



## **USD 1,000,000,000 Subordinated Fixed Rate Resetable Notes due 2037**

**Issue price: 100.00 per cent.**

The USD 1,000,000,000 Subordinated Fixed Rate Resetable Notes due 2037 (in Danish: "kapitalbeviser") (the "**Notes**") will be issued by Danske Bank A/S (the "**Issuer**"). 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", and, unless previously redeemed or purchased and cancelled, will mature on 21 September 2037 (the "**Maturity Date**").

The Notes will bear interest, payable semi-annually in arrear on 21 March and 21 September in each year (each an "**Interest Payment Date**"), from (and including) 21 September 2012 (the "**Issue Date**") to (but excluding) 21 September 2017 (the "**First Call Date**") at the rate of 7.125 per cent. per annum. The first payment of interest will be made on 21 March 2013 in respect of the period from (and including) the Issue Date to (but excluding) 21 March 2013. 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 to defer the payment of interest on the Notes on any Interest Payment Date. Any such deferred interest will, subject as provided herein, become due and payable in certain circumstances. See Condition 6 (Interest Deferral) in "Terms and Conditions of the Notes".

The Issuer may, at its option, redeem all, but not some only, of the Notes on the First Call Date or any Interest Payment Date thereafter at their outstanding principal amount plus accrued interest. The Issuer may also, at its option, redeem all, but not some only, of the Notes (i) at any time at their outstanding principal amount plus accrued interest upon the occurrence of a Tax Event or a Capital Event (each as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes") or (ii) at any time after the fifth anniversary of the Issue Date at their outstanding principal amount plus accrued interest upon the occurrence of a Rating Methodology Event (as defined in Condition 2 (Interpretation) in "Terms and Conditions of the Notes"). The Issuer may also, inter alia, substitute or vary the terms of the Notes in certain circumstances described in Condition 8.8 (Substitution or Variation) in "Terms and Conditions of the Notes". Any such redemption, substitution or variation is subject to certain conditions. See Condition 8 (Redemption and Purchase) in "Terms and Conditions of the Notes".

This Prospectus has been approved by the Luxembourg Commission de Surveillance du Secteur Financier (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of the Prospectus Directive (as defined below) and relevant implementing legislation in Luxembourg, as a prospectus issued in compliance with the Prospectus Directive and relevant implementing legislation in Luxembourg for the purpose of giving information with regard to the issue of the Notes. This Prospectus constitutes a prospectus for the purposes of Article 5.3 of the Prospectus Directive. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg Act dated 10 July 2005 as amended on 3 July 2012 (the "**Luxembourg Act**") on prospectuses for securities. Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange with effect from the Issue Date. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments 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 BBB by Fitch Ratings Ltd. ("**Fitch**"). Fitch is established in the European Union ("**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 30 July 2012). 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 31 October 2012 (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**

**BNP PARIBAS**

**HSBC**

**DANSKE BANK**

**MORGAN STANLEY**

**UBS INVESTMENT  
BANK**

The date of this Prospectus is 19 September 2012

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 BNP Paribas, HSBC Bank plc, Danske Bank A/S in its capacity as a joint-lead manager, Morgan Stanley & Co. International plc and UBS Limited (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.

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 of those members of the European Union which are participating in the European economic and monetary union and all references to “**U.S.\$**”, “**USD**” and “**U.S. Dollars**” 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, as supplemented from time to time including the documents incorporated by reference.

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**IN CONNECTION WITH THE ISSUE OF THE NOTES, BNP PARIBAS 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:	USD 1,000,000,000 Subordinated Fixed Rate Resetable Notes due 2037.
Joint-Lead Managers:	BNP Paribas, HSBC Bank plc, Danske Bank A/S, Morgan Stanley & Co. International plc and UBS Limited.
Fiscal Agent:	Citibank, N.A., London Branch.
Luxembourg Listing Agent:	Banque Internationale à Luxembourg, <i>société anonyme</i> .
Issue Date:	21 September 2012.
First Call Date:	21 September 2017.
Maturity Date:	21 September 2037.
Issue Price:	100.00 per cent.
Status of the Notes:	<p>The Notes will constitute direct, unsecured and subordinated debt obligations of the Issuer, and will 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 any Parity Securities and at least <i>pari passu</i> with any Tier 2 Capital of the Issuer, both as regards the right to receive periodic payments and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;</li> <li>(iii) senior as regards the right of payment to payments (a) to holders of all classes of share capital of the Issuer and (b) in respect of any obligations of the Issuer ranking or expressed to rank junior to the Notes including any Junior Securities, both as regards the right to receive periodic payments and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and</li> <li>(iv) junior as regards the right of payment to the payment of any present or future claims of (a) depositors of the Issuer and (b) other unsubordinated creditors of the Issuer.</li> </ul>
Interest and Interest Payment Dates:	The Notes will bear interest, payable semi-annually in arrear on 21 March and 21 September in each year, from (and including) the Issue Date to (but excluding) the First Call Date at the rate of 7.125 per cent. per annum. The

first payment of interest will be made on 21 March 2013 in respect of the period from (and including) the Issue Date to (but excluding) 21 March 2013.

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

Interest Deferral: Subject as provided in Condition 6 (*Interest Deferral*), the Issuer may elect to defer the payment of interest on the Notes on any Interest Payment Date.

Arrears of Interest: Any interest in respect of the Notes not paid on an Interest Payment Date, together with any other interest in respect of the Notes not paid on any other such Interest Payment Date, shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Interest will accrue on the amount of Arrears of Interest at the rate of interest from time to time applicable to the Notes, and such amount of interest (the “**Additional Interest Amount**”) accrued up to any Interest Payment Date shall be added, for the purpose only of calculating the Additional Interest Amounts accruing thereafter, to the amount of Arrears of Interest remaining unpaid or not cancelled on such Interest Payment Date.

Any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) may be paid in whole or in part at any time at the discretion of the Issuer and in any event will, subject as provided in Condition 6 (*Interest Deferral*), become due and payable in whole but not in part upon the earliest of:

- (i) within 30 days of the date of the occurrence of a Compulsory Arrears of Interest Payment Event;
- (ii) the date on which an order is made by any competent court or a resolution is passed for the liquidation or bankruptcy of the Issuer; and
- (iii) the next Interest Payment Date on which the Issuer elects to make a payment of interest under the Notes, other than a payment of Arrears of Interest or Additional Interest Amounts.

Redemption at Maturity: Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes at their outstanding principal amount, together with accrued interest thereon, on the Maturity Date.

Optional Redemption by the Issuer on the First Call Date or any Interest Payment Date thereafter: Subject as provided herein, in particular to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*), the Issuer may, at its option, redeem all (but not some only) of the outstanding Notes on the First Call Date or any Interest Payment Date thereafter at their outstanding principal amount, together with accrued interest thereon.

Optional Redemption by the Issuer upon the Occurrence of a Tax Event or a Capital Event: Subject as provided herein, in particular to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*), upon the occurrence of a Tax Event or a Capital Event, the Issuer may, at its option, at any time redeem all (but not some only) of the outstanding Notes at their outstanding principal amount, together with accrued interest thereon.

Optional Redemption by the Issuer upon the Occurrence of a Rating Methodology Event: Subject as provided herein, in particular to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*), upon the occurrence of a Rating Methodology Event, the Issuer may, at its option, at any time on

or after the fifth anniversary of the Issue Date, redeem all (but not some only) of the outstanding Notes at their outstanding principal amount, together with accrued interest thereon.

Substitution and Variation:

Subject as provided herein, in particular to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*), the Issuer may at any time:

- (i) 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 Tier 2 Notes; and/or
- (ii) if not prohibited by the eligibility criteria for Tier 2 Capital under the Relevant Rules prior to the fifth anniversary of the Issue Date (as determined by the Issuer after consultation with the Relevant Regulator), 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 the terms of the Notes permit an early redemption at any time as a result of the occurrence of a Rating Methodology Event.

Reduction and Cancellation of the Notes:

The Issuer, by a resolution passed at a general meeting of its shareholders duly convened in accordance with Danish law, may resolve to reduce and cancel (*inter alia*):

- (i) all or part of any Arrears of Interest (together with all Additional Interest Amounts but excluding any interest which has been cancelled) on a *pro rata* basis with all of the Issuer's other arrears of interest (howsoever defined) (together with any additional interest amounts (howsoever defined)) under its other Tier 2 Capital and any of its other instruments (if any) expressed to be ranking *pari passu* therewith; and
- (ii) all or part of the outstanding principal amount of the Notes on a *pro rata* basis with the outstanding nominal amount of all of the Issuer's other Tier 2 Capital and any of its other instruments (if any) expressed to be ranking *pari passu* therewith,

in either case, upon the occurrence of a Reduction Event, all as described in more detail in Condition 7 (*Reduction of Amounts of Principal and Unpaid Interest*).

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:

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.

The Issuer may also, subject to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*), 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.

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 (*Taxation*), 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 depositary for Euroclear and Clearstream Banking, *société anonyme*. 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 USD 200,000 and integral multiples of USD 1,000 in excess thereof up to (and including) USD 399,000.

Listing and Admission to Trading:

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

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 Deferral*), Condition 7 (*Reduction of Amounts of Principal and Unpaid Interest*), Condition 8.2 (*Early Redemption upon the occurrence of a Tax Event*), Condition 8.3 (*Early Redemption upon the occurrence of a Capital Event*), Condition 8.4 (*Early Redemption upon the occurrence of a Rating Methodology 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 21 September 2012, 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 BBB by Fitch.

In addition, the Issuer has been rated by each of Moody's Investors Service Ltd. ("**Moody's**"), Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and Fitch as follows:

	Moody's	S&P	Fitch
senior unsubordinated long-term debt	Baa1	A-	A
senior unsubordinated short-term debt	P-2	A-2	F1
outlook	Stable	Stable	Negative

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 30 July 2012).

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, Denmark, Singapore and Hong Kong, 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, which it manages at different organisational levels. The categories of risk are as follows:

- Credit risk: Included within credit risk is, *inter alia*, the risk of losses because an entire country may encounter financial difficulties or the risk of losses because of political decisions on nationalization and expropriation. Credit risk includes country, dilution, and settlement and counterparty credit risks. Settlement risk is the risk arising when payments are settled, for example payments for currency transactions and trades in financial instruments, including derivatives. The risk arises when the Group remits payments before it can ascertain that the counterparty has fulfilled its obligations. The credit risk on OTC derivatives contracts, which is included in counterparty risk, is the risk of losses resulting from a customer's default on derivatives contracts with the Group.
- Market risk: The risk of loss because the fair value of the Group's assets and liabilities varies with changes in market conditions.
- Liquidity risk: The risk of loss because the Group's funding costs increase disproportionately, lack of funding prevents the Group from establishing new business, or lack of funding ultimately prevents the Group from meeting its obligations.
- Operational risk: The risk of loss resulting from inappropriate or inadequate internal processes, human or system errors, or external events. It includes legal risk, but not strategic and reputational risks.
- Insurance risk: All types of risk in the Danica group, including market risk, life insurance risk and operational risk.

