratios are calculated in accordance with the Danish Financial Business Act.  
Source: Annual Report 2013, pg. 69.

<sup>4</sup> FX rate at 29 May 2009 = 7.4453 DKK per EUR.

<sup>5</sup> FX rate at 11 May 2012 = 7.4334 DKK per EUR.

Danske Bank Group	(DKKm)		(EURm)	
	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Risk-weighted assets .....	852,250	819,436	114,238	109,838
Subordinated debt, excluding hybrid capital .....	23,823	23,009	3,193	3,084
Hybrid capital.....	41,891	43,003	5,615	5,764
Hybrid capital included in tier 1 capital.....	39,953	40,248	5,355	5,395
Exchange Rate (DKK/EUR) .....			7.4603	7.4604

Source: (DKK amounts) Annual Report 2013, pgs. 69 and 106.

The Group's capital base consists of tier 1 capital (core tier 1 capital and hybrid capital after deductions) and tier 2 capital. At 31 December 2013, the capital base of the Group amounted to DKK 182 billion (EUR 24.4 billion)<sup>6</sup>. At 31 December 2012, the total capital ratio for the Group was 21.4 per cent., with a core tier 1 capital ratio of 14.7 per cent. and a tier 1 capital ratio of 19.0 per cent. At 31 December 2013, the total capital ratio for the Issuer was 27.2 per cent. with a core tier 1 capital ratio of 18.9 per cent. and a tier 1 capital ratio of 24.3 per cent.

At the end of 2013, the Group's RWA amounted to DKK 852 billion (EUR 114.2 billion), against DKK 819.0 billion (EUR 109.8 billion)<sup>7</sup> at the end of 2012. The increase in RWA of DKK 33 billion (EUR 4.4 billion) from the level in 2012 was caused mainly by the measures taken to comply with the first of four DFSA orders. The measures involved increasing the risk weights for the Group's corporate portfolio. The remaining DFSA orders were provisionally addressed through the solvency need, with temporary Pillar II add-ons totalling DKK 4 billion (EUR 0.54 billion). The add-ons will be removed in 2014 when the Group is ready to implement the changes required to comply with the remaining orders. In addition, the Group carried out a number of initiatives to strengthen the internal ratings based approach framework and improve capital efficiency.

Danske Bank will be subject to the new CRR from 1 January 2014. The CRR introduces certain changes to the current calculation of the capital base. The rules will be phased in during the years until 2018 for capital deductions and until 2021 grandfathered for capital instruments. Assuming fully phased-in CRR rules in 2018, the Group's core tier 1 capital ratio as stated in the Annual Report 2013 would be reduced by 1.9 percentage points. The decline in the core tier 1 capital ratio is caused primarily by deductions for insurance subsidiaries, which now must be made from core tier 1 capital instead of half from tier 1 capital and half from the capital base, respectively. A deduction for defined benefit pension fund assets is also introduced. The changes will be phased in at 20 per cent. as at 1 January 2014. The CRR also introduces new prudential filters for deduction from core tier 1 capital. The filters include additional value adjustments of assets and liabilities measured at fair value. The EBA has not yet published its final standards for these value adjustments, and the standards may lead to further reduction of the Group's core tier 1 capital. Changes to RWA introduced by the CRR were implemented in full as at 1 January 2014 (estimated DKK 46 billion (EUR 6.2 billion)<sup>8</sup>). The increase is caused mainly by the introduction of the credit valuation adjustment capital charge and tighter requirements for credit risk. For further information see note 28 in Annual Report 2013.

The Group's strong financial position was confirmed by the EBA's capitalisation test of European banks, which was published in December 2011 and again in a final report in October 2012. This test was conducted to assess

<sup>6</sup> FX rate at 31 December 2013 = 7.4603 DKK per EUR.

<sup>7</sup> FX rate at 31 December 2012 = 7.4604 DKK per EUR.

<sup>8</sup> FX rate at 31 December 2013 = 7.4603 DKK per EUR.

European banks' need for recapitalisation. As expected, the Group passed the test with a capital level substantially above the EBA's requirement.

## **Restrictions on Distributions**

As a result of the Issuer's participation in the Danish bank packages, the Issuer could not distribute dividends for the financial years ended 31 December 2008 and 2009. Since 1 October 2010, and for as long as the Danish State holds hybrid capital in the Issuer, the Issuer may distribute dividends only if the dividends can be paid in full out of the net profit. The loan agreement with the Danish State also stipulates an increase in the interest rate if annual dividend payments exceed DKK 5.5 billion (EUR 0.74 billion).