- Pension risk: The risk of a pension shortfall in the Group's defined benefit plans that requires it to make additional contributions to cover pension obligations to current and former employees.

#### *Impact of regulatory changes*

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.

#### *Basel III Framework*

In December 2010, the Basel Committee on Banking Supervision adopted proposals imposing, among other things, stricter capital and liquidity requirements upon banks ("**Basel III**"). On 20 July 2011, the European Commission adopted its proposal for a review of the CRD ("**CRD IV**"), including implementation of Basel III in the EU. Negotiations in the Council and European Parliament will take place until a final agreement between the Council, the Parliament and the Commission is reached, expected in late 2012. Thus, the rules have not yet finally been decided upon and changes to the Commission's July 2011 proposal are expected. The rules will enter into force by 1 January 2013 though this date is dependent on the result of political negotiations.

Regardless of the lack of certainty of the final rules, it must be expected that the Issuer will face increased capital and liquidity requirements in the future, however the exact amounts have not yet been finally determined.

See "European implementation of the Basel III Framework" in "Description of the Group" below for a more complete description of Basel III.

#### *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. Recently revised legislation regarding the Danish Deposit Guarantee Scheme (Bank Package IV (as defined in "Description of the Group" 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 constant every year in profit and loss terms. The premium payments will stop when the new target level of funds has been reached. The future target level of funds to be accumulated in Deposit Guarantee Schemes or resolution funds across different EU countries is still under consideration in the political negotiations regarding the Deposit Guarantee Scheme Directive, CMD and in discussions on a European Banking Union. The final agreement is anticipated during 2013 or 2014 with the aim of eventual enforcement in national legislation.

#### *The Market Generally*

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.

In recent years, there has been significant volatility in the financial markets around the world. The financial turbulence since 2008 and its after-effects on the wider economy have led to generally more difficult earnings conditions for the financial sector and, at the time, resulted in the failures of a number of financial institutions in the United States and Europe and unprecedented action by governmental authorities, regulators and central banks around the world. The financial markets have recovered somewhat but continue to be plagued by concerns and unrest. The European debt crisis that started in southern Europe escalated and affected the other EU countries. Doubts about how the United States would cope with its massive budget deficit also put a damper on global economic growth. The uncertainty is likely to continue and the foundation for economic growth appears weak.

The economic situation remains unstable. Of the markets in which the Group operates, the Irish economy in particular has suffered, leading to severe pressure on the Irish banking sector. Other indebted EU countries also face potential fiscal tightening and growth rates may remain weak for some time.

Many of the Group's markets experienced declining economic growth, rising unemployment and decreasing asset values since 2008. These adverse economic and market conditions affected the Group in a number of ways during these years, including, among others, lower demand for the Group's products and services, volatile returns on Danica Pension's investments and customer funds, increased cost of funding, volatile fair value of many of the Group's financial instruments, higher goodwill impairment charges and increasing loan impairment charges, all of which resulted in lower profitability. Weaker or longer than expected recovery of the business activity in the Group's principal markets could lead to lower than expected revenues and continuing high impairment charges for the Group. If the uncertain and difficult macroeconomic conditions of the past years continue, such conditions may also lead to continuing declines in net interest margins, credit quality and loan portfolio growth, as well as further corrections in prices of real estate and other property held as collateral for loans, which may lead to additional loan impairment charges. Any deterioration in market conditions could adversely affect the Group's income from trading activities and Danica Pension's investments and customer funds. If economic conditions take longer to improve than currently expected, or circumstances deteriorate, this could have a further material adverse effect on the Group's business, results of operations and financial position.

### **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.

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

The Issuer will pay principal and interest on the Notes in U.S. Dollars. 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 U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. Dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or U.S. Dollars may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. Dollars 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.

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

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.

### **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;
- (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. U.S. Dollars, 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**

*Subordinated obligations*

The Notes will 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 any Parity Securities and at least *pari passu* with any Tier 2 Capital of the Issuer, both as regards the right to receive periodic payments and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer, (iii) senior as regards the right of payment to payments (a) to holders of all classes of share capital of the Issuer and (b) in respect of any obligations of the Issuer ranking or expressed to rank junior to the Notes including any Junior Securities, both as regards the right to receive periodic payments and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer and (iv) junior as regards the right of payment to the payment of any present or future claims of (a) depositors of the Issuer and (b) other unsubordinated creditors of the Issuer.

The Issuer may further issue other subordinated notes which rank junior as regards the right of payment to the Notes. In the event of a liquidation or bankruptcy of the Issuer, the Issuer will be required to pay its depositors and other unsubordinated creditors 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.

### *Reduction and cancellation of the Notes*

The shareholders of the Issuer may, pursuant to Condition 7 (*Reduction of Amounts of Principal and Unpaid Interest*), reduce and cancel all or part of any Arrears of Interest (together with all Additional Interest Amounts but excluding any interest which has been cancelled) and all or part of the outstanding principal amount of the Notes provided that the requirements set out in Condition 7 (*Reduction of Amounts of Principal and Unpaid Interest*) are met. Investors should note that, while such 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 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 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 CMD (as defined below).

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

On 6 June 2012, the European Commission published a 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 "CMD"). The stated aim of the draft CMD 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 CMD include write down powers to ensure relevant capital instruments (including Tier 2 capital instruments such as the Notes) fully absorb losses at the point of non-viability of the issuing institution. Accordingly, the draft CMD contemplates that resolution authorities will be required to write down such capital instruments in full on a permanent basis, or convert them in full into common equity tier 1 instruments, at the point of non-viability and before a resolution action is taken ("**CMD Non-Viability Loss Absorption**"), including the bail-in tool described below. The draft CMD currently provides, *inter alia*, that resolution authorities shall exercise the write down power in relation to CMD Non-Viability Loss Absorption in a way that results in (i) common equity tier 1 instruments being written down first in proportion to the relevant losses and (ii) thereafter, the principal amount of relevant capital instruments (including Tier 2 capital instruments such as the Notes) being reduced to zero on a permanent basis.

For the purposes of CMD Non-Viability Loss Absorption, the point of non-viability under the draft CMD is the point at which (i) the appropriate authority determines that the institution meets the conditions for resolution, (ii) the appropriate authority determines that the institution will no longer be viable unless the relevant capital instruments are written down or (iii) extraordinary public support is to be provided by the relevant Member State and without such support the appropriate authority determines that the institution would no longer be viable.

The draft CMD contemplates that it will be implemented in Member States by 31 December 2014, with the CMD Non-Viability Loss Absorption provisions becoming effective as of 1 January 2015.

An additional bail-in tool, which comprises a more general power for resolution authorities to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims into equity, is expected to be implemented under the CMD as of 1 January 2018. This bail-in tool would provide authorities with broad powers, including the power to cancel a bank's existing shares or severely dilute existing shareholdings, including with respect to any shares issued or conferred upon conversion of capital instruments to common equity

tier 1 instruments pursuant to CMD Non-Viability Loss Absorption. The draft CMD currently provides that a write down resulting from the use of the bail-in tool would, in summary, follow the ordinary allocation of losses and ranking in an insolvency of the relevant institution.

The draft CMD currently represents the only 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 Group” below) intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions.

The Basel Committee contemplates implementation of the Basel III reforms as of 1 January 2013 and this is the date on which the Basel III reforms are generally scheduled to be implemented in the European Economic Area by way of CRD IV (as defined above under “Basel III Framework”). However, save for a reference thereto in a draft recital, the most recent official draft texts of CRD IV do not contain any operative provisions recognising or implementing the Basel III Non-Viability Requirements. No official statement has yet been made whether there will be any implementation of the Basel III Non-Viability Requirements in the European Economic Area generally or by any Member State pending implementation of CMD Non-Viability Loss Absorption in 2015.

It is currently unclear whether CMD 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 Non-Viability Loss Absorption, the draft CMD provides resolution authorities with broader powers to implement other resolution measures with respect to distressed banks, which may include (without limitation) the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

The draft CMD 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 CMD. 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 fact 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.

#### *Deferral of Interest*

Subject as provided in Condition 6 (*Interest Deferral*), the Issuer may, on any Interest Payment Date, defer payment of interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding such date. A deferral of interest pursuant to Condition 6 (*Interest Deferral*) does not constitute a default under the Notes for any purpose.

Any interest in respect of the Notes not paid on an Interest Payment Date, together with any other interest in respect of the Notes not paid on any other such Interest Payment Date, shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Interest will accrue on the amount of Arrears of Interest at the rate of interest from time to time applicable to the Notes, and such amount of interest (the “**Additional Interest Amount**”)



accrued up to any Interest Payment Date shall be added, for the purpose only of calculating the Additional Interest Amounts accruing thereafter, to the amount of Arrears of Interest remaining unpaid or not cancelled on such Interest Payment Date.

Any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) may be paid in whole or in part at any time at the discretion of the Issuer and in any event will, subject as provided in Condition 6 (*Interest Deferral*), become due and payable in whole but not in part upon the earliest of:

- (i) within 30 days of the date of the occurrence of a Compulsory Arrears of Interest Payment Event;
- (ii) the date on which an order is made by any competent court or a resolution is passed for the liquidation or bankruptcy of the Issuer; and
- (iii) the next Interest Payment Date on which the Issuer elects to make a payment of interest under the Notes, other than a payment of Arrears of Interest or Additional Interest Amounts.

Any actual or anticipated deferral of interest payments will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest deferral 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 deferral 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 the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*), the Issuer may, at its option, redeem all, but not some only, of the Notes on the First Call Date or any Interest Payment Date thereafter at their outstanding principal amount, together with accrued interest thereon. Subject as aforesaid, the Issuer may also, at its option, redeem all, but not some only, of the Notes (i) at any time at their outstanding principal amount, together with accrued interest thereon, upon the occurrence of a Tax Event or a Capital Event or (ii) at any time after the fifth anniversary of the Issue Date at their outstanding principal amount, together with accrued interest thereon, upon the occurrence of a Rating Methodology Event.

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 as provided herein, in particular to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*), 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 vary the terms of all (but not some only) of the Notes, so that they become or remain Qualifying Tier 2 Notes and/or (ii) if not prohibited by the eligibility criteria for Tier 2 Capital under the Relevant Rules, prior to the fifth anniversary of the Issue Date (as determined by the Issuer after consultation with the Relevant Regulator), to 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 the terms of the Notes permit an early redemption at any time as a result of the occurrence of a Rating Methodology Event.

*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 amount, together with accrued interest thereon.

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

### **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 depositary 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 the common depositary. 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 the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*), 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.

### *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 Deferral*), Condition 7 (*Reduction of Amounts of Principal and Unpaid Interest*), Condition 8.2 (*Early Redemption upon the occurrence of a Tax Event*), Condition 8.3 (*Early Redemption upon the occurrence of a Capital Event*), Condition 8.4 (*Early Redemption upon the occurrence of a Rating Methodology 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.