The Issuer aims to pay dividends of about 40 per cent. of its net profit as soon as it is prudent. Until all capital and rating targets are met, the pay-out ratio may be lower. For 2013, the Board of Directors is proposing a dividend of DKK 2 (EUR 0.27) per share, or 28 per cent. of net profit for the year.

## **Risk Management**

### ***Introduction***

The Issuer's Rules of Procedure for the Board of Directors 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 legislation, are central to the organisation of risk management and the policy on lending authority limits 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.

Responsibility for the day-to-day management of risks in the Group is divided between Group Finance & Legal, Group Risk Management and the business units. The Group has established a segregation of duties between units that enter into business transactions with customers or otherwise expose the Group to risk on the one hand, and units in charge of overall risk management on the other.

### ***Group Risk Management***

Group Risk Management is headed by the Group's chief risk officer ("**CRO**"), who is a member of the Executive Board.

The department has overall responsibility for monitoring the Group's risk policies and for monitoring, following up and reporting on risk issues across risk types and organisational units. Group Risk Management also serves as a resource for referrals from local risk committees.

The department supports and challenges the rest of the risk management organisation in risk management practices and reporting. It serves as secretariat for the All Risk Committee. Senior staff from the department also chair the Risk Model and Parameter Committee, which monitors the Group's use of risk models, results of backtests and changes to parameters; the Operational Risk Committee, which evaluates the management of the Group's key operational risks; and the Product Risk Committee, which reviews risk related to possible new products. A specialised department in Group Risk Management is responsible for the day-to-day monitoring of operational risks.

In addition, the department has overall responsibility for setting the group-wide risk appetite and policies, for reviewing the approval and follow-up processes in the business units' lending books, and for monitoring and reporting on the Group's consolidated lending portfolio - including the determination of portfolio limits for specific industries and countries.

Group Risk Management is also responsible for facilitating the quarterly process of calculating and consolidating the impairment of credit exposures.

A unit within the department is responsible for developing credit rating and valuation models and for ensuring 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 backtesting and validating credit risk parameters in collaboration with the business units.

### ***Group Finance & Legal***

Group Finance & Legal is headed by the Group's chief financial officer (“**CFO**”), who is a member of the Executive Board. The department is responsible for the Group’s financial reporting, budgeting and strategic business analysis, including the tools used by the business units for performance follow-up and analysis.

The department is also in charge of the Group’s investor relations, capital structure, capital allocation, regulatory matters and relations with international rating agencies.

It is also responsible for the Group’s solvency, RWA, leverage ratio and capital allocation and the Group’s internal capital adequacy assessment process (“**ICAAP**”).

Within Group Finance & Legal, Group Treasury is responsible for monitoring liquidity risk and funding 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 liability management, private equity activities and long-term funding activities.

### ***Business units***

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 organisation's objective to undertake selected risks according to guidelines that have been agreed upon.

Responsibility for all business-related risks is with the heads of the business units and the heads of the operations and services areas. Their responsibilities extend across national borders, thus risk management is centralised by business segment. The segment-based organisation enables risk management processes to be tailored to the various customer segments and to be aligned across borders. Lending authorities for specific customer segments and products are granted to the individual business units. Credit decisions exceeding the delegated authorities are referred to the Executive Board and 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 still managed centrally at the group level.

Increased attention from local regulators - especially where activities are organised in local legal entities - led the Group to strengthen governance structures for risk management from a local perspective. In the new organisation, 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.

### ***Legal Proceedings***

Owing to its business volume, the Group is continually a party to various lawsuits and disputes and has an ongoing dialogue with public authorities such as the DFSA. In view of its size, the Group does not expect the outcome of pending lawsuits and disputes or its dialogue with public authorities to have any material effect on its financial position.

### ***Bank Packages***

With effect from 1 October 2010 the Act on Financial Stability (Chapter 4a of the Danish Act No. 1003 of 10 October 2008 on Financial Stability, as amended by Consolidated Act No. 875 of 15 September 2009, Act No. 516 of 12 June 2009, Act No. 1273 of 16 December 2009, Act No. 721 of 25 June 2010, Act No. 1556 of 21 December 2010 and Act No. 619 of 14 June 2011, Act No. 273 of 27 March 2012, Act No. 1231 of 18 December 2012 and Act No. 1287 of 19 December 2012, and as further amended from time to time (the “**Act on Financial Stability**”)) was amended *inter alia* to allow for a controlled winding-up of a distressed bank through the Financial Stability Company which is known as “**Bank Package III**”. The resolution scheme is voluntary and contains no general state guarantee of creditors. With respect to SIFIs, please see “European implementation of the Basel III Framework” below.

The intention of the winding-up procedures is to wind up a distressed bank faster than under the traditional bankruptcy procedures. The procedures do not alter the risk for the creditors, which is that under both the winding-up procedures and the traditional bankruptcy procedures, the creditors may lose all or part of their claims.

The Act on Financial Stability was further amended with effect from 23 June 2011 in order to allow for the Guarantee Fund for Depositors and Investors to contribute with a financial inducement to encourage a sound bank to take over all activities of a distressed bank, including all unsubordinated and unsecured claims. On 25 August 2011 a number of consolidation initiatives was agreed upon by the vast majority of the political parties in the Danish Parliament (“**Bank Package IV**”). Bank Package IV provides for a strengthening of the compensation scheme in order to create greater incentives for sound banks to wholly or partly take over a bank in distress. In particular, Bank Package IV provides for the Danish State to contribute in the compensation scheme with an amount up to the equivalent of the haircut that would have been imposed on any state guaranteed bonds that were issued by the bank in distress. Contrary to Bank Package III, the unsubordinated and unsecured senior creditors will not suffer any loss if Bank Package IV is applied.

### ***New Capital and Liquidity Regulations***

New regulations for the financial sector are being proposed in the EU and beyond. The Group follows this process closely and supports measures that strengthen the resilience of the sector and its ability to support economic growth. The Group is of the opinion that the Basel III guidelines generally meet this criterion.

### ***European implementation of the Basel III Framework***

The final versions of the CRR and the CRD IV Directive (for the purposes of this “Description of the Danske Bank Group” section, in each case as defined in the risk factor on page 11 of this Prospectus headed “The Issuer will face increased capital and liquidity requirements as a result of the new Basel III Framework”) were adopted in June 2013. The CRR entered into force on 1 January 2014 and the CRD IV Directive is anticipated to be implemented in Denmark in 2014. The framework implements among other things the Basel Committee on Banking Supervision’s proposals imposing stricter capital and liquidity requirements upon banks (“**Basel III**”) in

the EU. The CRR covers a wide range of prudent requirements for banks across EU member states, including capital requirements, stricter and aligned definitions of capital, RWA, 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 definition (as defined below), governance and remuneration requirements.

The CRD IV Directive will come into force through implementation in the Danish Financial Business Act, whereas the CRR applies immediately without implementation in national law. The phase-in of the capital requirements will follow the path in the CRR until 2018 unless required earlier in applicable Danish legislation. The EBA will propose detailed rules through binding technical standards during the period 2014 to 2016 for many areas including, *inter alia*, liquidity requirements and certain aspects of capital requirements.

Under the CRR and the CRD IV Directive, the capital requirement for common equity tier 1 (“CET1”) (which does not include hybrid capital) will be phased in gradually from the current 2 per cent. RWA to up to 9.5 per cent. in 2019. The 9.5 per cent. requirement will include a “capital conservation buffer requirement” of 2.5 per cent. and a “countercyclical buffer requirement” of 0-2.5 per cent. in addition to the minimum requirement of 4.5 per cent. The countercyclical buffer requirement will apply in periods of excess lending growth in the economy and can vary for each jurisdiction. If a bank does not maintain these buffers (in excess of the 4.5 per cent. CET1 minimum requirement), restrictions will be placed on its ability to pay dividends and make other payments.