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

The Notes have denominations consisting of a minimum denomination of USD 200,000 plus one or more higher integral multiples of USD 1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of USD 200,000. In such a case a Holder who, as a result of trading such amounts, holds an amount which is less than USD 200,000 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 USD 200,000 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 Issuer for the financial years ended 31 December 2011 and 31 December 2010 (together, the “**Annual Reports**”) shall be deemed to be incorporated in, and to form part of, this Prospectus. The financial statements in the Annual Reports have been audited.

The consolidated reviewed but unaudited interim financial statements of the Issuer as at and for the first half year ended 30 June 2012 (the “**Interim Report – First Half 2012**”) shall be deemed to be incorporated in, and to form part of, this Prospectus.

The sources of the financial statements (including the auditors’ reports thereon and notes thereto) in the Interim Report – First Half 2012 and the Annual Reports incorporated by reference herein are as follows:

<i>Information</i>	<i>Source</i>
Income Statement for the Group for the first half year ended 30 June 2012	Interim Report – First Half 2012 pg. 24
Statement of Comprehensive Income for the Group for the first half year ended 30 June 2012	Interim Report – First Half 2012 pg. 25
Balance Sheet for the Group for the first half year ended 30 June 2012	Interim Report – First Half 2012 pg. 26
Statement of Capital for the Group for the first half year ended 30 June 2012	Interim Report – First Half 2012 pgs. 27-28
Cash Flow Statement for the Group for the first half year ended 30 June 2012	Interim Report – First Half 2012 pg. 29
Notes to the Financial Statements for the first half year ended 30 June 2012	Interim Report – First Half 2012 pgs. 30-51
Auditors’ Review Reports for the Group for the first half year ended 30 June 2012	Interim Report – First Half 2012 pgs. 63-64
Income Statement for the Group for the year ended 31 December 2011	2011 Annual Report pg. 60
Statement of Comprehensive Income for the Group for the year ended 31 December 2011	2011 Annual Report pg. 61
Balance Sheet for the Group for the year ended 31 December 2011	2011 Annual Report pg. 62
Statement of Capital for the Group for the year ended 31 December 2011	2011 Annual Report pgs. 63-65
Cash Flow Statement for the Group for the year ended 31 December 2011	2011 Annual Report pg. 66
Notes to the Financial Statements for the year ended 31 December 2011	2011 Annual Report pgs. 67-161
Auditors’ Reports for the Group for the year ended 31 December 2011	2011 Annual Report pgs. 184-185

Income Statement for the Group for the year ended 31 December 2010	2010 Annual Report pg. 50
Statement of Comprehensive Income for the Group for the year ended 31 December 2010	2010 Annual Report pg. 51
Balance Sheet for the Group for the year ended 31 December 2010	2010 Annual Report pg. 52
Statement of Capital for the Group for the year ended 31 December 2010	2010 Annual Report pgs. 53-55
Cash Flow Statement for the Group for the year ended 31 December 2010	2010 Annual Report pg. 56
Notes to the Financial Statements for the year ended 31 December 2010	2010 Annual Report pgs. 57-143
Auditors' Reports for the Group for the year ended 31 December 2010	2010 Annual Report pgs. 163-164

The Interim Report – First Half 2012 and the Annual Reports incorporated by reference herein can be viewed online at [www.danskebank.com](http://www.danskebank.com). This Prospectus, including the documents incorporated by reference herein, is available for viewing at [www.bourse.lu](http://www.bourse.lu). Any information not listed in the cross-reference list but included in the documents incorporated by reference is given for information purposes only. The Interim Report – First Half 2012 and the Annual Reports are English translations of the original reports in the Danish language. The Issuer accepts responsibility for the English translations of the Interim Report – First Half 2012 and the Annual Reports.

## 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 depositary 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 depositary 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 principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; provided, however, that in no circumstances shall the principal amount of the Permanent Global 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 principal amount of 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.

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 17 (*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 17 (*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 17 (*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.”

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

### **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, the other Paying Agents 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 USD 1,000,000,000 Subordinated Fixed Rate Resettable Notes due 2037 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series with 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 21 September 2012 (as supplemented, amended and/or replaced from time to time, the “**Agency Agreement**”) between the Issuer, Citibank, N.A., London Branch as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (the “**Paying Agents**”, which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Agency Agreement).
- 1.3 *Deed of Covenant:* The Notes have the benefit of a deed of covenant dated 21 September 2012 (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:

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

- (i) the rate for U.S. dollar swaps with a term of 5 years which appears on the Screen Page as of 11:00 a.m. (New York City time) on such Reset Rate of Interest Determination Date; or
- (ii) if the 5-year Mid-Swap Rate does not appear on the Screen Page at such time on such Reset Rate of Interest Determination Date, the Reset Reference Bank Rate on such Reset Rate of Interest Determination Date;

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

- (i) has a term of 5 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 3-month U.S. dollar LIBOR (calculated on an Actual/360 day count basis);

“**Additional Interest Amount**” has the meaning given to such term in Condition 6.1 (*Interest Deferral*);

“**Arrears of Interest**” has the meaning given to such term in Condition 6.1 (*Interest Deferral*);

“**Base Capital Executive Order**” means Executive Order No. 764 of 24 June 2011 on calculation of base capital issued under the Danish Financial Business Act;

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City, Copenhagen and London;

“**Calculation Amount**” means USD 1,000 (the “**Original Calculation Amount**”), provided that if the Outstanding Principal Amount of each Note is reduced in accordance with Condition 7 (*Reduction of Amounts of Principal and Unpaid Interest*), the Fiscal Agent shall (i) adjust the Calculation Amount on a *pro rata* basis to account for such reduction and (ii) notify the Holders in accordance with Condition 17 (*Notices*) of the details of such adjustment;

“**Capital Event**” means that, by reason of non-compliance with the criteria for Tier 2 Capital, the Notes are fully excluded from the Tier 2 Capital of the Issuer provided that such exclusion is not as a result of any applicable limits on the amount of Tier 2 Capital;

“**CMD**” 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;

“**Compulsory Arrears of Interest Payment Event**” has the meaning given to such term in Condition 6.2 (*Arrears of Interest*);

“**Contractual Currency**” has the meaning given to such term in Condition 18 (*Currency Indemnity*);

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

“**CRD IV Proposals**” means the Directive and Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, a first draft of which was published on 20 July 2011;

“**Danish Bankruptcy Act**” means the Danish Bankruptcy Act (Consolidated Act No. 217 of 15 March 2011, as amended);

“**Danish Financial Business Act**” means the Danish Financial Business Act (Consolidated Act No. 705 of 25 June 2012, as amended);

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), “30/360” which means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

“**Early Termination Amount**” means, in respect of any Note, its Outstanding Principal Amount and “**Early Termination Amounts**” means the Outstanding Principal Amounts of all of the Notes together;

“**Effective Date**” has the meaning given to such term in Condition 7.3 (*Effect*);

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

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

“**Final Redemption Amount**” means, in respect of any Note, its Outstanding Principal Amount and “**Final Redemption Amounts**” means the Outstanding Principal Amounts of all of the Notes together;

“**First Call Date**” means 21 September 2017;

“**Hybrid Core Capital**” has the meaning given to such term in the definition of Tier 1 Capital;

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

“**Initial Rate of Interest**” means 7.125 per cent. per annum;

“**Interest Payment Date**” means 21 March and 21 September in each year from (and including) 21 March 2013 to (and including) the Maturity Date;

“**Interest Payment Election**” has the meaning given to such term in Condition 6.2 (*Arrears of Interest*);

“**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 21 September 2012;

“**Junior Securities**” means any securities of the Issuer that rank, or are expressed to rank, junior to the Notes. For the avoidance of doubt, this includes, without limitation, all of the Issuer's existing Tier 1 Capital and any of its other existing and future securities ranking, or expressed to rank, *pari passu* therewith;

“**Margin**” means 6.32 per cent.;

“**Maturity Date**” means 21 September 2037;

“**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;

**“Outstanding Principal Amount”** means, in respect of a Note, its principal amount or the outstanding principal amount as reduced from time to time in accordance with Condition 7 (*Reduction of Amounts of Principal and Unpaid Interest*);

**“Parity Securities”** means any securities of the Issuer that rank, or are expressed to rank, *pari passu* with the Notes. For the avoidance of doubt, this includes, without limitation, all Subordinated Notes and any of the Issuer's other existing and future securities ranking, or expressed to rank, *pari passu* therewith;

**“Payment Business Day”** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in (i) the relevant place of presentation and (ii) New York City;

**“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 Tier 2 Notes”** means securities issued directly or indirectly by the Issuer:

- (i) that, subject as required by the provisions of this definition, have terms not 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 (A) in the case of a substitution of the Notes pursuant to Condition 8.8 (*Substitution or Variation*), the issue date of the relevant securities or (B) in the case of a variation of the Notes pursuant to Condition 8.8 (*Substitution or Variation*), such variation, provided that such securities shall:
  - (1) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Tier 2 Capital (which, for the avoidance of doubt, may result in the relevant securities not including, or restricting for a period of time the application of, one or more of the Special Event redemption events which are included in the Notes);
  - (2) carry the same rate of interest from time to time applying to the Notes prior to the relevant substitution or variation pursuant to Condition 8.8 (*Substitution or Variation*);
  - (3) rank senior to, or *pari passu* with, the ranking of the Notes prior to the substitution or variation pursuant to Condition 8.8 (*Substitution or Variation*);
  - (4) preserve any existing rights under the Notes to any accrued interest and any Arrears of Interest and Additional Interest Amounts which has/have not been paid;
  - (5) not be immediately subject to a Special Event; and
  - (6) have the same Maturity Date as the Notes and have a first call date no earlier than the First Call Date.
- (ii) if (i) the Notes were listed or admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, that are listed or admitted to trading on a Regulated Market or (ii) 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, that 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; and
- (iii) if the Notes have a published credit rating from a Rating Agency immediately prior to their substitution or variation pursuant to Condition 8.8 (*Substitution or Variation*), in relation to which each such Rating Agency has ascribed, or is expected to ascribe (as determined by the Issuer having consulted with such Rating Agency to the extent practicable), a published credit

rating equal to or higher than its published rating of the Notes immediately prior to the substitution or variation of the Notes pursuant to Condition 8.8 (*Substitution or Variation*);

**“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 of (A) the Reset Rate of Interest 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 accordance with Condition 5 (*Interest*);

**“Rating Agency”** means Fitch Ratings Limited or its successor, in any case to the extent that ratings in relation to the Notes are provided by the relevant entity on a sponsored basis;

**“Rating Methodology Event”** means a change in methodology of Standard & Poor’s Credit Market Services Europe Limited (or in the interpretation of such methodology) as a result of which the equity content assigned by Standard & Poor’s Credit Market Services Europe Limited to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned by Standard & Poor’s Credit Market Services Europe Limited to the Notes on or around the Issue Date;

**“Redemption Amount”** means, as appropriate, the Final Redemption Amount or the Early Termination Amount;

**“Reduction Event”** means that a resolution has been passed at a general meeting of the Issuer’s shareholders in accordance with Danish law to reduce, *inter alia* and in the order described in Condition 7.3 (*Effect*), the Outstanding Principal Amounts and any Arrears of Interest (together with all Additional Interest Amounts) and following the occurrence of all of the following circumstances:

- (i) the equity capital of the Issuer has been lost;
- (ii) a general meeting of the shareholders of the Issuer has effectively resolved in accordance with Danish law to reduce to zero the share capital of the Issuer; and
- (iii) following the resolution referred to in (ii) above, either:
  - (A) sufficient new share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any reduction of the Outstanding Principal Amounts and any Arrears of Interest thereon (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) pursuant to Condition 7 (*Reduction of Amounts of Principal and Unpaid Interest*), to comply with the capital requirement of the Danish Financial Business Act; or
  - (B) the Issuer discontinues its business without a loss to its non-subordinated creditors;

**“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 17 (*Notices*);

**“Relevant Regulator”** means the Danish Financial Supervisory Authority 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 capital rules from time to time as applied by the Relevant Regulator and as amended from time to time including the implementation of the CRD IV Proposals and/or the CMD. For the avoidance of doubt, at the Issue Date such rules being those set out in the Danish Financial Business Act and the Base Capital Executive Order;

**“Reset Date”** means the First Call Date and each day (other than the Maturity Date) which falls on the fifth anniversary of the immediately preceding Reset Date;

**“Reset Interest Amount”** has the meaning given to such term in Condition 5.5 (*Determination of Reset Rate of Interest 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 or, as the case may be, the Maturity Date;

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

**“Reset Rate of Interest Determination Date”** means, in relation to a Reset Interest Period, the day falling two U.S. Government Securities Business Days prior to the Reset Date on which such Reset Interest Period commences;

**“Reset Reference Bank Rate”** means, in relation to a Reset Interest Period and the Reset Rate of Interest Determination Date in relation to such Reset Interest Period, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Fiscal Agent at approximately 11:00 a.m. (New York City time) on such Reset Rate of Interest 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 5-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, 0.805 per cent. per annum;

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

**“Screen Page”** means Reuters screen “ISDAFIX1” 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 5-year Mid-Swap Rate;

**“Special Event”** means any of a Tax Event, a Capital Event or a Rating Methodology Event;

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

**“Subordinated Notes”** has the meaning given to such term in the definition of Tier 2 Capital;

**“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;

“**Tax Event**” has the meaning given to such term in Condition 8.2 (*Early redemption upon the occurrence of a Tax Event*);

“**Tier 1 Capital**” means capital which is treated as a constituent of Tier 1 under the Relevant Rules by the Relevant Regulator for the purposes of the Issuer and this shall include all hybrid core capital (“**Hybrid Core Capital**”) (in Danish: “*hybrid kernekapital*”) issued by the Issuer within the meaning of the Base Capital Executive Order or any executive order amending or replacing the Base Capital Executive Order;

“**Tier 2 Capital**” means capital which is treated as a constituent of Tier 2 under the Relevant Rules by the Relevant Regulator for the purposes of the Issuer and this shall include all subordinated loan capital (in Danish: “*ansvarlig lånekapital*”) issued by the Issuer within the meaning of the Base Capital Executive Order or any executive order amending or replacing the Base Capital Executive Order (“**Subordinated Notes**”); and

“**U.S. Government Securities Business Day**” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

## 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 Redemption Amount, 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 USD 200,000 and integral multiples of USD 1,000 in excess thereof up to (and including) USD 399,000, each with Coupons and, if necessary, Talons attached on issue. Notes of one denomination will not be exchangeable for Notes of another denomination.
- 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*”) constitute subordinated loan capital (in Danish: “*ansvarlig lånekapital*”) of the Issuer within the meaning of the Base Capital Executive Order.

The Notes constitute direct, unsecured and subordinated debt obligations of the Issuer, and shall at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with any Parity Securities and at least *pari passu* with any Tier 2 Capital of the Issuer, both as regards the right to receive periodic payments and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (iii) senior as regards the right of payment to payments (a) to holders of all classes of share capital of the Issuer and (b) in respect of any obligations of the Issuer ranking or expressed to rank junior to the Notes including any Junior Securities, both as regards the right to receive periodic payments and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (iv) junior as regards the right of payment to the payment of any present or future claims of (a) depositors of the Issuer and (b) other unsubordinated creditors of the Issuer.

#### 5. Interest

5.1 *Interest rate:* The Notes bear interest at the applicable Rate of Interest from (and including) the Issue Date to (but excluding) the Maturity Date. Interest shall be payable semi-annually in arrear on each Interest Payment Date, subject in any case as provided in Condition 6 (*Interest Deferral*) and Condition 9 (*Payments*).

5.2 *Accrual of interest:* Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (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 17 (*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 each Interest Payment Date in relation to an Interest Period falling in the Initial Period will be USD 35.625.

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 Reset Rate of Interest 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 Reset Rate of Interest in relation to a Reset Interest Period:* The Fiscal Agent will, as soon as practicable after 11:00 a.m. (New York time) on each Reset Rate of Interest Determination Date



in relation to a Reset Interest Period, determine the Reset Rate of Interest 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 Reset Rate of Interest and Reset Interest Amount:* With respect to each Reset Interest Period, the Fiscal Agent will cause the relevant Reset Rate of Interest 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 17 (*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).
- 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 Deferral**
- 6.1 *Option to Defer Interest:* Subject as provided herein, the Issuer may, on any Interest Payment Date, defer payment of interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding such date. Any interest in respect of the Notes not paid on such Interest Payment Date, together with any other interest in respect of the Notes not paid on any other such Interest Payment Date, shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Interest will accrue on the amount of Arrears of Interest at the Rate of Interest from time to time applicable to the Notes, and such amount of interest (the “**Additional Interest Amount**”) accrued up to any Interest Payment Date shall be added, for the purpose only of calculating the Additional Interest Amounts accruing thereafter, to the amount of Arrears of Interest remaining unpaid or not cancelled on such Interest Payment Date.
- 6.2 *Arrears of Interest:* Subject to Condition 7 (*Reduction of Amounts of Principal and Unpaid Interest*) and without prejudice to the other provisions herein, any Arrears of Interest (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) may be paid in whole or in part at any time at the discretion of the Issuer and in any event will become due and payable in whole but not in part upon the earliest of:

- (i) within 30 days of the date of the occurrence of a Compulsory Arrears of Interest Payment Event;
- (ii) the date on which an order is made by any competent court or a resolution is passed for the liquidation or bankruptcy of the Issuer; and
- (iii) subject to the proviso below, the next Interest Payment Date on which the Issuer elects to make a payment of interest under the Notes (an “**Interest Payment Election**”), other than a payment of Arrears of Interest or Additional Interest Amounts.

A “**Compulsory Arrears of Interest Payment Event**” means, subject to the proviso below, any of the following events:

- (i) the declaration of payment of dividends on, or the redemption or repurchase of, any ordinary shares of the Issuer at any time when Arrears of Interest are outstanding;
- (ii) any payment on any Parity Securities or Junior Securities at any time when Arrears of Interest are outstanding, unless such payment was required under the terms of the relevant instruments; and
- (iii) any redemption or repurchase for cash of any Parity Securities or Junior Securities at any time when Arrears of Interest are outstanding, unless such redemption or repurchase was required under the terms of the relevant instruments.

Notwithstanding the above provisions, if any event described in the above definition of “Compulsory Arrears of Interest Payment Event” occurs (a) in connection with transactions effected by or for the account of customers of the Issuer in connection with distribution, trading or market making in respect of the relevant securities, (b) in connection with the satisfaction by the Issuer of its obligations under any existing or future employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Issuer or any of its Subsidiaries, or (c) otherwise as required by law, such event will not constitute a Compulsory Arrears of Interest Payment Event.

**PROVIDED THAT:**

1. an Interest Payment Election will not result in the Arrears of Interest (and the corresponding Additional Interest Amounts) becoming due and repayable as described above; and
2. any event described in the definition of “Compulsory Arrears of Interest Payment Event” above will not constitute a Compulsory Arrears of Interest Payment Event and will not result in the Arrears of Interest (and the corresponding Additional Interest Amounts) becoming due and repayable as described above,

if the Issuer determines prior to, in the case of an Interest Payment Election, the relevant Interest Payment Date or, in the case of a Compulsory Arrears of Interest Payment Event, the relevant event that:

- (A) the Issuer is not in compliance, or would not be in compliance following the payment of Arrears of Interest (and the corresponding Additional Interest Amounts), with the capital requirement of the Relevant Rules; or
- (B) under Danish law, the Issuer is required to defer further the Arrears of Interest (and the corresponding Additional Interest Amounts) that would otherwise be due for the Notes to be able to qualify as Tier 2 Capital, after consultation with the Relevant Regulator.

- 6.3 *Notice of Interest Deferral:* The Issuer shall give notice to the Holders in accordance with Condition 17 (*Notices*) of any Interest Payment Date on which the Issuer shall elect, as described above, not to make the relevant interest payment, which notice might be given after the relevant Interest Payment Date.

Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay interest as described above. The Issuer shall also give notice to the Holders, as aforesaid, of any date upon which any amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable under Condition 6.2 (*Arrears of Interest*).

## **7. Reduction of Amounts of Principal and Unpaid Interest**

7.1 *Reduction and Cancellation:* The Issuer, by a resolution passed at a general meeting of its shareholders duly convened in accordance with Danish law, may resolve to reduce and cancel (*inter alia*):

- (i) all or part of any Arrears of Interest (together with all Additional Interest Amounts but excluding any interest which has been cancelled) on a *pro rata* basis with all of the Issuer's other arrears of interest (howsoever defined) (together with any additional interest amounts (howsoever defined)) under its other Tier 2 Capital and any of its other instruments (if any) expressed to be ranking *pari passu* therewith; and
- (ii) all or part of the Outstanding Principal Amounts on a *pro rata* basis with the outstanding nominal amount of all of the Issuer's other Tier 2 Capital and any of its other instruments (if any) expressed to be ranking *pari passu* therewith,

in either case, upon the occurrence of a Reduction Event.

7.2 *Prior Approvals and Notice:* The amount of any such reduction shall be subject to the prior approval of the Issuer's elected external auditor and the Relevant Regulator. The Issuer will give notice to the Holders of any such reduction and cancellation immediately following the passing of such resolution in accordance with Condition 17 (*Notices*).