For each SIFI there will be additional capital requirements beyond the minimum requirements. In October 2013 a political agreement on SIFI requirements was reached in Denmark. In the agreement, which is expected to be implemented into Danish law in 2014, the Issuer has been designated as a SIFI. According to the agreement, this will require the Issuer to comply with an additional CET1 capital requirement of 3 per cent. The intention is for the capital requirements imposed on Danish SIFIs to be on a par with the requirements set in other comparable European countries. Accordingly the final level of the Danish SIFI capital requirements will be assessed no later than 2017 after evaluating these other countries’ final requirements. Regulations for the crisis management of Danish SIFIs and other banks and mortgage-credit institutions will not be established until forthcoming common EU crisis management regulations have been agreed upon, in particular the RRD and SRM proposals, including whether there should be additional requirements for Danish banks to issue debt that can be bailed-in. The agreement specifically states that it is not the intention that Danish SIFIs shall be resolved pursuant to Bank Package III. A position on the LCR requirement for Danish SIFIs awaits the European Commission’s decision in 2014 on the final definition of the LCR requirement, including clarification of which assets can be used in complying with the LCR requirement, in particular whether Danish covered bonds can be used. All SIFIs must comply with the LCR requirement by 2015. The framework also contains stricter requirements for the quality of capital that may count as CET1 capital and for the calculation of RWA. The Group estimates that the effect of the CRR and the CRD IV Directive on its core equity tier 1 capital ratio at 1 January 2014 will be a reduction of about 1.9 percentage points when the rules are fully phased in in 2018. The reduction entails changes in various elements.

As regards liquidity, the Basel Committee proposed two liquidity ratios in December 2012: (i) the LCR and the Net Stable Funding Ratio (“NSFR”). The LCR stipulates that banks must have a liquidity buffer that ensures a survival horizon of at least 30 calendar days in the case of a seriously stressed liquidity situation. The NSFR is intended to ensure a sound funding structure by promoting an increase in long-dated funding. The NSFR stipulates that at all times banks must have stable funding equal to the amount of their illiquid assets for one year ahead.

In January 2013, the Basel Committee issued revisions to its guideline for the LCR. The revisions include a phasing-in of the minimum requirement in which it will be set at 60 per cent. in 2015 and rise in equal annual steps to 100 per cent. on 1 January 2019. The revisions also include an expansion of the pool of level 2 liquid assets that can be counted in the liquidity buffer and a reduction of the weights assigned to certain liquidity outflows.

In Europe, the focus is on the LCR, but the definition of the LCR is still awaiting additional technical guidance from the EBA in 2014. Nevertheless, it is of great significance in the measurement of the Group’s liquidity buffer with the LCR that the CRD IV Directive proposal enables most of the Group’s holdings of

covered bonds, including Danish mortgage bonds, to be classified as level 1 liquid assets, on par with Danish government bonds, for example.

With an LCR of 127 per cent. at the end of 2013, the Group complied with the LCR requirement as defined by the DFSA. The Group also complied with all other liquidity requirements. Stress tests show that the Group has sufficient liquidity buffer for more than the coming 12 months.

### ***Solvency II (insurance)***

Once the new international insurance solvency rules, Solvency II, take effect, not expected before 2016, the requirements for capital strength in the insurance area will be the focus of attention. The rules are intended to protect customers' funds and will generally increase the capital requirements. Danica Pension is well-prepared for the new rules. Danica Pension is closely monitoring the work on the coming EU solvency rules, Solvency II which, among other things, are set to change the existing volume-based capital requirement to a capital requirement that more accurately reflects the risks involved in the operation.

Solvency II was previously set to take effect at 1 January 2014, but is now expected to take effect at 1 January 2016. The postponement is due to the many remaining unresolved issues that are holding up the legislative process. A central unresolved issue is the treatment of long-term guarantees. Despite the lingering uncertainty as to the effective date of Solvency II, Danica Pension has already begun to prepare for the transition to Solvency II.

### **Recent Developments**

In connection with an internal investigation, Danske Bank found that the Group's internal rules had been violated in relation to two bond transactions between Danske Bank and its wholly-owned subsidiary, Realkredit Danmark, in the corporate mortgage bond market back in 2009. Danske Bank informed the DFSA of the matter, and the DFSA handed the matter over to the Danish Public Prosecutor for Serious Economic and International Crime ("SØIK"). As a result, on 7 February 2014 SØIK brought accusations of price manipulation against Danske Bank, Realkredit Danmark and six employees.

### **Management changes – New Group Chief Operating Officer**

Danske Bank has appointed Jim Ditmore as Group Chief Operating Officer and member of the Executive Board with effect from 21 April 2014.

Jim Ditmore, who is an American, currently holds the position of Chief Technology Officer, Senior Vice President, at Allstate Insurance, Chicago, Illinois, with responsibility for Technology Infrastructure and IT Operations, Architecture and Data.