7.3 *Effect:* The reduction and cancellation will take effect on the date (the “**Effective Date**”) specified in the relevant resolution approving any such reduction and cancellation in the following order:

- (i) first, all or part of any arrears of interest (howsoever defined) (together with any additional interest amounts (howsoever defined)) on any Hybrid Core Capital will be available to be reduced and cancelled on a *pro rata* basis with all of the Issuer's other arrears of interest (howsoever defined) (together with any additional interest amounts (howsoever defined)) under its other Tier 1 Capital and any of its other capital instruments (if any) expressed to be ranking *pari passu* therewith;
- (ii) second, provided all (and not part only) of the arrears of interest and additional interest amounts (if any) described in subparagraph (i) above is reduced and cancelled on the Effective Date prior to, or simultaneously with, any reduction and cancellation described in this subparagraph (ii), all or part of the outstanding nominal amount of any Hybrid Core Capital will be available to be reduced and cancelled on a *pro rata* basis with the outstanding nominal amount of all of the Issuer's other Tier 1 Capital and any of its other capital instruments (if any) expressed to be ranking *pari passu* therewith;
- (iii) third, provided all (and not part only) of the outstanding nominal amount of the securities described in subparagraph (ii) above is reduced and cancelled on the Effective Date prior to, or simultaneously with, any reduction and cancellation described in this subparagraph (iii), all or part of any Arrears of Interest (together with all Additional Interest Amounts but excluding any interest which has been cancelled) will be available to be reduced and cancelled on a *pro rata* basis with all of the Issuer's other arrears of interest (howsoever defined) (together with any additional interest amounts (howsoever defined)) under its other Tier 2 Capital and any of its other instruments (if any) expressed to be ranking *pari passu* therewith; and

- (iv) fourth, provided all (and not part only) of the Arrears of Interest, Additional Interest Amounts (if any), arrears of interest and additional interest amounts (if any) described in subparagraph (iii) above is reduced and cancelled on the Effective Date prior to, or simultaneously with, any reduction and cancellation described in this subparagraph (iv), all or part of the Outstanding Principal Amounts will be available to be reduced and cancelled on a *pro rata* basis with the outstanding nominal amount of all of the Issuer's other Tier 2 Capital and any of its other instruments (if any) expressed to be ranking *pari passu* therewith.

Holders will thereafter cease to have any claim in respect of any amounts so reduced and cancelled. To the extent that only part of the Outstanding Principal Amounts or Arrears of Interest thereon (together with all corresponding Additional Interest Amounts but excluding any interest which has been cancelled) has been so reduced, interest will continue to accrue in accordance with the terms hereof on the Outstanding Principal Amounts of the Notes and any Arrears of Interest.

*Notwithstanding the provisions described in Condition 7 (Reduction of Amounts of Principal and Unpaid Interest), certain Danish statutory provisions may be applicable to the Notes from time to time, as further described in the "Risk Factors" section of this Prospectus.*

## **8. Redemption and Purchase**

8.1 *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amounts on the Maturity Date, subject as provided in Condition 9 (*Payments*).

8.2 *Early redemption upon the occurrence of a Tax Event:*

If, in relation to the Notes:

- (i) as a result of any change in the laws, regulations or rulings of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings 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) it will no longer be able to obtain a tax deduction for the purposes of Danish tax for any payment of interest under the Notes; and
- (ii) (in the case of (i)(A) only) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

any such event, a "**Tax Event**",

the Issuer may, at its option (but subject to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*)) at any time and having given no less than thirty nor more than sixty days' notice to the Holders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Early Termination Amounts, together with accrued interest (if any) thereon (which, for the avoidance of doubt, shall include any Arrears of Interest and Additional Interest Amounts but shall exclude interest which has been cancelled), provided, however, that no such notice of redemption may be given earlier than ninety days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

8.3 *Early redemption upon the occurrence of a Capital Event:* Upon the occurrence of a Capital Event, the Issuer may, at its option (but subject to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*)) at any time and having given no less than thirty nor more than sixty days' notice to the Holders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Early Termination Amounts, together with accrued

interest (if any) thereon (which, for the avoidance of doubt, shall include any Arrears of Interest and Additional Interest Amounts but shall exclude interest which has been cancelled).

- 8.4 *Early redemption upon the occurrence of a Rating Methodology Event:* Upon the occurrence of a Rating Methodology Event, the Issuer may, at its option (but subject to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*)) on or after the fifth anniversary of the Issue Date and having given no less than thirty nor more than sixty days' notice to the Holders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Notes at their Early Termination Amounts, together with accrued interest (if any) thereon (which, for the avoidance of doubt, shall include any Arrears of Interest and Additional Interest Amounts but shall exclude interest which has been cancelled).
- 8.5 *Redemption at the option of the Issuer:* The Issuer may, at its option (but subject to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*)) and having given no less than thirty nor more than sixty days' notice to the Holders in accordance with Condition 17 (*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 Early Termination Amounts, together with accrued interest (if any) thereon (which, for the avoidance of doubt, shall include any Arrears of Interest and Additional Interest Amounts but shall exclude interest which has been cancelled).
- 8.6 *Purchase:* The Issuer or any of its Subsidiaries may at any time (but subject to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*)) 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.
- 8.7 *Cancellation:* All Notes which are redeemed will forthwith (but subject to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*)) 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 8.6 (*Purchase*) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.
- 8.8 *Substitution and Variation:* Subject to the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*) and having given no less than thirty nor more than sixty days' notice to the Holders in accordance with Condition 17 (*Notices*), the Issuer may at any time
- (i) 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 Tier 2 Notes; and/or
  - (ii) if not prohibited by the eligibility criteria for Tier 2 Capital under the Relevant Rules prior to the fifth anniversary of the Issue Date (as determined by the Issuer after consultation with the Relevant Regulator), 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 the terms of the Notes permit an early redemption at any time as a result of the occurrence of a Rating Methodology Event.
- 8.9 *Conditions to redemption etc. prior to Maturity Date:* 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 Tax Event*), Condition 8.3 (*Early Redemption upon the occurrence of a Capital Event*), Condition 8.4 (*Early Redemption upon the occurrence of a Rating Methodology Event*), Condition 8.8 (*Substitution or 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, or the Relevant Regulator has consented to, such redemption, purchase, cancellation, substitution, variation or modification (as applicable)

(in any case, only if and to the extent such a notification or consent is required by the Relevant Rules); and

- (ii) in the case of a redemption 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.

*In the case of a redemption prior to the fifth anniversary of the Issue Date due to the occurrence of a Tax Event or a Capital Event, it is currently expected that the Relevant Rules will oblige the Issuer to demonstrate to the satisfaction of the Relevant Regulator that (among other things) the relevant event was not reasonably foreseeable at the Issue Date prior to consent being given for any such redemption.*

## **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 U.S. dollars made by credit or transfer to a U.S. dollar account maintained by the payee with, or, at the option of the payee, by a cheque in U.S. dollars drawn on, a bank in New York City.
- 9.2 *Interest*: Payments of interest shall, subject to Condition 9.7 (*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 in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if:
  - (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in U.S. dollars when due;
  - (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions; and
  - (iii) payment is permitted by applicable United States law.
- 9.4 *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.
- 9.5 *Unmatured Coupons void*: On the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 8.2 (*Early redemption upon the occurrence of a Tax Event*), Condition 8.3 (*Early redemption upon the occurrence of a Capital Event*), Condition 8.4 (*Early redemption upon the occurrence of a Rating Methodology Event*), Condition 8.5 (*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.
- 9.6 *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.

- 9.7 *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 (or in New York City if permitted by Condition 9.3 (*Payments in New York City*) above).
- 9.8 *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.
- 9.9 *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 (*Reduction of Amounts of Principal and Unpaid Interest*), if the Issuer shall fail to meet its payment obligations under the Notes, other than in accordance with the provisions of Condition 6 (*Interest Deferral*) 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 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 Early Termination Amounts together with interest (if any) accrued to such date, any Arrears of Interest and all Additional Interest Amounts but excluding any interest which has 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 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 continental European city;
- (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;
- (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; and
- (v) in the circumstances described in Condition 9.3 (*Payments in New York City*), the Issuer shall maintain a Paying Agent with a Specified Office in New York City.

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 17 (*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 the provisions of Condition 8.9 (*Conditions to redemption etc. prior to Maturity Date*), 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.

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.

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 17 (*Notices*) as soon as practicable thereafter.

#### **16. Further Issues**

The Issuer may from time to time, without the consent of the Holders or the Couponholders, create and issue further Notes having the same Terms and Conditions as the Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the issue price thereof) so as to form a single series with the Notes.

#### **17. 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 and, if the Notes are listed on the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange (so long as such Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so permit), if published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

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 17 (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 17 (Notices) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.*

#### **18. Currency Indemnity**

The currency in which the Notes are denominated is U.S. dollars (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.

## **19. 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.

## **20. Governing Law and Jurisdiction**

- 20.1 *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 Deferral*), Condition 7 (*Reduction of Amounts of Principal and Unpaid Interest*), Condition 8.2 (*Early Redemption upon the occurrence of a Tax Event*), Condition 8.3 (*Early Redemption upon the occurrence of a Capital Event*), Condition 8.4 (*Early Redemption upon the occurrence of a Rating Methodology Event*) and Condition 11 (*Enforcement Events*) which shall be governed by, and construed in accordance with, Danish law.
- 20.2 *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).
- 20.3 *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.
- 20.4 *Rights of the Holders to take proceedings outside England:* Condition 20.2 (*English courts*) is for the benefit of the Holders only. As a result, nothing in this Condition 20 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.
- 20.5 *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.

## **21. Rights of Third Parties**

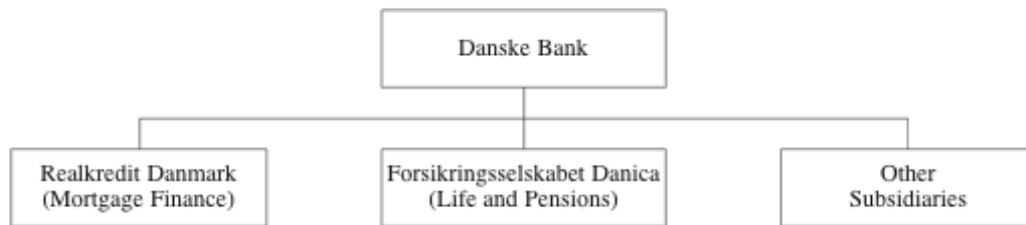
No person shall have any right to enforce any term or Condition in respect of a Note under the Contracts (Rights of Third Parties) Act 1999.

## **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 largest financial service provider in Denmark – and one of the largest in the Nordic region – measured by total assets as at 31 December 2011<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, Ireland, and the Baltics. The Group currently serves approximately five million customers and approximately 2.1 million customers use the Group’s online services. As at 31 December 2011, the Group’s total assets amounted to DKK 3,424 billion (EUR 460.6 billion)<sup>2</sup> and the Group employed approximately 21,300 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. In Denmark, customers are also served by head office departments, finance centres and subsidiaries. The Group has branches in London, Hamburg and Warsaw and a representative office in Moscow. Its subsidiary in Luxembourg serves private banking customers and another in St. Petersburg serves corporate banking customers. The Group also conducts broker-dealer activities in New York.

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 incorporated 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.

Through the past 15 years, 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.

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

<sup>2</sup> Unless specified, DKK amounts are converted into EUR at 7.4342 DKK pr. EUR

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 Pank in Estonia, AS Sampo Banka in Latvia and AB Sampo bankas in Lithuania, were converted into branches of the Issuer. A rebranding process is currently in progress whereby the Group will market all its banking operations under the Danske Bank brand name by the end of 2012.

## Financial highlights

Danske Bank Group	(DKKm)			(EURm)		
	H1 2012	2011	2010	H1 2012	2011	2010
Total income	24,604	43,377	46,277	3,310	5,835	6,208
Expenses	13,482	25,987	26,010	1,814	3,496	3,489
Profit before loan impairment charges	11,122	17,390	20,267	1,496	2,339	2,719
Loan impairment charges	7,031	13,185	13,817	946	1,774	1,854
Profit before tax	4,091	4,205	6,450	550	566	865
Total assets	3,480,722	3,424,403	3,213,886	468,254	460,628	431,139
Loans and advances	1,242,280	1,126,482	1,146,731	167,121	151,527	153,832
Loans and advances at fair value	721,637	720,741	701,715	97,080	96,949	94,134
Trading portfolio assets	862,938	909,755	641,993	116,089	122,374	86,123
Deposits	854,036	848,994	861,053	114,892	114,201	115,509
Earnings per share	2.5	1.9	4.9	—	0.3	0.7
Solvency ratio (%)	17.7	17.9	17.7	—	—	—
Tier 1 capital ratio (%)	16.2	16.0	14.8	—	—	—
Exchange rate (DKK/EUR) (End of period)				7.4334	7.4342	7.4544

Source: Interim Report – First Half 2012, pgs. 3, 24 and 26; Annual Report 2011, pgs. 6 and 62.

Share ratios have been divided by a factor of 1.0807 to reflect the share capital increase in April 2011.

## Business Units

Prior to 1 June 2012, the Group operated its business through five units: Banking Activities, Danske Markets, Danske Capital, Danica Pension and Other Activities. With effect from 1 June 2012, the Group created a new organisation structured around three business units: Personal Banking, Business Banking and Corporates & Institutions. The three new units operate across all of the Group's geographical markets. The main units within both organisational structures are described below. The new organisation is the first step in a new strategy for the Danske Bank Group. The preparation of a new Group strategy continues, and the work is expected to be completed by the end of Q3 2012; the Group's financial reporting will reflect the new structure with effect from 1 January 2013.

### Organisational structure up to 1 June 2012:

#### **Banking Activities**

Banking Activities provides products and services to all types of retail and corporate customers. The Group's finance centres serve large business and private banking customers. Banking Activities also encompasses all the Group's property finance operations and real estate agency businesses. Mortgage finance operations in Denmark are carried out through Realkredit Danmark A/S. Real estate agency operations are carried out by "home" A/S in Denmark and Fokus Krogsvæn in Norway. Real estate operations through Skandia Mäklarna in Sweden were sold in July 2012.

The following table sets forth certain information with respect to the Group's Banking Activities business in each of the principal geographic areas in which it operates:

As at 31 December 2011			
	Principal brands	Number of branches	Approximate number of customers (in thousands)
Banking Activities Denmark .....	Danske Bank	317	2,300
	Realkredit Danmark		
Banking Activities Finland .....	Sampo Pankki	119	1,210
Banking Activities Sweden .....	Östgöta Enskilda Bank		
	Provinsbankerna	50	241
Banking Activities Norway .....	Fokus Bank	45	286
Banking Activities Northern Ireland .....	Northern Bank	76	528
Banking Activities Ireland .....	National Irish Bank	32	164
Banking Activities Baltics <sup>3</sup> .....	Sampo Pank (Estonia)	16	134
	Danske Banka (Latvia)	4	13
	Danske Bankas (Lithuania)	13	152

On 1 January 2011 Banking Activities was split into Retail and Corporate & Institutional Banking (CIB) in the Nordic Markets. In connection with the establishment of the Group's new Corporate Banking unit, Corporate Finance was transferred from Danske Markets to Banking Activities at 1 January 2011. Corporate Finance provides financial products, advisory services on mergers and acquisitions, and assistance with equity and debt issues in the international financial markets to large corporate customers and institutional clients.

### ***Danske Markets***

Danske Markets is responsible for the Group's activities in the financial markets. Trading activities include trading in, among other things, fixed-income products, foreign exchange and equities. The Issuer's strategic fixed-income, foreign exchange and equity portfolios are taken care of by Group Treasury. Institutional Banking includes services provided to international financial institutions outside the Nordic region, whereas services provided to Nordic financial institutions are part of the Group's Banking Activities. As at 31 December 2011, Danske Markets had 852 employees.

### ***Danske Capital***

Danske Capital develops and sells asset management solutions and wealth management products and services that are marketed through the Group's branch network and financial centres and directly to businesses, institutional customers and external distributors. Danske Capital supports the Group's Banking Activities by developing and maintaining the Group's Private Banking and wealth management concept. Danske Bank International in Luxembourg provides international private banking services to customers outside the Group's home markets. As at 31 December 2011, Danske Capital had 569 employees and is represented in Denmark, Sweden, Norway, Finland, Estonia, Lithuania and Luxembourg. As at 31 December 2011, the assets managed by Danske Capital amounted to DKK 606 billion (EUR 81.5 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 corporate customers. Its products are marketed through a range of distribution channels within the Group, primarily banking units 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 2011, Danica Pension had 833 employees.

<sup>3</sup> Banking Activities Baltics encompasses the Group's banking activities in Estonia, Latvia and Lithuania.

As at 31 December 2011, Danica Pension's total investment assets (customer funds) amounted to DKK 264 billion (EUR 35.5 billion), with unit-linked assets (assets managed on behalf of policy holders) amounting to DKK 76 billion (EUR 10.2 billion).

### ***Other Activities***

Other Activities includes the Group's support functions and real property activities. Other Activities also includes intra-group eliminations, including the elimination of returns on own shares. Furthermore, Other Activities includes the Group's capital centre. The Group's support functions mainly consist of Group Business Development & Marketing, Shared Services Center, Group HR, Group Communications, Group Finance, Group Credits and Group Risk.

### **New organisational structure with effect from 1 June 2012:**

#### ***Personal Banking***

Personal Banking is responsible for the Group's personal customers, with the aim of pushing decision-making closer to customers and making processes simpler, faster and more agile. Personal Banking is in charge of its own customer relations, credit approval, business development, HR, communications and marketing. The business unit is undergoing a restructuring in Denmark and a new, dedicated global Private Banking organisation is to be established. The unit will encompass operations in Denmark, Finland, Sweden, Norway, Ireland, Northern Ireland and Luxembourg.

#### ***Business Banking***

Business Banking is responsible for the Group's business customers, with the aim of utilising all the skills and products the Group has to serve customers' needs, drive cross-sales and improve financial results. Business Banking is in charge of its own customer relations, credit approval, business development, HR, communications and marketing. The unit will be structured across four regional Danish divisions; business customers in Finland, Sweden, Norway, Ireland and Northern Ireland and the Baltics; as well as a Specialist Products division.

#### ***Corporates & Institutions ("C&I")***

C&I combines the competencies of Danske Markets, Corporate & Institutional Banking (CIB) and International Banking. The business unit is responsible for its own customer relations, credit approval, business development, HR, strategy and performance management and compliance. C&I is organised around the following divisions: Relationship Management; Sales, Research & Risk Advisory; Trading & Risk; Capital Markets; and Transaction Banking.

#### ***Danske Capital and Danica Pension***

These brands continue as separate business units in the new organisational setup. No significant organisational or rebranding exercises are planned for Danica Pension. With respect to Danske Capital, the Private Banking concept and Danske Bank International have moved to Personal Banking, whereas investment concepts and the investment desk remain within Danske Capital.

#### ***Non-Core Ireland***

Part of the National Irish Bank loan portfolio has been transferred to a separate, new business unit, Non-Core Ireland, which is responsible for the controlled exit of these loans. The primary objective of the Non-Core division is to establish a dedicated organisation focused on working-out the Non-Core loan portfolios with a view to maximising the return to the shareholders of the Group. There is no specific timeframe associated with the workout as the timeframe will be determined by the various strategies employed around each of the loan portfolios. The Non-Core division should be largely self-sufficient and should not interfere with the Core Bank operations or strategy. The separation of Banking Activities Ireland into Core and Non-Core divisions is a one-off



exercise i.e. once the Non-Core customers/loans have been determined and transferred to the new organisation, there will be no further transfers between the two divisions.

### **Other Activities**

Other Activities consists of the following Group resource and service functions: Group Credit, Pricing & Risk; 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 regularly monitors the composition of its funding to ensure that it has a well-diversified funding base. The Group's retail deposits play an important role in this regard.

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)		
(%)	2011	2010
Central banks, Credit institutions and repo transactions	19	15
Short-term bonds	3	7
Long-term bonds	13	13
Danish mortgage bonds	24	24
Deposits	33	34
Subordinated debt	3	3
Shareholders' equity	5	4
Total	100	100

Source: Annual Report 2011, pg. 155.

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

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 Danish FSA.

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 126 billion (EUR 16.9 billion) as at the end of 2011 against DKK 105 billion (EUR 14 billion) at the end of 2010.<sup>4</sup>

<sup>4</sup> FX rate at 31 December 2010 = 7.4544 DKK pr. EUR.

At year-end 2011, the Issuer's authorised and issued share capital totalled DKK 9,317,390,340 (EUR 1,253 million) based on 931,739,034 shares of DKK 10 (EUR 1.3) each. The Issuer's shares are listed on the NASDAQ OMX, Copenhagen.

At year-end 2011, the Issuer had approximately 338,000 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. Three shareholder groups have notified the Issuer that they hold more than 5 per cent. of its share capital as of 30 June 2012:

- 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.;
- Realdania, Copenhagen, held directly 10.07 per cent. of the share capital; and
- Cevian Capital II GP Limited (in its capacity as general partner of Cevian Capital II Master Fund LP, Cevian Capital II Co-Investment Fund LP and Cevian Capital II Co-Investment No. 3 LP) held 5.06 per cent. of the share capital.

The Issuer estimates that approximately 37 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.

In anticipation of the forthcoming new Basel III capital requirements, the Group strengthened its capital position in the Spring of 2011 through a fully underwritten rights offering. The purpose of the offering was to increase the Issuer's shareholders' equity to a level that management considered prudent in view of the forthcoming regulation.

Net proceeds from the rights offering amounted to DKK 19.8 billion (EUR 2,655 million)<sup>5</sup>. Afterwards, the share capital totalled DKK 9,317,390,340 (EUR 1,249 million)<sup>5</sup> and shares numbered 931,739,034.