At Danske Bank, Jim Ditmore will be in charge of Group IT and Group Services.

With the appointment, Danske Bank's Executive Board will have the following members:

- Thomas F. Borgen, CEO;
- Glenn Söderholm, Head of Corporates & Institutions;
- Lars Stensgaard Mørch, Head of Business Banking;
- Tonny Thierry Andersen, Head of Personal Banking;
- Henrik Ramlau-Hansen, Head of Group Finance & Legal;

- Robert Endersby, Head of Group Risk Management (resigns at the end of 2014, at the latest, according to company announcement No. 4 of 4 March 2014); and
- Jim Ditmore, Chief Operating Officer.

## Management of Danske Bank

The Issuer's administrative bodies are the Board of Directors and the Executive Board. The Board of Directors, which consists of non-executive directors, is elected by the shareholders of the Issuer at the annual general meeting, with the exception of those directors who are elected pursuant to prevailing law concerning employee representation on the Board of Directors (currently five). The non-employee directors, who are elected by the shareholders, are elected for terms of one year and the number of such directors may range from six to ten. Directors are eligible for re-election. The annual general meeting of the Issuer will take place on 18 March 2014. One of the directors, Niels B. Christiansen, is not offering himself for re-election to the Board of Directors. The Board of Directors has proposed Rolv Erik Ryssdal, CEO of Schibsted Media Group, as a candidate for membership on the Board of Directors. Furthermore, the directors who are elected pursuant to prevailing law concerning employee representation on the Board of Directors are up for election in March 2014. The Issuer's Executive Board may consist of two to ten members who are responsible for the day-to-day business and affairs of the Issuer. The business address of the Board of Directors and the Executive Board is 2-12 Holmens Kanal, DK-1092 Copenhagen K, Denmark.

The present members of the Board of Directors and their external positions are as follows:

*Members of the Board of Directors elected by the general meeting*

Ole Andersen, Chairman

Directorships and other offices:

Bang & Olufsen A/S (Chairman)

Chr. Hansen Holding A/S (Chairman)

EQT Partners (Senior Advisor)

NASDAQ OMX Nordic (Member of the Nomination Committee)

Zebra A/S (Chairman).

Niels B. Christiansen, Vice Chairman

Directorships and other offices:

Chief Executive Officer of Danfoss A/S

Axcel Industriinvestor A/S (Chairman)

Danfoss Group – Chairman or board member in the subsidiaries

- Danfoss Development A/S (Chairman)
- Danfoss Power Electronics A/S
- Danfoss International A/S (Chairman)

Denmark-America Foundation

The Confederation of Danish Industry (Vice Chairman of the Central Board and the Executive Committee)

Provinsindustriens Arbejdsgiverforening (Federation of Regional Industries) (member)

William Demant Holding A/S.

Urban Bäckström

Directorships and other offices:

Director General of the Confederation of Swedish Enterprise

Business Sweden (member of the Board of Directors)

Institutet för Näringslivsforskning (Research Institute of Industrial Economics).

Lars Förberg

Directorships and other offices:

Managing Partner, Cevian Capital

Alent Plc

Metso Oyj (Chairman of the Nomination Committee)

Tieto Oyj (Chairman of the Nomination Committee)

AB Volvo (Member of the Nomination Committee).

Jørn P. Jensen

Directorships and other offices:

Deputy CEO and Chief Financial Officer of Carlsberg A/S and Carlsberg Breweries

Carlsberg Group - Chairman or board member in the subsidiaries

- Carlsberg Breweries A/S
- Danish Malting Group A/S
- Carlsberg IT A/S (Chairman)
- Carlsberg Finans A/S (Chairman)
- Carlsberg Supply Company AG, Switzerland (Chairman)
- Carlsberg Ejendomme Holding A/S (Chairman)
- Investeringsaktieselskabet af 02.12.2005 (Chairman)
- Carlsberg Insurance A/S
- Carlsberg Invest A/S (Chairman)
- Carlsberg International A/S (Chairman)
- Boliginteressentskabet Tuborg (Chairman)
- Ejendomsaktieselskabet Tuborg Nord C (Chairman)
- Ejendomsaktieselskabet af 4. marts 1982 (Chairman)
- Oy Sinebrychoff Ab, Finland
- Carlsberg Accounting Service Centre SP.z.o.o., Poland (Chairman)
- Baltika Breweries, Russia
- Feldschlösschen Getränke Holding AG, Switzerland

Directorships and other offices outside Carlsberg Group

Carlsberg Byen P/S (Vice Chairman) and the subsidiaries

- Carlsberg Byen I A/S (Vice Chairman)
- Carlsberg Byen Komplementar ApS (Vice

Chairman)

- Carlsberg Byen Ejendomme P/S (Vice Chairman)
- Carlsberg Byen Komplementar Byggefelt 8 ApS
- Carlsberg Byen Ejendomme I P/S (Vice Chairman)
- Carlsberg Byen Komplementar I ApS

Committee on Corporate Governance

DONG Energy A/S (Board member and member of the audit and risk committee).

Carol Sergeant

Directorships and other offices:

*Private sector directorships*

Secure Trust Bank plc

Martin Currie Holdings Limited

*Public policy positions*

Member of High-level Expert Group on reforming the structure of the EU banking sector (Liikanen Group)

Chairman, Simple Financial Products Steering Group, HM Treasury, UK

Member UK Steering Committee on Internal Audit guidance for financial services

*Charity and academic positions*

Public Concern at Work (UK Whistleblowing charity) (Chairman)

Cass Business School (Advisory Board member)

Newnham College, Cambridge (Board member)

St. Paul's Cathedral Foundation (Trustee)

Standards Policy and Strategy Committee (British Standards Institution advisory committee) (Chairman)

The Lloyds Register Foundation (Trustee)

The Governing Council of the Centre for the Study of Financial Innovation (CSFI) (member).

Jim Hagemann Snabe

Directorships and other offices:

Co-Chief Executive Officer of SAP AG

Bang & Olufsen A/S (Vice Chairman)

Siemens AG

Snabe ApS (CEO).

Trond Ø. Westlie

Directorships and other offices:

Group Chief Financial Officer and member of the Executive Board of A.P. Møller-Mærsk A/S and Firmaet A.P. Møller

A.P. Møller-Mærsk Group - Chairman or board

member in the subsidiaries

- Dansk Supermarked A/S (Vice Chairman)
- Maersk A/S
- Maersk Drilling Holding A/S
- Maersk Drilling A/S
- Maersk Shipping 1 A/S
- Maersk Shipping 2 A/S
- Mærsk Oil & Gas A/S
- Rederiet A.P. Møller A/S
- APM Terminals B.V.
- APM Terminals Management B.V.
- Odense Staalskibsværft A/S

Danish Ship Finance A/S (Danmarks Skibskredit A/S)  
(member of the board and of the audit committee)

Pepita AS

Shama AS (member of Executive Board)

Tønsberg Delikatesse AS.

*Members of the Board of Directors elected by  
the Group's employees in Denmark*

Susanne Arboe

Adviser

Directorships and other offices:

Danske Kreds.

Helle Brøndum

Bank Clerk

Directorships and other offices:

None.

Carsten Eilertsen

Senior Personal Customer Adviser

Directorships and other offices:

Apostelgaardens Fond (Vice Chairman)

Danske Kreds (Vice Chairman)

Danske Unions

The Parish Church Council of Sct. Mortens Church  
(Vice Chairman)

The Næstved Cemeteries.

Charlotte Hoffmann

Personal Customer Adviser

Directorships and other offices:

None.

Per Alling Toubro

HR Specialist

Directorships and other offices:

None.

The present members of the Executive Board and their external positions are as follows:

Thomas F. Borgen

Chief Executive Officer

Directorships and other offices:

VP Securities A/S

Kong Olav V's Fond.