## 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 has been set up whereby the Danish state will offer 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 will be in the form of tier 1 hybrid capital without a set maturity and a possibility for redemption after three years. Redemption will 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>6</sup> and approximately DKK 2 billion (EUR 269 million)<sup>7</sup>, respectively. The subordinated loans have strengthened the capital base, and the Group is 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)<sup>7</sup> for Realkredit Danmark A/S was repaid. In contrast to the three-year redemption limitation described above, the Issuer's subordinated loan capital can only be redeemed at the earliest on 11 April 2014, i.e. 5 years after the issue date thereof. The following table below shows the solvency ratio, tier 1 capital ratio and core tier 1 capital ratio excluding hybrid capital. The

<sup>5</sup> FX rate at 6 April 2011 = 7.4569 DKK pr. EUR

<sup>6</sup> FX rate at 29 May 2009 = 7.4453 DKK pr. EUR

<sup>7</sup> FX rate at 11 May 2012 = 7.4334 DKK pr. EUR

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 4.9 billion (EUR 0.66 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. 2011	31 Dec. 2010
Solvency ratio .....	17.9	17.7
Tier 1 capital ratio .....	16.0	14.8
Core tier 1 capital ratio, excluding hybrid core capital .....	11.8	10.1

Note: The ratios are calculated in accordance with the Capital Requirements Directive.

Source: Annual Report 2011, pg. 65.

#### Danske Bank Group

	(DKKm)		(EURm)	
	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010
Risk-weighted assets .....	905,979	844,209	121,866	113,250
Subordinated debt, excluding hybrid capital .....	18,727	29,552	2,519	3,964
Hybrid capital .....	44,850	44,604	6,033	5,984
Hybrid capital included in tier 1 capital .....	42,366	42,208	5,699	5,662
Exchange Rate (DKK/EUR)			7.4342	7.4544

Source: (DKK amounts) Annual Report 2011, pgs. 65 and 104.

At 31 December 2011, the solvency ratio was 17.9 per cent., with 11.8 percentage points deriving from core tier 1 capital and 16.0 from tier 1 capital.

At the end of 2011, the Group’s risk-weighted assets (“**RWA**”) amounted to DKK 906.0 billion (EUR 121.9 billion), against DKK 844.2 billion (EUR 113.2 billion)<sup>8</sup> at the end of 2010. One of the main factors behind the change in RWA in 2011 totalling DKK 61.8 billion (EUR 8.3 billion) was the financial crisis, which presented challenges for the Issuer’s models and parameters, especially those for credit risk. This led the Group to give more attention to improving and further developing the model apparatus. In the third quarter of 2011, it introduced new models for calculating loss given default and through-the-cycle probability of default that led to an increase in RWA of DKK 34 billion (EUR 4.6 billion). The Group believes that the new model apparatus produces sufficiently conservative calculations.

## 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

<sup>8</sup> FX rate at 31 December 2010 = 7.4544 DKK pr. EUR

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 Credit, Pricing & Risk 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 Credit, Pricing & Risk***

Group Credit, Pricing & Risk has overall responsibility for monitoring the Group's risk policies and for monitoring, following-up and reporting on risks across risk types and organisational units. The head of Group Credit, Pricing & Risk will become a member of the Executive Board (expected to join the Group no later than 1 October 2012).

This service function supports the rest of the risk management organisation in risk management practices and reporting, serving as the secretariat of the All Risk Committee and the Model and Parameters Committee, which monitors the Group's use of risk models, the results of backtests and changes to parameters. It also serves as secretariat for the Operational Risk Committee which evaluates the management of the Group's key operational risks, and the Product Risk Review Committee which assesses risks related to possible new products. A specialised department under Group Credit, Pricing & Risk is responsible for the day-to-day monitoring of operational risks.

Group Credit, a specialised department under Group Credit, Pricing & Risk, has overall responsibility for the credit process at all of the business units. Group Credit is responsible for setting cross-organisational credit policies and for determining overall portfolio limits for specific industries and countries as well as the quarterly process of calculating the impairment of exposures.

Group Credit, Pricing & Risk also reports to executive management on developments in the Group's credit risk.

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

Group Finance & Legal oversees 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 head of Group Finance & Legal is a member of the Executive Board.

The department is also in charge of the Group's investor relations, relations with international rating agencies, capital structure and merger and acquisition activities. In addition, it is responsible for the day-to-day monitoring and control of market risk as well as the compilation of risk-weighted assets and the Group's internal capital adequacy assessment process ("ICAAP").

Within Group Finance & Legal, Group Treasury is responsible for determining liquidity risk and funding needs. It is also responsible for conducting liquidity stress testing for the purposes of assessing the Group's liquidity risks.

Group Treasury also ensures that the Group's structural liquidity profile makes it possible for the Group to comply with the limits and meet the targets set by the Board of Directors and the All Risk Committee at the present time and in the future.

## **Business Units**

The business units' capacity to expose the Group to risks in their daily work is managed by risk policies, instructions and limits. The Group's risk culture is intended to ensure that the Group undertakes only the risks selected and agreed upon.

Risk areas such as market risk and liquidity risk are managed centrally in the organisation. New measures from local regulators, however, have led the Group to increase the degree of decentralisation, especially of credit and liquidity risk management. Lending authority for specific customer segments and products has been granted to the individual business units. The business units carry out the fundamental tasks required for optimal risk management. These include updating the registrations about customers that are 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 may be necessary.

The business units must also ensure that all risk exposures comply with their specific risk limits as well as the Group's other guidelines.

## **Legal Proceedings**

Owing to its business volume, the Group is continually a party to various lawsuits. In view of its size, the Group does not expect the outcomes of the cases pending to have any material effect on its financial position.

## **Bank Packages**

Chapter 4a of the Danish Act No. 1003 of 10 October 2008 on Financial Stability ("**Bank Package I**"), 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, and as further amended from time to time (the "**Act on Financial Stability**"), established a transition scheme whereby a Danish bank could apply individually for a state guarantee of its unsubordinated and unsecured debt and of its supplemental security (junior covered bonds) in respect of its covered bonds, in each case issued no later than 31 December 2010 with a maturity of up to three years (the "**Transition Scheme**" or "**Bank Package II**"). Applications for a state guarantee under the Transition Scheme had to be submitted no later than 31 December 2010. The Danish Minister of Economic and Business Affairs is authorised to extend the 31 December 2010 time limit referred to above.

The Issuer was eligible to apply for a state guarantee in respect of its unsubordinated and unsecured debt, including unsubordinated notes, and its Senior Debt (junior covered bonds), in each case issued no later than 31 December 2010 with a maturity up to three years, provided that the Issuer satisfied the solvency requirements in the Danish Financial Business Act. All state-guaranteed debt issued by the Issuer was repaid in July 2012.

With effect from 1 October 2010 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 new resolution scheme is voluntary and contains no general state guarantee of creditors.

The intention of the new winding-up procedures is to wind up a distressed bank faster than under the traditional bankruptcy procedures. The new procedures do not alter the risk for the creditors, which is that under both the new 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.

## **Recent Developments**

### ***Capital***

The Group’s strong financial position was confirmed by the EBA’s capitalisation test of European banks, which was published in December 2011. This test was conducted to assess 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 Group 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 4.9 billion (EUR 0.66 billion).

In view of the macroeconomic and regulatory uncertainty, no dividend was paid for 2011.

### ***New 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***

In December 2010, the Basel Committee on Banking Supervision adopted proposals imposing, among other things, stricter capital and liquidity requirements upon banks (“**Basel III**”). On 20 July 2011, the European Commission adopted its proposal for a review of the CRD (“**CRD IV**”), including implementation of Basel III in the EU. Negotiations in the Council and European Parliament will take place until a final agreement between the Council, the Parliament and the Commission is expected in late 2012. Thus, the rules have not yet finally been decided upon and changes to the Commission’s July 2011 proposal are expected. The rules will enter into force by 1 January 2013, though this date is dependent on the result of political negotiations. However, with respect to capital, transitional arrangements are proposed to be in place until 2019 (though with flexibility for national authorities to implement the requirements faster than the Basel III transitioning path), and liquidity binding requirements will first apply from 2015 when more detailed rules have been decided. Regardless of the European timeline, market participants and national regulators may push for adherence to the new rules prior to their formal implementation.

Under the CRD IV and Basel III framework, the minimum 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. of risk-weighted assets 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 systemic important bank (“**SIB**”) there will be additional buffer requirements on top of the 9.5 per cent. In Denmark a SIB expert committee has been established by the minister for business and growth. The committee is to produce a recommendation by the end of 2012 which will include criteria and requirements for being a Danish SIB. The Issuer expects that it will be considered to be a Danish SIB.

The framework also contains stricter requirements for the quality of capital that may count as CET1 capital and for the calculation of risk-weighted assets. On the basis of the proposal, the Issuer made a preliminary assessment that its CET1 capital ratio as at 31 December 2011 would be reduced by approximately 0.7 percentage points when calculated on the basis of fully phased-in rules. Two factors contribute to this decrease: risk-weighted assets for mainly counterparty credit risk will grow, and the statutory deductions from CET1 capital, primarily related to an expected deduction for net assets in defined benefit pension plans, are expected to increase.

According to the EU rules, the Group is a financial conglomerate, and Danica is included in the consolidated supervision of the Group. The Group uses the EU rules for financial conglomerates implemented into Danish legislation in its calculation of the capital deduction for Danica. In CRD IV, the European Commission is proposing that the national supervisory authorities can permit financial institutions to continue to use the conglomerate rules instead of the coming CRD IV deduction rules for investments in insurance companies. In the estimated 0.7 percentage point effect of CRD IV, the Group has not taken into account any change in the treatment of capital for Danica as a result of future changes in the EU rules for financial conglomerates. If the Issuer’s investment in Danica were treated according to the Basel III deduction method instead, the Group made a preliminary assessment that this in itself would reduce the CET1 capital ratio under fully phased-in rules by an additional 1.0 percentage point.

Once CRD IV is finalised, the Group will assess whether the new rules change the implications for the Group relative to the Commission’s July 2011 proposal.

As regards liquidity, the European Commission is proposing a timetable similar to that of the Basel Committee for the phasing-in of the short-term Liquidity Coverage Requirement (“**LCR**”), that is, an observation period leading up to the introduction of a minimum requirement in 2015. The LCR proposed by the European Commission differs from the Basel III requirement, however, in that the Commission has not specified the assets that may be included as level 1 and level 2 assets in the calculation of the liquidity buffer. Instead, the European Banking Authority (“**EBA**”) is to propose suitable definitions of liquid assets based on certain criteria in 2013. This process should ensure that Danish mortgage covered bonds will be allowed to be included in the liquidity buffer in line with inter alia liquid government bonds.

The Commission’s proposal for long-term stable funding postpones the decision on whether or not to introduce a requirement similar to the Basel III Net Stable Funding Requirement (“**NSFR**”). Therefore the proposal does not specify any general definition. It is anticipated that by 2016, the Commission must report to the Parliament and the Council on how the new rules will ensure that financial institutions use stable funding sources. A political decision on a minimum NSFR thus is not expected until after 2016.

### *Solvency II (insurance)*

Once the new international insurance solvency rules, Solvency II, take effect, expected in 2014, 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 is well-prepared for the new rules.