Tonny Thierry Andersen

Head of Personal Banking

Directorships and other offices:	<p>Danish Bankers Association (Chairman)</p> <p>Bankernes Kontantservice A/S</p> <p>Danske Bank International S.A. (Chairman)</p> <p>Danske Bank Oyj (Chairman)</p> <p>Forsikringselskabet Danica, Skadeforsikringsaktieselskab af 1999 (Vice chairman) and the subsidiary</p> <ul style="list-style-type: none"> <li>• Danica Pension, Livsforsikringsaktieselskab (Vice chairman)</li> </ul> <p>Nets Holding A/S</p> <p>Realkredit Danmark A/S (Chairman)</p> <p>The Private Contingency Association for the Winding up of Distressed Banks, Savings Banks and Cooperative Banks (Chairman)</p> <p>Olga og Esper Boels Fond</p> <p>Ejendomsaktieselskabet Boels Gård</p> <p>YPO, Young Presidents Organization, Treasurer</p> <p>Værdiansættelsesrådet</p> <p>ICC Danmark</p> <p>Danish Economic Council.</p>
Robert Endersby <sup>9</sup>	
Directorships and other offices:	<p>Head of Group Risk Management</p> <p>Danske Bank Oyj</p> <p>Northern Bank Limited.</p>
Lars Mørch	
Directorships and other offices:	<p>Head of Business Banking</p> <p>Northern Bank Limited (Chairman)</p> <p>Realkredit Danmark A/S (Vice Chairman)</p> <p>Danske Leasing A/S (Chairman).</p>
Henrik Ramlau-Hansen	
Directorships and other offices:	<p>Head of Group Finance &amp; Legal</p> <p>Bluegarden Holding A/S</p> <p>Bluegarden A/S</p> <p>LR Realkredit A/S</p> <p>The Danish Financial Council</p> <p>Kreditforeningen Danmarks Pensionsafviklingskasse (Chairman)</p> <p>Realkredit Danmark A/S</p> <p>Forsikringselskabet Danica, Skadeforsikringsaktieselskab af 1999 and the subsidiary</p> <ul style="list-style-type: none"> <li>• Danica Pension, Livsforsikringsaktieselskab.</li> </ul>

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<sup>9</sup> Robert Endersby is leaving his position as Head of Group Risk Management and Member of the Executive Board by no later than the end of 2014.

Glenn Söderholm

Directorships and other offices:

- Head of Corporates & Institutions
- Danish Ship Finance A/S (Danmarks Skibskredit A/S).

The external positions for the members of the Board of Directors and the Executive Board may change. Updates of this information can be found on the Danske Bank homepage, [www.danskebank.com/corporategovernance](http://www.danskebank.com/corporategovernance).

After application of the relevant laws and conflict of interest policies of the Issuer, no potential conflicts of interest exist between the duties to the Issuer of the persons on the Board of Directors and the Executive Board and their private interests and/or other duties listed above.

## SUBSCRIPTION AND SALE

The Joint-Lead Managers have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 10 March 2014, jointly and severally agreed to subscribe and pay for the Notes at the issue price of 100.00 per cent. of the principal amount of the Notes. The Issuer will pay a commission to the Joint-Lead Managers pursuant to the Subscription Agreement. The Issuer will also reimburse the Joint-Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint-Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

### **United States of America:** *Regulation S Category 2; TEFRA D*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

Each Joint-Lead Manager has agreed that, except as permitted by the Subscription 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 Issue 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 distributor, dealer or person to which it sells the Notes 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. Terms used in this paragraph have the respective meanings given to them by Regulation S under the Securities Act.

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

### **United Kingdom**

Each Joint-Lead Manager has represented and agreed that:

- (a) **Financial promotion:** it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) **General compliance:** it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Denmark**

Each Joint-Lead Manager has represented and agreed that it has not offered or sold and will not offer, sell or deliver the Notes directly or indirectly in Denmark by way of a public offering, unless in compliance with the Danish Consolidated Act No. 982 of 6 August 2013 on Trading in Securities, as amended, and any Executive

Orders issued thereunder and in compliance with Executive Order No. 1583 of 18 December 2013 to the Danish Financial Business Act.

## **General**

No action has been or will be taken in any country or jurisdiction by the Issuer or the Joint-Lead Managers that would permit a public offering of the Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint-Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Subscription Agreement provides that the Joint-Lead Managers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Joint-Lead Managers described in the paragraph headed “General” above.

## TAXATION

The following is a general description of relevant tax considerations and is not to be regarded as a complete tax analysis of all tax issues related to the Notes. Prospective holders of the Notes should consult their professional tax advisers if they are in doubt about their own tax position.

### Denmark Taxation

According to the Danish tax laws in effect as of the date of this Prospectus, (i) except as provided below, payments of interest or principal amounts to any holder of a Note are not subject to taxation in Denmark, (ii) no withholding tax should be required on such payments and (iii) any gain realised upon the sale, exchange or retirement of a Note will not be subject to taxation in Denmark. This tax treatment applies solely to holders of the Notes who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme or do not carry on business in Denmark through a permanent establishment.

The Issuer understands that the enactment of the law referred to in paragraph (b) of the definition of “Tax Event” in Condition 2 (*Interpretation*) will have no adverse impact on the holders of the Notes.

### EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being 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 certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

### Foreign Account Tax Compliance Act

Sections 1471 through 1474 of FATCA impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “foreign financial institution”, or “**FFI**” (as defined by FATCA)) that does not become a “**Participating FFI**” by entering into an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of the Issuer (a “**Recalcitrant Holder**”). The Issuer will be classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to “**foreign passthru payments**” (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the “**grandfathering date**”, which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that

date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “**Reporting FI**” not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Denmark have signed an agreement (the “**United States-Denmark IGA**”) based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the United States-Denmark IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any Paying Agent and the common depository given that each of the entities in the payment chain beginning with the Issuer and ending with the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, Definitive Notes will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

#### **The proposed financial transactions tax (“FTT”)**

The European Commission has published a 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 proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## GENERAL INFORMATION

1. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market with effect from the Issue Date.

The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately EUR 3,190.

2. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 21 November 2013.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN in respect of the Notes is XS1044578273 and the Common Code in respect of the Notes is 104457827. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. Euroclear and Clearstream, Luxembourg are the entities in charge of keeping the records.
4. The Notes and any Coupons or Talons appertaining to the Notes will bear a legend substantially to the following effect: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

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

5.
  - (i) There has been no significant change in the financial position of the Issuer or of the Issuer and its Subsidiaries taken as a whole since 31 December 2013, the last day of the financial period in respect of which the most recent financial statements of the Issuer have been prepared; and
  - (ii) there has been no material adverse change in the prospects of the Issuer since 31 December 2013, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer have been prepared.
6. There are no governmental, legal or arbitration proceedings against or affecting the Issuer or any of its Subsidiaries (and no such proceedings are pending or threatened of which the Issuer is aware) during a period covering at least the previous twelve months which have or may have in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of the Issuer or of the Issuer and its Subsidiaries taken as a whole.
7. The annual financial statements of the Issuer for the financial years ended 31 December 2013 and 31 December 2012 have, in each case, been audited by KPMG Statsautoriseret Revisionspartnerselskab (“KPMG”) of Osvald Helmuths Vej 4, Postboks 250, DK-2000 Frederiksberg, being the relevant independent public auditors of the Issuer for such period. Unqualified opinions have been reported on such financial statements and KPMG is a member of “FSR - Danske Revisorer” (Association of State Authorised Public Accountants).
8. 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.
9. For the period of 12 months following the date of this Prospectus, hard copies of the following documents will be available, upon request, free of charge, from the registered office of the Issuer and from the

Specified Offices of the Paying Agent for the time being in London (where applicable, with an English translation thereof):

- (i) the Articles of Association of the Issuer;
- (ii) the Agency Agreement; and
- (iii) the Deed of Covenant.

10. For a period of 12 months following the date of this Prospectus, electronic copies of the following documents will be available on the website of the Central Bank at [www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx](http://www.centralbank.ie/regulation/securities-markets/prospectus/Pages/approvedprospectus.aspx):

- (i) a copy of this Prospectus; and
- (ii) any supplements to this Prospectus.

11. For a period of 12 months following the date of this Prospectus, electronic copies of the Annual Reports (as defined in “Documents Incorporated by Reference”) will be available on the website of the Issuer at [www.danskebank.com](http://www.danskebank.com) (see “Documents Incorporated by Reference” for more details).

12. Certain of the Joint-Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint-Lead Managers 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 Joint-Lead Managers 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 Joint-Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint-Lead Managers 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.

11. The indication of the yield of the Notes is 5.831 per cent. per annum and is calculated as at the date of this Prospectus on the basis of the Issue Price. It is not an indication of future yield.

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

**REGISTERED OFFICE OF THE ISSUER**

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DK-1092 Copenhagen K

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**J.P. Morgan Securities plc**  
25 Bank Street  
London E14 5JP

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA

**Danske Bank A/S**  
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DK-1092 Copenhagen K

**Goldman Sachs  
International**  
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**Merrill Lynch International**  
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*To the Issuer as to Danish law*

**Flemming S. Pristed**  
General Counsel  
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