## 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 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 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:

Ole Gjessø Andersen, Chairman	<p>CEO of OGA Holding ApS, OGA Holding/D1 ApS and OGA Holding/D4 ApS</p> <p>Director of:</p> <ul style="list-style-type: none"><li>• Chr. Hansen Holding A/S (Chairman)</li><li>• ISS A/S (Chairman)</li><li>• ISS World Services A/S (Chairman)</li><li>• Bang &amp; Olufsen A/S (Chairman).</li></ul> <p>Other external positions:</p> <ul style="list-style-type: none"><li>• EQT Partners (Senior Advisor)</li><li>• NASDAQ OMX Nordic (Member of the Nomination Committee).</li></ul>
Niels B. Christiansen, Vice Chairman	<p>President and CEO of Danfoss A/S</p> <p>Director of:</p> <ul style="list-style-type: none"><li>• Axcel II A/S (Chairman)</li><li>• Axcel Industriinvestor A/S (Chairman)</li><li>• Axcel II Management A/S (Chairman)</li><li>• Danfoss Development A/S (Chairman)</li><li>• Danfoss Drives A/S</li><li>• Danfoss Ejendomsselskab A/S (Chairman)</li><li>• Danfoss International A/S (Chairman)</li><li>• Danfoss Murmann Holding A/S (Chairman)</li><li>• The Confederation of Danish Industry (Member of the Central Board and the Executive Committee)</li><li>• Provinsindustriens Arbejdsgiverforening</li><li>• Sauer-Danfoss Inc. (Vice Chairman)</li><li>• William Demant Holding A/S.</li></ul>
Susanne Arboe*	<p>Danske Bank A/S</p> <p>Director of Danske Kreds.</p>
Helle Brøndum*	<p>Danske Bank A/S</p> <p>Director of Danske Kreds.</p>
Urban Bäckström	<p>Director General of Confederation of Swedish Enterprise</p>



Carsten Eilertsen*	<p>Director of:</p> <ul style="list-style-type: none"> <li>• Research Institute of Industrial Economics.</li> </ul> <p>Danske Bank A/S</p>
Michael Fairey	<p>Director of:</p> <ul style="list-style-type: none"> <li>• Apostelgaardens Fond (Vice Chairman)</li> <li>• Danske Kreds (Vice Chairman)</li> <li>• Danske Unions</li> <li>• Ejerlejlighedsforeningen Næstvedparken (Chairman).</li> </ul> <p>Director of:</p> <ul style="list-style-type: none"> <li>• APR Energy PLC (Chairman)</li> <li>• Legal &amp; General Group PLC</li> <li>• Lloyds TSB Pension Funds (Chairman)</li> <li>• Vertex Group Limited (Chairman).</li> </ul>
Charlotte Hoffmann*	<p>Other external positions:</p> <ul style="list-style-type: none"> <li>• Consumer Credit Counselling Service (Trustee)</li> <li>• Energy Saving Trust Foundation (Trustee).</li> </ul> <p>Personal Customer Adviser, Danske Bank A/S.</p>
Mats Jansson	<p>Director of:</p> <ul style="list-style-type: none"> <li>• Delhaize Group S.A. (Chairman).</li> </ul> <p>Other external positions:</p> <ul style="list-style-type: none"> <li>• J.P. Morgan (Senior Advisor)</li> <li>• Permira (Senior Advisor).</li> </ul>
Jørn P. Jensen	<p>Deputy CEO &amp; Chief Financial Officer of Carlsberg Breweries &amp; Carlsberg A/S</p> <p>Director of:</p> <ul style="list-style-type: none"> <li>• Carlsberg Group (Chairman or board member in several subsidiaries)</li> <li>• DONG Energy A/S (Board member and member of the audit and risk committee)</li> <li>• Ekeløf Invest ApS (CEO).</li> </ul> <p>Other external positions:</p> <ul style="list-style-type: none"> <li>• Committee on Corporate Governance.</li> </ul>
Majken Schultz	<p>Professor of Organization at Copenhagen Business School</p> <p>Director of:</p> <ul style="list-style-type: none"> <li>• Danske Spil</li> <li>• Realdania</li> <li>• Vci Holding ApS (CEO).</li> </ul> <p>Other external positions:</p> <ul style="list-style-type: none"> <li>• Academy of Management (Member of the Board of Governors)</li> <li>• Reputation Institute (Partner)</li> </ul>

- Saïd Business School, Oxford University (International Research Fellow).

Per Alling Toubro\*

HR Specialist, Danske Bank A/S.

Trond Ø. Westlie

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

Director of:

- A.P. Møller-Mærsk A/S (Chairman or board member in several subsidiaries)
- Danmarks Skibskredit (Board member and member of the audit committee)
- Shama AS, Norway (CEO)
- Subsea 7. S.A.

\* Elected by the Issuer's staff

The present members of the Executive Board and their external positions are as follows<sup>9</sup>:

Eivind Kolding

Director of:

E. Kolding Shipping ApS (CEO)

Other external positions:

- Grænsfonden (foundation aiming at enhancing Danish civilisation in the Danish-German border region)
- Institut International d'Etudes Bancaires
- Denmark-America Foundation
- The International Monetary Conference
- The Trilateral Commission.

Tonny Thierry Andersen

Director of:

- Bankernes Kontantservice
- Danske Bank International S.A. (Chairman)
- Forsikringsselskabet Danica, Skadeforsikringsaktieselskab af 1999 (Vice Chairman)
- Danica Pension, Livsforsikringsaktieselskab (Vice Chairman)
- Kreditforeningen Danmarks Pensionsafviklingskasse (Chairman)
- Nets Holding A/S
- Multidata Holding A/S
- Multidata A/S
- Realkredit Danmark A/S (Chairman)
- Sampo Pankki Oyj (Chairman).

Other external positions:

- Danish Bankers Association (Vice Chairman)
- Private Contingency Association for the Winding

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<sup>9</sup> Robert Endersby has been appointed Chief Risk Officer and Head of Group Credit with effect from 1 October 2012, at the latest. He will also become member of the Executive Board.

up of Distressed Banks, Savings Banks and Cooperative Banks.

Thomas F. Borgen

Director of:

- Danmarks Skibskredit A/S (Vice Chairman)
- Northern Bank Limited (Chairman).

Other external positions:

- Kong Olav V's Fond.

Lars Stensgaard Mørch

Director of:

Northern Bank Limited  
Realkredit Danmark A/S (Vice Chairman).

Henrik Ramlau-Hansen

Director of:

- Kreditforeningen Danmarks  
Pensionsafviklingskasse
- Realkredit Danmark A/S
- Sampo Pankki Oyj.

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 listed above.

## SUBSCRIPTION AND SALE

The Joint-Lead Managers have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 19 September 2012, 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 and the Joint-Lead Managers have agreed that commissions may be payable to certain third party intermediaries in connection with the initial sale and distribution of the Notes. 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. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code and 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. 855 of 17 August 2012 on Trading in Securities, as amended, and any Executive Orders issued thereunder and in compliance with Executive Order No. 768 of 27 June 2011 to the Danish Financial Business Act.

## **Singapore**

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act.

## **Hong Kong**

Each Joint-Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, the Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); (ii) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

## **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) payments of interest or principal amounts to any holder of a Note are not subject to taxation in Denmark, (ii) no withholding tax will 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 and do not carry on business in Denmark through a permanent establishment.

### **Luxembourg Taxation**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

#### ***Withholding Tax***

##### *Non-resident holders of the Notes*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the “**Laws**”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of the Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of the Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the “**Territories**”), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

##### *Resident holders of the Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the “**Law**”) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of the Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by Luxembourg resident holders of the Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the

beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

### **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.



## GENERAL INFORMATION

1. Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange 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 15,125.

2. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 2 August 2012. The scope of this resolution was clarified in a further resolution of the Board of Directors dated 6 September 2012.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN in respect of the Notes is XS0831342679 and the Common Code in respect of the Notes is 083134267. 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 30 June 2012, 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 2011, 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, arbitration or administrative 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 financial statements of the Issuer have been audited for the three financial years preceding the date of this Prospectus by PricewaterhouseCoopers Danmark Statsautoriseret Revisionsaktieselskab (formerly operating as Grant Thornton Danmark) of Strandvejen 44, DK-2900 Hellerup and KPMG Statsautoriseret Revisionspartnerselskab of Osvald Helmuths Vej 4, Postboks 250, DK-2000 Frederiksberg, independent public auditors of the Issuer for that period, and unqualified opinions have been reported thereon. Both of the auditors are members of "Foreningen af Statsautoriserede Revisorer" (Association of State Authorised Public Accountants). The Issuer's Articles of Association and the Danish Financial Business Act provide that the Issuer's Annual Report shall be audited by one or more state-authorised public accountants who shall be elected for one year at a time. The Annual General Meeting on 27 March 2012 approved that KPMG Statsautoriseret Revisionspartnerselskab will be the sole state-authorised public accountants for the Issuer for 2012.

8. For the period of 12 months following the date of this Prospectus, 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 Agents for the time being in London and Luxembourg (where applicable, with an English translation thereof):
- (i) the Articles of Association of the Issuer;
  - (ii) this Prospectus;
  - (iii) the Annual Reports;
  - (iv) the Interim Report – First Half 2012;
  - (v) the Agency Agreement;
  - (vi) the Deed of Covenant; and
  - (vii) the Subscription Agreement.
9. For a period of 12 months following the date of this Prospectus, copies of the following documents will be available on the website of the Luxembourg Stock Exchange at *www.bourse.lu*:
- (i) a copy of this Prospectus;
  - (ii) any supplements to this Prospectus and any other documents incorporated therein by reference;
  - (iii) the Annual Reports; and
  - (iv) the Interim Report – First Half 2012.
10. 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 7.125 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.

**REGISTERED OFFICE OF THE ISSUER**

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

**JOINT-LEAD MANAGERS AND JOINT BOOKRUNNERS**

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

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ

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

**Morgan Stanley & Co. International  
plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP

**AUDITORS OF THE ISSUER**

**KPMG**  
**Statsautoriseret Revisionspartnerselskab**  
State Authorised Public Accountants  
(Denmark)  
Osvald Helmuths Vej 4  
Postboks 250  
DK-2000 Frederiksberg

**FISCAL AGENT**

**Citibank, N.A., London Branch**  
Citigroup Centre  
Canary Wharf  
London E14 5LB

**PAYING AGENT**

**Banque Internationale à Luxembourg, société anonyme**  
69, route d'Esch  
L-2953 Luxembourg

**LEGAL ADVISERS**

*To the Joint-Lead Managers as to  
English law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD

*To the Joint-Lead Managers as to Danish law*

**Gorrissen Federspiel**  
H.C. Andersens Boulevard 12  
DK-1553 Copenhagen V

*To the Issuer as to Danish law*

**Erik Sevaldsen**  
General Counsel  
Danske Bank A/S  
2-12 Holmens Kanal  
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**LUXEMBOURG LISTING AGENT**

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